

6/12/78 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 6/12/78 [2]; 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 & Moore to Pres. Carter, w/attachments 9 pp., re:Recommendations	6/9/78	C
Cabinet Summaries	Harold Brown to Pres. Carter, 3 pp., re:Defense report <i>OPENED 8/13/93</i>	6/10/78	A
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activities	6/9/78	A
memo	Jiom Fallows to the President re Trilateral Commission meeting -list of Trilateral Commission Staff and USA Trilateral Commission Member, 4pp. RE: SSANs	6/8/78	C
memo	Gretchen Poston to the President re Graduation Ceremony-Capitol Hill Page School- list of attendees, 10pp. RE: SSANs	6/8/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Presidential Handwriting File 6/12/78 [No. 2] [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.

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

return orig to me to read

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

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

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

THE WHITE HOUSE
WASHINGTON
June 12, 1978

Stu Eizenstat
Jack Watson
Anne Wexler

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

Rick Hutcheson

Jim McIntyre

RE: PROPOSITION 13

THE WHITE HOUSE
WASHINGTON

June 9, 1978

Good info
J

MEMORANDUM FOR: THE PRESIDENT
FROM: JACK WATSON *Jack*
ANNE WEXLER *Ann*
STU EIZENSTAT *Stu*
SUBJECT: Proposition 13

Over the past several days we and our staffs have met several times to assess the political and programmatic impacts resulting from the anticipated (and now accomplished) passage of Proposition 13 in California. Following is a brief review of the most likely federal implications of the highly complex situation caused by the California vote.

Background

- o The passage of the initiative will mean:
 - roll back of local property taxes to one percent of assessed market value (total statewide tax cut of about \$7 billion);
 - limit on future property tax assessment increases to two percent a year;
 - requirement that increases in any State taxes be approved by a two-thirds vote of the Legislature.
- o In one form or another over half the States are experiencing some form of taxpayer revolt akin to the California phenomenon.
 - 10-15 States have propositions on the ballot or before the legislature to cut taxes or put a cap on State spending. Four have already passed government spending limits.

- 22 State Legislatures have passed resolutions calling for a Constitutional Convention to limit federal spending;
 - A recent meeting of tax cut advocates in Chicago drew representatives from 38 States;
 - The National Taxpayers Union announced Wednesday that it will immediately promote initiatives akin to Proposition 13 in at least Oregon, Arizona, New Mexico, and Nebraska.
- o Since the reduced property taxes result in less deductions against federal income tax, reasonable estimates project a \$2 billion revenue gain for the Federal government. Republican State legislators are already calling for a return of that \$2 billion to the State.

Federal Impact

- o Cutbacks in local revenue will result in changes in local and State spending patterns and priorities. These changes will undoubtedly create great pressure upon the Federal government to change its various requirements for matching and maintenance of effort provisions, and restrictions against using federal funds for funding normal city or local government services.
- o In order of likely pressure from local governments, the following programs might be affected:
- CETA. There are 50,000 CETA workers in local governments throughout the State (there are others working in community based projects). Many, if not most, of these would be in jeopardy as soon as local government employees in similar job titles are laid off because of CETA prohibition against substituting for laid-off regular employees. With the CETA reauthorization on the Hill now, this issue becomes even more complicated.

- Community Development Block Grants are considered semi-revenue sharing funds by many local governments. They will seek to amend their plans for the current year and draft plans for the coming year to allow them to fund regular city services and needs. However, 1977 amendments prohibit such actions. The so-called "Badillo" amendment prohibits using CDBG funds for any service the locality itself funded during the prior twelve months. Also, the statute forbids funding of "normal government services."
- The EDA local match on California drought programs are backed by general obligation bonds which are called into question as local revenue levels become uncertain.
- The DOT transit operating subsidies are tied to strong local maintenance of effort requirements so that any reductions in such amounts automatically ends the federal funding.
- The Summer Youth Program might be in trouble because most of these efforts operate through school systems which are expected to severely cutback their administrative capacity. (The psychology of people seeing schools cutback programs, while operating summer programs for poor youth, could have social and political implications.)
- Various EPA projects require local match (from locality or State). We understand that most projects in California are matched by local revenue. This will call into question completion of these projects.
- Federal General Revenue Sharing to the State and its localities will be affected because tax effort is a factor in the entitlement formula, but not until 18 months later because of a lag in data collection.

Other Implications

- o If there is severe unemployment, it could create strains on DOL's unemployment insurance and service programs.
- o Employee lay-offs and the possible attendant dampening of the California economy resulting from implementation of the Proposition may have an impact on national economic recovery. It is too soon to measure this since it depends upon how California and the private sector adjust to the limitations. It is conceivable lower property taxes will encourage additional investment in California.
- o Various Administration initiatives now pending in Congress could be affected:
 - New York City loan guarantees may become a vehicle for the California delegation to seek federal assistance to communities whose bonding ability is compromised by the uncertainty caused by the passage of the Proposition;
 - The HEW/Labor Authorization Bill could be amended to permit (or require) waivers of various matching and/or maintenance of effort requirements;
 - The CETA reauthorization bills could be amended to relax the rules on substitution of CETA workers for "regular" municipal employees who are laid-off;
 - Other various reauthorizations or appropriations bills could be amended with various hold-harmless or other help-California provisions.

Administration Actions Taken To Date

- o Tuesday morning the core group of Interagency Coordinating Council discussed the issue. Those present were Bob Embry, Bob Hall, Larry Simons, Alex Mercure, Gene Eidenberg, Barbara Blum, and Ernie Green. The meeting was completely off the record. Although no specific assignments were

made, each agency agreed to review its programs to determine the impact of the referendum. The next meeting of the Coordinating Council is Monday, June 12. At that session we will separate out the straight-forward ministerial problems from the major policy issues. The latter will be reserved for later review by senior staff.

- o We (and several agencies) are being flooded with calls from California local government officials and the national public interest groups asking how the Federal government will respond, how we define maintenance of effort, etc. Our general response to requests to meet with Administration officials has been to agree to such sessions in order to learn about the situation but not to make commitments.
- o To supplement the agency assessments of program impacts CEA and others are reviewing overall economic impact and the special impact on the bond market that will result from the vote.

Recommended Actions

- o Continue to quietly conduct agency reviews of the impacts of the California action on various programs. ✓
- o Defer any decision on changes in federal administrative or funding practices until the situation becomes clearer. ✓
- o In comments by federal officials emphasize the need for the State and people of California to take the lead in setting priorities for spending the residual local revenues and our hope that those decisions recognize the needs of the poor and the dependent. These decisions should be thrust upon State officials, not the Administration. ✓
- o As the situation becomes clearer, assess various Administration initiatives and determine the most responsible courses of federal action. ✓
- o Whenever the opportunity arises we suggest you link your anti-inflation efforts to the sentiment behind tax-cut initiatives. ✓



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

June 9, 1978

e
/

MEMORANDUM FOR THE PRESIDENT

FROM:

Jim McIntyre *Jim*

SUBJECT:

Comments on Watson/Wexler/Eizenstat
Memorandum on Proposition 13

I have little doubt that one of the first reactions of California and other States faced with the reality of having to reduce State tax burdens will be to turn to the Federal government for assistance. The memorandum implies that increased assistance might be possible because the tax cuts will produce a windfall Federal revenue increase. The matter is not that simple, however, because it fails to take into consideration (after using the existing surplus) lower levels of government spending.

The memorandum argues that Federal tax receipts will increase by \$2 billion because the \$7 billion reduction in California property taxes will no longer be claimed as deductions on Federal income tax returns. However, the consequences of Proposition 13 are much more complicated than this.

*one year
delay*

This estimate fails entirely to take account of other changes which will be taking place in California as a result of the passage of Proposition 13. Just as the State will be collecting fewer taxes, it will also be spending less. This means that the incomes of some individuals and businesses, principally State and local government employees and purveyors to this State, will be reduced. This will be only partially offset by the higher spending which results from the higher after-taxes incomes of California citizens. Hence, if the layoffs and reductions in public services really happen, Federal tax receipts will decline. The memorandum has not even mentioned these possible tax losses. We must be careful not to suggest that the Federal government will receive some of the State's money, which we might be willing to return. We simply will not have it.

In other respects, I concur with the memorandum. There is much confusion at present. While we must stand ready to provide assistance in times of disaster, as in New York, we must also be careful not to join the hysterical crowd. Now is the time to see how the California government faces up to the mandate of its people. We should not willy-nilly replace State spending with Federal spending unless we are willing to ignore the message from the voters of California.

WASHINGTON

DATE: 09 JUN 78

FOR ACTION: JIM MCINTYRE

CHARLES SCHULTZE *may connect*

INFO ONLY: HAM JORDAN

FRANK MOORE

VICE PRESIDENT

SUBJECT: WATSON, WEXLER, EIZENSTAT MEMO RE: PROPOSITION 13

+++++

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

+ BY: *[Signature]* +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

June 12, 1978

The Vice President
Hamilton Jordan
Zbig Brzezinski

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

Rick Hutcheson

~~SECRET~~ ATTACHMENT

DEFENSE REPORT

~~SECRET~~



THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

June 9, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(June 3-9, 1978)

Turkish Arms Embargo: After our meeting yesterday I spoke with John Stennis about scheduling a hearing on the embargo of arms to Turkey. He responded by issuing a statement supporting lifting the embargo and announcing that he will have hearings. Cy and I will testify along with Al Haig. Haig and Assistant Secretary McGiffert of my staff also met with a group of Members of Congress Tuesday to urge support of the Administration position on this subject.

Meeting with Turkish Prime Minister: In my meeting I assured Prime Minister Ecevit that you place the highest priority on repeal of the embargo, and that we are making the strongest representations to persuade the Congress to our view. Ecevit expressed appreciation. Other subjects he raised included increasing defense industries in Turkey; lack of adequate infrastructure in Turkey--to meet economic as well as security needs--which in his view is the bottleneck to NATO cooperation; and Turkey's willingness to resume negotiations on the Defense Cooperation Agreement (DCA) as soon as the embargo is lifted. I told him that we would look into the possibilities of defense production in Turkey; that infrastructure projects could be accomplished through the NATO Long Term Defense Program; and that we should move forward on the DCA as soon as possible, including an interim arrangement for our use of bases during the negotiations.

SALT II: On Thursday I testified before Tom McIntyre's Subcommittee on the impact of SALT II on military research and development. Senator Garn made his usual speech to the effect that the Soviets have moved ahead of us in military programs; he was joined by Senator Thurmond. Senators Bartlett and Nunn expressed concerns about CTB in terms of stockpile reliability and verification.

Address in Chicago: Tuesday I addressed the Chicago Council on Foreign Relations on the role of the Navy. The speech included discussion of the embargo of arms to Turkey, civil service reform, and the wastefulness of a nuclear carrier. A copy is attached.

Meeting with Egyptian Defense Minister: Charles and I met with Egypt's Defense Minister, General Gamasy, on Wednesday. Gamasy expressed concern over Soviet and Cuban activity in Africa. He said Egypt could not send troops outside its borders now, but would provide training assistance to Zaïre.

Filed by Sec Def

CLASSIFIED BY
DATE 31 Dec 2008

DECLASSIFIED
E.O. 12356, Sec. 3A
PER 2/14/93 DOD RE MR-NL-92-52
BY [Signature] NARS, DATE 7/21/93

~~SECRET~~

2

NATO Subcommittee Hearing: On Tuesday Al Haig testified effectively before the House Armed Services NATO Subcommittee on U.S. force readiness. That Subcommittee will continue a heavy hearing schedule for the rest of the month on the general subject of NATO standardization, interoperability and readiness.

Texas Trip: I am glad to know that you will be able to visit Fort Hood later this month. My office is working with your staff to arrange a worthwhile afternoon.

Republican Attack on National Security Policy: This week the Republican members of the Senate issued a thirty-page joint "declaration" attacking Administration foreign and defense policies. It urges, among other things, more defense programs to meet the Soviet buildup, a tougher position in the SALT negotiations, and caution on a nuclear test ban. Interestingly, it advocates continued efforts toward normalization of relations with the PRC while being somewhat vague about what sort of relations we would retain with Taiwan. The overall declaration is one more indication that the Republicans see national security policy as an election issue, presumably one they can exploit.

Howard Brown

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

June 8, 1978

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS *JW*

SUBJECT: Tri-Lateral Commission Reception

The plans for this reception are that you will speak informally for three or four minutes, and then take questions from the guests. Here are Henry Owen's suggestions for your opening remarks.

1. The countries represented in the Trilateral Commission have special responsibilities, because of their large resources, in trying to shape a world in which all peoples can achieve progress.

2. Between the wars, the industrial countries did not fulfill these responsibilities:

-- Instead of cooperating to meet the depression, they sought to export unemployment to each other and to other countries through rising trade barriers and other actions. This paved the way for depression and World War II.

-- At the Downing Street Summit, Prime Minister Fukuda warned that we must do better this time. I want to talk with you about how to fulfill his injunction.

3. The main economic program now facing the industrial world is stagflation, intensified by the oil crisis of 1973-74:

-- To meet this threat, a concerted international economic effort is needed.

-- This effort must be one to which each of our countries contributes and from which each can draw benefit.

4. The US contribution to that effort should include measures to control inflation and reduce oil imports:

-- I intend to maintain a tight fiscal policy and press ahead with our deceleration policy.

-- The Congress and the Executive Branch will work closely together in seeking to limit oil imports.

-- By thus reducing our trade deficit we can strengthen the dollar, whose weakness concerns us, as well as other countries.

5. As part of this concerted international economic effort, we hope that other industrial countries will:

-- achieve their growth targets;

-- Join in agreements to reduce trade barriers, avoid new forms of protectionism, and open up their domestic markets to foreign imports.

6. The Bonn Summit, under the leadership of Chancellor Schmidt, could provide a powerful political spur to this trilateral economic effort. Our long-term goal should be a working community of developed nations -- one that will provide a basis for East-West reconciliation and North-South cooperation as well as for meeting problems of the industrial world.

Revised:
6/12/78

THE WHITE HOUSE

WASHINGTON

FOR THE PRESIDENT

FROM GRETCHEN POSTON

DATE: 9 June 1978

SUBJECT: RECEPTION/MEETING - TRILATERAL COMMISSION
12 June 1978 5:00 p.m.

SCENARIO

5:00 p.m. Guests arrive on buses via Southwest Gate to Diplomatic Entrance. Proceed to State Dining Room for refreshments.

5:30 p.m. Guests are escorted from State Dining Room and into East Room to be seated.

President enters East Room to podium on east wall for remarks.

Questions and Answers.

5:45 p.m. The PRESIDENT departs East Room.

6:00 p.m. All guests depart via Southwest Gate.

Press coverage.

Monday, June 12, 1978 - 5:00 PM
Trilateral Commission Reception
White House - State Floor

Trilateral Commission Staff

Paul T. Fallon	DOB 10/15/52
Christina Hanophy	2/2/43
Charles Bennett Heck	7/25/45
Madeline Jablonski	4/10/25
Catherine E. Katin	10/25/53
Scott R. Powers	8/23/48
Francois J. Sauzey	9/26/50
George S. Franklin	3/23/13

USA Trilateral Commission Members

Gardner Ackley, Professor of Political Economy, University
of Michigan, DOB 6/30/15

Graham Allison, Chairman, Public Policy Program, John F.
Kennedy School of Government, Harvard University,
DOB 3/23/40

Congressman John B. Anderson, DOB 2/15/22,

Hugh Calkins, DOB 2/20/24,

Sol Chaikin, President, International Ladies Garment
Workers Union, DOB 1/09/18

Congressman William S. Cohen, DOB 8/28/40

William T. Coleman, former Secretary of Transportation,
DOB 7/7/20

Congressman Barber B. Conable, Jr., DOB 1/2/22,

Congressman John Brademas

Senator Alan Cranston, DOB 6/19/14

Senator John C. Culver, DOB 8/8/32

Lloyd N. Cutler, Partner, Wilmer Cutler & Pickering,
DOB 11/10/17

Richard N. Gardner, American Ambassador to Italy

Walter W. Heller, DOB 8/27/15

Senator John Glenn

William A. Hewitt, Chairman, Deere & Company,
DOB 8/9/14

Carla Hills, former Secretary of HUD, DOB 1/3/34,

Hendrik S. Houthakker, Professor of Economics, Harvard University
DOB 12/28/24

Thomas L. Hughes, President, Carnegie Endowment for
International Peace, DOB 12/11/25

Henry A. Kissinger, 5/27/23

Lane Kirkland, Secretary-Treasurer, AFL-CIO

Joseph Kraft, Washington columnist

Sol Linowitz, DOB 12/7/13

Gerald Livingston, DOB 11/17/27

George Lodge, Professor, Harvard Business School

Winston Lord, DOB 8/14/37

Bruce K. MacLaury, President, The Brookings Institution,
DOB 5/7/31

D. Gale Johnson, Professor, Chicago University
DOB 7/10/16

Paul W. McCracken, DOB 12/29/15

Arjay Miller, Dean, Graduate School of Business, Stanford
University, DOB 3/4/16

Kenneth D. Naden, DOB 4/7/18

USA Members (cont'd)

David Packard, Chairman, Hewlett-Packard Company;
DOB 9/7/12

William R. Pearce, Vice President, Cargill Incorporated;
DOB 8/12/27

James Reston, Columnist, New York Times;
DOB 11/3/09

Charles W. Robinson, former Deputy Secretary of State;
DOB 9/7/19

David Rockefeller, Chairman, Chase Manhattan Bank;
DOB 6/12/15

John D. Rockefeller, IV, Governor of West Virginia;
DOB 6/18/37

William Matson Roth, San Francisco;
DOB 9/3/16

Senator William V. Roth, Jr.
DOB 7/22/21

John C. Sawhill, former Administrator, Federal Energy Admin.;
DOB 6/12/36

William W. Scranton, Former Governor of Pennsylvania;
DOB 7/19/17

Anthony Solomon, Under Secretary of The Treasury

Edson W. Spencer, President, Honeywell Inc.;
DOB 6/4/26

Francis Sutton, The Ford Foundation;
DOB 6/7/17

Robert Taft, Jr., former Senator
DOB 2/25/17

Arthur R. Taylor, DOB 7/6/35

Russell E. Train, former Administrator, Environmental
Protection Agency; DOB 6/4/20

Philip H. Trezise, former Asst. Sec'y of State for
Economic Affairs; DOB 5/27/12

Franklin Tugwell, DOB 3/29/42

Paul A. Volcker, President, Federal Reserve Bank of New York;
DOB 9/5/27

Martha Wallace, DOB 12/27/27

Caspar W. Weinberger, Vice Pres. & Gen'l Counsel, Bechtel
Corp.; DOB 8/18/17

George Weyerhaeuser, Pres. & Chief Exec. Officer,
Weyerhaeuser Co.; DOB 7/8/26

Carroll L. Wilson, Professor, MIT;
DOB 9/21/10

Curtin Winsor, DOB 4/28/39

T. A. Wilson, DOB 2/8/21

Guests from U.S. Government:

Zbigniew Brzezinski, Assistant to the President for
National Security Affairs

Henry D. Owen, Assistant to the President for the
Economic Conferences

Lucy Wilson Benson, Under Secretary of State for Security
Assistance

Warren Christopher, Deputy Secretary of State

Richard N. Cooper, Under Secretary of State for Economic
Affairs

Richard Holbrooke, Assistant Secretary of State for
East Asian and Pacific Affairs

Canadian members

Doris Hilda Anderson, Editor, Chatelaine Magazine
Passport #DH 545634

Michel Belanger, President, Provincial Bank of Canada
Passport #GD712800

Robert William Bonner, Chairman, British Columbia Hydro
Passport #HJ 365546

Claude Andre Joseph Castonguay, President, Fonds
Laurentien, Passport #GD 768023

Louis Armand Desrochers, Edmonton
Passport #AF 260833

Peter Colin Dobell, Director, Parliamentary Centre for
Foreign Affairs and Foreign Trade, Passport #J 222132

Claude A. Edwards, Member, Public Service Staff Relations
Board - Passport #KE 486954

Robert Gordon Lee Fairweather, Member of Parliament,
Passport #S 486978

Edgar Fosburgh Kaiser, Jr., President & Chief Executive
Officer, Kaiser Resources Ltd., Passport #F 1860425

Michael Kirby, Board of Commissioners of Public Utilities,
Nova Scotia

Donald Stovel MacDonald, passport #S 63414

Michael John Langtry, Passport #BG 656576

John Allen Fraser, Passport #S 51898

Donald Southan Harvey, Passport JB 548293

Roger John Hill, Passport #BG 623766

Alan Bond Hockin, Passport #KE 600905

Donald Rickerd, Passport #BG 195232

Maurice Sauvé, Passport #D 21211

Mitchell Sharp, Passport D 23887

Maurice Strong, Passport #ZL 05422 (attached to this passport
is another one issued in Nairobi - #RX 242483)

European Members

Giovanni Agnelli (Italy), President, FIAT - Passport #6425624/P

P. Nyboe Andersen (Denmark), Member of Parliament *IN 010950*

Piero Bassetti, Chamber of Deputies, Rome (Italy) *1385995*

Georges Berthoin, European Chairman, Trilateral Commission
(France) *114473*

Kurt Birrenbach, President, Thyssen Foundation (Germany) *28501931*

Louis Bernard Bohn (France), French Electricity Board- *751636461*

Henrik N. Boon (Netherlands), Former Dutch Ambassador
to NATO and Italy

Umberto Colombo (Italy), Passport #B 592858 9

Frank Clauskey (Ireland) " *35/71 (Diplomatic passport)*

Michel Crozier (France) - Passport #751393689

Etienne Davignon (France), Member of the Commission of
the European Communities

Michel Debatisse (France), Chairman, French National
Farmers Union *63316*

Paul Delouvrier, Chairman, French Electricity Board (France)
751408931

Klaus von Dohnanyi (Germany), Minister of State, Foreign Office

Francois Duchene (England), Director, Centre for Contem-
porary European Studies, University of Sussex *222565-A*

Horst Ehmke (Germany) *Diplomatic 243456*

Jean-Jacques Faust (France), Compagnie St. Gobain Pont
a Mousson *782114*

Luigi Ferro (Italy), FIAT

Garret Fitzgerald (Ireland), former Foreign Minister,
Passport # D-1875

Rene Foch (France), Member of Executive Committee, Parti
des Republicains Independants *751537367*

~~Michel Gaudet (France), President, Federation Francaise
des Societes d'Assurances~~

European Members (Cont'd)

Giuseppe Glisenti (Italy), President, Radio Audizione
Italiana A 735059

Ronald Grierson (U.K.), Director, General Electric Co., Ltd.

Wolfgang Hager (Germany), German Society for Foreign Policy

Barney Hayhoe (U.K.) Member of British Parliament

Ludwig Huber (Germany), President, Bayerische Landesbank E 236708

Horst K. Jannott, Chairman, Board of Directors, Munich
Reinsurance Society (Germany) C-6493391

Karl Kaiser (Germany), Director, Research Institute of
the German Society for Foreign Policy D 0638895

Michael Killeen (Ireland), Managing Director, Industrial
Development Authority of the Irish Republic H 466519

* Baron Leon Lambert (Belgium), President, Compagnie Diplomatique 038326
Bruxelles Lambert pour la Finance et l'Industrie

Arrigo Levi (Italy), Director, La Stampa 6419616

Roderick MacFarquhar (U.K.), Member of British Parliament 203549-A

Hanns Maull (Germany), European Secretary of the
Trilateral Commission D 04810

Cesare Merlini (Italy), Director, Institute for Inter-
national Affairs, Rome 9871970-P

Thierry de Montbrial (France)

Preben Munthe (Norway), Professor of Economics, Oslo University

Karl-Heinz Narjes (Germany), Member of the Bundestag 225546

Friedrich A. Neuman (Germany), Chairman, State Association,
Industrial Employers Societies, North-Rhine Westphalia
E 4695328

Egidio Ortona, former Italian Ambassador to U.S. 92575 (Diploma)

John Pinder (U.K.), passport 638915

* Erwin Kristoffersen, German Federation of Trade Unions
(Germany) passport # D 9653814

European Members (Cont'd)

Jean Rey, former President of the Commission of the
European Communities (France)

Julian Ridsdale (U.K.), Member of British Parliament

Benjamin Roberts (U.K.), Professor, London School
of Economics 581547-A

Mary T. W. Robinson (Ireland), Member of Senate of the
Irish Republic H 65113

John Roper (U.K.), Member of British Parliament

Baron Edmond de Rothschild (France), President, Compagnie
Financiere Holding, Paris

John C. Sanness (Norway), Director, Norwegian Institute
of International Affairs 80977559-1

W. E. Scherpenhuijsen Rom, (Netherlands), Chairman of N 004138
the Board, Nederlandsche Middenstandsbank, N.V.

Erik ^{IL} Schmidt (Denmark), Riso National Laboratory M 0093122268

Erik Seidenfaden, Director, Fondation Danoise, Institut
Universitaire International de Paris (Danish) M 011102

Federico Sensi (Italy), former Italian Ambassador to U.S.

Hans-Guenther Sohl, (Germany), Chairman of the Board,
August Thyssen Hutte, A.G. D-4776781

Theo Sommer (Germany), Editor in Chief, Die Zeit C 9065364

Myles Staunton (Ireland), Member of Lower House, Irish Republic
^{passport # H 552003}

John A. Swire (U.K.), Chairman, John Swire and Sons, Ltd. 8061210

Michel Tatu (France), Le Monde, passport #751557352

Otto Grieg Tidemand (Norway), former Norwegian Minister
of Defense and Minister of Economic Affairs C 0009402-1

Anthony F. Tuke (U.K.), Chairman, Barclays Bank International

* Alan Lee Williams (U.K.), Member of British Parliament

Michael Woods (Irish), Member of Lower House, Irish Republic
H 256364

Sir Philip de Zulueta, (U.K.), Chairman, Antony Gibbs Holdings, Ltd
B 005336

Edmund Wellenstein (Netherlands) passport # T 350894

Japanese Members

Norishige Hasegawa, President, Sumitomo Chemical
Company - passport #ME 3751172

Shinichi Ichimura, Professor of Economics, Kyoto University
passport #MB 1000633

Fuji Kamiya, Director, Institute of Modern International
Relations, Keio University - passport #MB 4750528

Shinichi Kondo, former Ambassador to Canada - #ME 6289961

Hirosuke Hiraoka - passport #M# 2433341

Takashi Hosomi, passport # A 1005931

Hiroshi Kamura - passport #ME 9042238

Kiyoshi Kikuchi - passport #ME 9075444

Kinhide Mushakoji, Vic Rector, United Nations University;
passport # ME 2945748

Toshio Nakamura, President, Mitsubishi Bank, Ltd.
passport # ME 3776483

Akira Ogata, passport #ME 4610276

Yoshinobu Ogura, Managing Director, Sumitomo Bank

Hideaki Okamoto, Prof. of Industrial Relations, Hosei
University, Tokyo ME 4440891

Keichi Oshimi, Prof. of Nuclear Engineering, Univ. of Tokyo

Saburo Okita, President, Overseas Economic Cooperation
Fund, passport # ME 4596847

Kiichi Saeki, President, Nomura Research Institute of
Technology and Economics, passport # ME 4114000

Ryuji Takeuchi, Advisor to the Minister for Foreign
Affairs, former Ambassador to U.S.- passport # MA 1004033

Yoshihiko Ueda, General Manager, Dai-Ichi Kangyo Bank;
passport # ME 9033486

Takeshi Watanabe, former President, Asian Development
Bank; passport # ME 5574586

Japanese Members (Cont'd)

Tadashi Yamamoto, Director, Japan Center for International
Exchange - passport # ME 4622275

Takeshi Yasukawa - passport ME 2799989

Makita Noda, Japan Center for International Exchange

Hideko Katsumata, Japan Center for Int'l Exchange

MEMBERS OF THE CARTER ADMINISTRATION WHO WERE MEMBERS OF
THE TRILATERAL COMMISSION

The President

The Vice President

The Secretary of State

The Secretary of Defense

The Secretary of the Treasury

Dr. Brzezinski

Tony Solomon

Richard Cooper

Fred Bergsten

Henry Owen

Ambassador Gardner

Warren Christopher

Guard Smith

not submitted

3310

THE WHITE HOUSE
WASHINGTON

June 1, 1978

Conver
2?

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN ~~VO~~
SUBJECT: Outline for Brief Informal Remarks
to Trilateral Commission

Jim Fallows tells me that he spoke to you about the possibility of your speaking to the Trilateral Commission members; you are scheduled to drop in at a White House reception for them June 12. Jim suggested that I send you an outline of possible remarks, to help you decide what you wanted to do.

I attach an outline at Tab A, for informal remarks of 5-7 minutes. The purpose would be to make clear that the Administration gives high priority to trilateral relations and to the economic issues that shape these relations. This is what the Trilateral Commission members want to hear; it will be favorably reported and received in their home countries.

After speaking briefly in this vein, you might want to take a few questions, if you have time.

A

OUTLINE FOR REMARKS TO TRILATERAL COMMISSION

1. The countries represented in the Trilateral Commission have special responsibilities, because of their large resources, in trying to shape a world in which all peoples can achieve progress.

2. Between the wars, the industrial countries did not fulfill these responsibilities:

-- Instead of cooperating to meet the depression, they sought to export unemployment to each other and to other countries through rising trade barriers and other actions. This paved the way for depression and World War II.

-- At the Downing Street Summit, Prime Minister Fukuda warned that we must do better this time. I want to talk with you about how to fulfill his injunction.

3. The main economic problem now facing the industrial world is stagflation, intensified by the oil crisis of 1973-74:

-- To meet this threat, a concerted international economic effort is needed.

-- This effort must be one to which each of our countries contributes and from which each can draw benefit.

4. The US contribution to that effort should include measures to control inflation and reduce oil imports:

-- I intend to maintain a tight fiscal policy and press ahead with our deceleration policy.

-- The Congress and the Executive Branch will work closely together in seeking to limit oil imports.

-- By thus reducing our trade deficit we can strengthen the dollar, whose weakness concerns us, as well as other countries.

5. As part of this concerted international economic effort, we hope that other industrial countries will:

-- achieve their growth targets;

-- Join in agreements to reduce trade barriers, avoid new forms of protectionism, and open up their domestic markets to foreign imports.

6. The Bonn Summit, under the leadership of Chancellor Schmidt, could provide a powerful political spur to this trilateral economic effort. Our long-term goal should be a working community of developed nations -- one that will provide a basis for East-West reconciliation and North-South cooperation as well as for meeting problems of the industrial world.

THE WHITE HOUSE
WASHINGTON

6/12/78

MEMO TO CHAIRMAN JOHN WHITE

FROM: RICK HUTCHESON *Rick*

In the future, please forward all memos to the President to me. They will get to him quicker that way. In this case, Phil brought the memo to me, and I passed it on to the President in turn.

When you have memos that you are in a hurry to get to the President, just let me know and I will expedite them. Thanks!

*PS - In my humble opinion,
you + your staff did a
terrific job on Friday —*

Rick

DEMOCRATIC

NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

John C. White
Chairman

June 12, 1978

TO: The President ,
THROUGH: Phil Wise
FROM: John C. White 
RE: Lew Wasserman visit at White House,
Monday, June 12, 1978

Your friend and overnight guest, Mr. Lew Wasserman, is instrumental in developing a plan to pay off the old DNC debt (that is the 1968 Humphrey/Kennedy debt of approximately \$1.7 million dollars). He may wish to discuss with you a possible luncheon on August 4, 1978, that would involve you and fifteen or twenty prominent contributors such as Armand Hammer, Jack Warner, Arthur Krim, etc. This would be a unpublicized, unstructured meeting and probably would involve Mrs. Humphrey and Senator Kennedy.

Mr. President, Chuck Manatt and I have discussed such a program with Lew Wasserman. However, if the subject comes up you might wish to be careful not to commit yourself to the specific date of August 4th, since it is my understanding that you might plan some vacation time in August.

I visited with Mr. Wasserman in California on May 26th and we discussed the above, as well as general political matters, including a January fundraiser in California. Mr Wasserman is a strong supporter of yours and is your friend.

3073

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

LABOR LAW REFORM -- STATUS REPORT

	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

	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

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

Frank
J

THE WHITE HOUSE
WASHINGTON

June 9, 1978

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE ^{Fu}
BOB THOMSON **Bob**

SUBJECT: LABOR LAW REFORM - CALLS

A. CALL ASSIGNMENTS

As Senator Byrd told you, we have isolated seven key Senators for cloture on labor reform. All have voted against us twice. They are the following:

Chiles - *no*
Long - *only if his amendments adopted*
Bumpers - *Fritz*
Cannon - *Strauss*
Zorinsky - *Strauss*
Heinz - *Strauss*
Bellmon - *Fritz*

We need two of those to get 60 votes on Tuesday or Wednesday.

We recommend you call Chiles, Bumpers and Long. The Vice President should call Zorinsky and Bellmon. Bob Strauss should call Heinz, and Frank Moore should make the first call to Cannon. Please notify Frank if you wish to make additional calls. Otherwise, we will assign.

All calls should be made and reports should be submitted to Frank by noon on Monday.

Set out below are political backgrounds on each Senator. Generally applicable talking points follow.

B. BACKGROUNDS

1. Presidential Calls

Chiles - The Senator has told labor that he will support cloture "eventually". Ray Marshall received the same impression when he briefed him on the bill. His key staffer has told us Chiles would be yes on the third or fourth vote. He will vote against the bill, however.

(-)

Long - Labor in Louisiana is optimistic, but we take that report with a grain of salt. He told Secretary Marshall that he needed a number of amendments, particularly one weakening debarment penalties. Debarment would prohibit the federal government from giving federal contracts to those who flagrantly violate labor laws. L-

Bumpers - The Vice President has discussed cloture with the Senator. He has refused to see Secretary Marshall. The Vice President was mildly optimistic, reporting that Bumpers will probably be with us on the third or fourth vote. Our contacts with staff have been less optimistic. The Senator is under immense pressure from his state. He had supported cloture 32 straight times until this issue came along. He will vote against the bill.

2. Vice Presidential and Senior Staff Calls

Cannon (Moore) - the Senator is an unlikely prospect. He cites intense pressure from within his state as the reason. Marshall has been unable to meet with him. We have one positive report from the Bartenders' Union, but that is unconfirmed.

Zorinsky (VP) - The Senator has told state labor officials and the state party chairman he would vote for cloture eventually. His commitments are usually unreliable. However, Byrd has approached him personally and received a mildly favorable response. Marshall has been unable to see him.

Heinz (Strauss) - The Senator has been cooling off rapidly on this issue. We believe he will only vote for cloture after we have 60 votes. Marshall reports he is particularly concerned about the equal access provisions of the bill. The Senator had been very positive to state labor in the beginning, but he has been under intense business pressure since then.

Bellmon (VP) - The Senator is the least likely prospect. He is on the list at Javits' insistence.

C. TALKING POINTS

1. Key cloture votes will occur on Tuesday and Wednesday. We need your support to end the labor reform filibuster. I have been reluctant to get directly involved in the fight for cloture until now, since the issue of labor reform deserves full Senate debate. However, the debate has now consumed almost three weeks of valuable time and the issues have been exhaustively discussed. It is now time to vote on the substance of the bill.

2. As you know, Senator Byrd has introduced a substitute bill which I support. The substitute presents substantial compromises in key areas of concern. We have been flexible in the following areas:

- a) Equal Access - The substitute provides that unions may reply to employer "captive audience" speeches during election campaigns only during non-working hours. The amendment also sets out numerous conditions on the nature and extent of access, based on the NLRB-J.P. Stevens agreement governing union access to the latter's plants.
- b) Make Whole Remedy - The National Labor Relations Act now provides no incentive for a party to bargain in good faith for a first contract. Therefore, my original bill provides that the NLRB may award damages as compensation to affected employees when an employer illegally delays bargaining. The substitute adopts a different index than the one originally used to compute such damages. The new index takes into account lower collective bargaining wage increases for small businesses and would have the effect of reducing civil penalties for illegal delays in bargaining.
- c) Debarment - The substitute provides that the Secretary of Labor must remove the bar to federal contracts once the NLRB determines an employer is no longer in violation of federal labor laws. In my original bill, the Secretary had the power to continue debarment as a penalty after the employer corrected his violations.
- d) Election Time Limits - To meet small business criticisms that the original time limits within which elections must be held were too short and complex, the substitute lengthens the time limits substantially and makes them easier to understand.

3. The Byrd substitute is a reasonable compromise. The Senate should have an opportunity to vote on it and express its will.

4. You know as well as I that there are a great number of important matters that must be considered by the Senate before October. Senator Byrd has indicated he will keep the labor reform bill on the floor until cloture is invoked and the Senate has a chance to vote on the bill. I strongly support his decision, but I am also concerned about inordinate delays of other important legislation.

THE WHITE HOUSE

WASHINGTON

FOR THE PRESIDENT

FROM GRETCHEN POSTON

DATE: 8 June 1978

SUBJECT: GRADUATION CEREMONY - CAPITOL HILL PAGE SCHOOL
12 June 1978 Noon

SCENARIO

Noon

All guests enter Southwest to Rose Garden. Graduates are escorted to Diplomatic Reception Room, and line up in alphabetical order. Graduates then proceed to Rose Garden, and are seated - alphabetically - in front two rows (reserved seating).

(String Quartet on south side of Rose Garden.)

(Press pens on south side of Rose Garden.)

The PRESIDENT is announced, and enters Rose Garden to podium (along north side of Garden.)

Remarks by the PRESIDENT.

James C. Hoffman, Principal of the Capitol Hill Page School, will read off the names of the graduates receiving diplomas. As the first name is read, ALL STUDENTS rise and move to side. Each individual will approach the podium as his/her name is read, and receives diploma from the PRESIDENT.

(Diplomas on table to side of podium.)

(Social Aides to assist in queuing up graduates, and moving away from podium to patio area.)
(45 graduates.)

12:15 P.M. The PRESIDENT departs Rose Garden.

Refreshments are served to graduates and families from patio area.

1:00 P.M. All guests depart Rose Garden via Southwest Gate.

In the event of rain, the ceremony will be held in the East Room. Graduates will queue up in the Blue Room, and enter via the Green Room for receipt of diplomas.

CAPITOL HILL PAGE SCHOOL - GRADUATES

Jeanine Amid

Charles A. Barber, IV
Noreen Beatley
Justin Beidleman
Kimberly Brower
Kathleen Brown
Carl W. Burnett, Jr.

Timothy Crowe

Anis M. Daley
Thomas Daniels
Chere Dastugue
Peter T. Donovan

Dawn Ferguson

Timothy Gibson

Donald Hill

Clarence Jones

Melody King

Lora Lowe

Anna Mansfield
Peter Mayberty
William McMillan
Stephen Miller
Steven Mills

Peter Neil
Thornton Nelson
Laura Newman

Turn Ann O'Brien
Kathleen O'Hara

Lynette Parker
Roy Peebles, Jr.
Michael Popkey

Mark Robertson
Michelle Root

Charles Scott, Jr.
Andrew Shea
Mark Sigurski
Paul Soulier
Andrea Stearman

Duane Taylor
Anthony Thompson
Alexander Treadway

Gerano Valverde

W. David Watson
Frederick R. Work, Jr.
William H. Wright, Jr.

Also attending

Sen. Alan Cranston
Rep. Ronald Dellums
Rep. Joe Moakley
Rep. John Rousselot
Nordy Hoffman
Sgt.-at-Arms - U.S. Senate
James Molloy
Doorkeeper - U.S. House

THE WHITE HOUSE

WASHINGTON

June 9, 1978

CAPITOL HILL, PAGE GRADUATION

June 12, 1978

12:00 noon

Rose Garden

From: Frank Moore *f.m./pd.*

I. PARTICIPANTS

In addition to the individuals on the attached list:

Senator Claiborne Pell (D-Rhode Island)
Nurdy Hoffmann - Sergeant-at-Arms (Senate)

Cong. Joe Moakley (D-Mass.)
Cong. John Rousselot (R-Calif)
James Molloy - Doorkeeper of the House

II. PRESS PLAN

Open Press Coverage

III. TALKING POINTS

A statement is being prepared for you by Jim Fallows.

We have arranged for the Principal of the Page School, Mr. John C. Hoffman, to join you during the presentation of the certificates. He will call the students' names and they will receive their certificate from you at which time a photo will be taken. The certificates on your table and the students will be arranged in the same order.

CAPITOL PAGE SCHOOL
Library of Congress
Washington, D. C. 20540

Rose Garden Ceremony - Monday, June 12, 1978

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
Jeanine Almira Amid - student	9/30/60	Gary, Indiana
Mohamed Amid - father	8/8/13	Beirut, Lebanon
Adibe Amid - mother	7/30/25	Damascus, Syria
Janet Amid - sister	11/28/55	Toledo, Ohio
Andy Amid - brother	12/7/39	Detroit, Michigan
Leo L. Balducci - teacher	12/15/37	Washington, D. C.
Charles A. Barber IV - student	1/28/60	St. Louis, Missouri
Charles A. Barber III - father	10/12/32	Quincy, Illinois
Carolyn M. R. Barber - mother	3/21/34	Cleveland, Ohio
Frances W. Barber - grandmother	5/6/05	Holden, Missouri
Bryn Louise Barber - sister	1/21/64	Pittsfield, Illinois
Noreen E. Beatley - student	2/8/60	Washington, D. C.
Paul F. Beatley - father	8/6/28	St. Louis, Missouri
Mary Anne C. Beatley - mother	9/19-24	Washington, D. C.
Kirk E. Beatley - brother	9/3/55	Washington, D. C.
Leslie B. White - friend	8/13/53	Washington, D. C.
Justin E. Beidleman - student	2/1/60	Bristol, Tennessee
Della B. Scott - aunt		Washington, D. C.
Adwoa E. Beidleman - mother		
Marjorie B. Baltimore - friend		
Karen Kirby - friend	3/17/60	Washington, D. C.
Kimberly June Brower - student	11/1/60	Cedar Rapids, Iowa
Edgar S. Brower - father	7/21/30	Enid, Oklahoma
Pauline Y. Brower - mother	12/9/29	Long Beach, California
Kelley A. Brower - sister	10/3/63	Dallas, Texas
Susan K. Kleven - friend	4/15/60	Cedar Rapids, Iowa

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
Kathleen Gayle Brown - student	6/14/60	Springfield, Illinois
Gerald L. Brown - father	4/17/34	" "
Margaret Brown - mother	6/24/33	Centralia, "
Roger Brown - brother	8/24/61	Springfield, "
Anne Brown - sister	6/18/66	Winfield, "
Carl W. Burnett, Jr. - student	1/16/60	Warren, Ohio
<i>Carl W. Burnett</i> - father	<i>1/17/30</i>	<i>Youngstown, Ohio</i>
<i>Nora L. Burnett</i> - mother	<i>1/13/23</i>	<i>Mingo Junction, Ohio</i>
Timothy Elliott Crowe - student	8/12/60	Abilene, Texas
John M. Crowe, Jr. - father	2/16/34	Herrin, Illinois
Betty R.T. Crowe - mother	12/20/33	Abilene, Texas
Carolyn G. Thornton - aunt	6/18/46	Birmingham, Alabama
Danon Dastugue - friend	10/5/57	New Orleans, Louisiana
Anis Margaret Daley - student	3/2/60	Jacksonville, Florida
Barnwell R. Daley, Jr. - father	6/18/34	" "
Anis L. I. Daley - mother	10/25/36	" "
Dr. Gordon H. Ira, Sr. - grandfa	3/7/1899	Lynch, Nebraska
Anis T. Ira - grandmother	4/2/05	Ashland, Maine
Thomas Tyler Daniels - student	4/18/60	Honolulu, Hawaii
John Daniels - father	11/25/25	Ashtabula, Ohio
Lorna Daniels - mother	12/11/25	Honolulu, Hawaii
Lori Rae Daniels - sister	10/6/62	Killeen, Texas
Lisa Lee Daniels - sister	9/9/63	Seattle, Washington
Chere Dastugue - student	12/14/60	New Orleans, Louisiana
Paul F. Dastugue, Jr. - father	2/12/28	New Orleans, Louisiana
Thomas G. Moskal - stepfather	11/28/26	New York, N. Y.
Lily B. Moskal - mother	9/26/29	Biloxi, Mississippi
Ruth M. Grolivas - friend	4/18/47	New Orleans, Louisiana

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
Peter T. Donovan - student	4/17/60	Lancaster, New Hampshire
Paul F. Donovan - father	/33	Cambridge, Massachusetts
Frederick B. Donovan - brother	1/23/63	Lancaster, New Hampshire
Sherry Jordan - friend	2/14/61	Washington, D. C.
Edna Marx - friend	3/24/18	Cleveland, Ohio
Dawn Camille Ferguson - student	12/15/60	Cleveland, Ohio
Janet Smith - mother	7/28/31	" "
Willa A. Williams - stepmother	10/2/35	Pittsburgh, Pennsylvania
Birt H. Smith - stepfather	12/31/29	Cleveland, Ohio
Cleo P. Hurd - grandmother	9/4/17	" "
Timothy Thomas Gibson - student	12/10/59	Amarillo, Texas
Beth S. Gibson - mother	7/5/32	Houston, Texas
Elizabeth M. Gibson - sister	10/16/63	Amarillo, Texas
Carine Ravosa - friend	12/18/59	Hollywood, California
Wendy R. Ennis - friend		Miami, Florida
Clare M. Godfrey - teacher	3/22/18	Wisconsin
Regina N. Herzberg - teacher	2/11/45	London, England
Donald Anton Hill - student	12/8/60	Chicago, Illinois
Willie C. Hill - father	5/11/34	Alabama
Hilmon Simpson III - uncle	3/11/47	Chicago, Illinois
*Ann Simpson - grandmother	8/23/19	Mississippi
*Hilmon Simpson - grandfather	3/16/16	"
Courtney Hill - brother	5/22/68	Los Angeles, California
*one or other will NOT attend		
John C. Hoffman - Principal	2/28/23	Washington, D. C.
Zachary C. Jeffers - teacher	10/26/49	New York, New York

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
Clarence Eugene Jones - student	7/15/60	Jacksonville, Florida
Charles Long, Jr. - father	9/26/39	" "
Gwendolyn N. Jones - mother	9/1/42	" "
Shawn E. Jones - sister	8/23/58	" "
John P. Kineavy - friend	6/9/61	Boston, Massachusetts
Melody Lee King - student	8/4/60	Columbus, Ohio
George R. King - father	4/16/24	Columbus, Ohio
Betty Lou King - mother	3/22/35	Johnstown, Ohio
Robert G. King - brother	4/10/66	Columbus, Ohio
Sally Ann Albertazzie - friend	9/10/50	Morgantown, West Virginia
Lora Anne Lowe - student	5/31/60	Cleveland, Ohio
David F. Lowe - father	3/31/37	Huntington, West Virginia
Lorraine S. Lowe - mother	7/17/37	Pittsburgh, Pennsylvania
Harry L. Lowe - grandfather	12/17/10	Huntington, West Virginia
Chris Lowe - grandmother	1/2/14	Ceredo, West Virginia
Anna Rebecca Mansfield - student	12/31/59	South Charleston, West Virginia
Dennis Mansfield - father	11/2/27	Albany, Georgia
Elizabeth Mansfield - mother	8/10/23	Strong, Arkansas
Robert Braver - friend	1/12/38	Berkeley, California
Marsha Turner - friend	1/10/60	Chicago, Illinois
Peter Grant Mayberry - student	9/14/60	Washington, D. C.
Grant E. Mayberry - father	8/23/27	Washington, D. C.
Dejon R. Mayberry - mother	10/3/29	Honolulu, Hawaii
Timothy R. Mayberry - brother	4/3/56	Washington, D. C.
Alice A. Mayberry - sister	1/14/50	Washington, D. C.
Joseph S. McGrath - teacher	12/4/27	Washington, D. C.

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
William Paul McMillan - student	3/22/60	Roanoke Rapids, North Carolina
Kenneth B. McMillan - father	2/4/28	Mouth of Wilson, Virginia
Peggy Ann C. McMillan - mother	2/7/32	Saltville, Virginia
Kenneth R. McMillan - brother	1/24/55	Richlands, Virginia
Robert D. McMillan - brother	11/20/56	Richlands, Virginia
Stephen P. Miller - student	3/17/60	St. Paul, Minnesota
Penny M. Miller - mother	11/26/38	Minneapolis, Minnesota
Cabell O. Miller - brother	7/14/64	" "
Richard C. Grimes - grandfather	7/21/09	Carothers, Pennsylvania
Helen K. Grimes - grandmother	7/4/09	Pittsburgh, Pennsylvania
Steven Lee Mills - student	4/25/60	Cleveland, Ohio
Sanford Mills - father	12/28/31	" "
Joyce Mills - mother	2/7/37	" "
David Mills - brother	4/19/63	" "
Max Marx - uncle	9/18/19	" "
Peter H. Neil - student	9/3/60	Arlington, Virginia
Henry Neil - father	8/28/28	Oak Park, Illinois
Erika Neil - mother	8/7/25	Zurich, Switzerland
Esther Neil - grandmother	1/5/05	Oak Park, Illinois
Virginia Dorsch - great aunt	1/9/09	Oak Park, Illinois
Thornton Chase Nelson - student	8/24/60	Jackson, Mississippi
Fred L. Nelson, Jr. - father	11/29/18	Jackson, Mississippi
Joyce R. Nelson - stepmother	5/25/27	Meridian, Mississippi
Fred L. Nelson, III - brother	10/30/52	Jackson, Mississippi
Charles Z. Stevens, IV - step-brother	5/8/54	Shreveport, Louisiana

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
Laura Jane Newman - student	4/7/60	Montclair, New Jersey
Elizabeth M. Newman - mother	12/25/17	Montclair, New Jersey
Jean N. Manley - sister	8/17/46	Montclair, New Jersey
Mary Elizabeth N. Garbaccio - sister	7/20/42	Montclair, New Jersey
Thomas A. Newman - brother	3/26/54	Montclair, New Jersey
Ruth Ann O'Brien - student	4/20/60	Spokane, Washington
Virginia F. O'Brien - mother	6/20/27	Bakersfield, California
Elizabeth O'Brien - sister	5/21/58	Spokane, Washington
Kathleen O'Brien - sister	12/5/63	Santa Barbara, California
Laura E. Parker - friend	8/26/61	San Francisco, California
Kathleen C. O'Hara - student	8/22/60	Baltimore, Maryland
John P. O'Hara - father	1/11/30	New York, New York
Mary Ann O'Hara - mother	7/27/32	Edwardsville, Kansas
Maureen O'Hara - sister	3/22/65	Silver Spring, Maryland
Florine Leavey - grandmother	9/3/12	Duluth, Minnesota
Lynette Marie Parker - student	8/23/60	Chicago, Illinois
Robert L. Parker - father	9/28/35	Peking, China
Carolyn M. Parker - mother	9/1/34	Michigan City, Indiana
Beth J. Parker - sister	9/18/62	Castaner, Puerto Rico
Kimberly J. Parker - sister	9/22/64	Castaner, Puerto Rico
Roy D. Peebles, Jr. - student	3/2/60	Washington, D. C.
Ruth Yvonne Poole - mother	8/2/28	Washington, D. C.
Hilda E. McIntosh - aunt	5/25/39	Washington, D. C.
Carol W. McIntosh - uncle	5/10/39	Clarrington, Jamaica, Wisconsin
Edith W. Tucci	9/17/37	Washington, D. C.

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
Michael C. Popkey - student	9/16/60	San Jose, California
Ross Popkey - father	6/26/37	Marinette, Wisconsin
Sally Popkey - mother	3/15/38	Menomonee, Michigan
Den Popkey - brother	9/19/58	Tucson, Arizona
Jamie Griffith - friend	12/8/61	Glasgow, Montana
Mark John Robertson - student	6/29/60	Sparks, Nevada
Nona O. Robertson - mother	4/13/38	Chicago, Illinois
Stanley A. Ott - grandfather	2/15/09	" "
Catherine Ott - grandmother	12/6/08	" "
Jessica N. Robertson - sister	11/22/58	Reno, Nevada
Michelle Root - student	5/8/60	Cambridge, Massachusetts
Henry A. Root - father	12/27/32	Boston, Massachusetts
Michael Root - brother	4/20/63	Boston, Massachusetts
Alice K. Farrell - aunt	7/4/02	Boston, Massachusetts
June Cooper - friend	1/27/33	Canada
Charles Lurman Scott, Jr. - student	12/5/60	Baltimore, Maryland
Charles L. Scott, Sr. - father	6/5/20	Baltimore, Maryland
Doris P. Scott - mother	6/22/25	Baltimore, Maryland
David S. Scott - brother	3/27/63	Baltimore, Maryland
Elizabeth A. Scott - aunt	12/31/34	Marion, Indiana
Andrew Brendan Shea - student	11/27/59	Washington, D. C.
Terence J. Shea - father	7/21/28	Newport, Rhode Island
Maureen S. Shea - mother	4/8/34	Milwaukee, Wisconsin
Stephanie A. Shea - sister	1/17/64	Fairfax, Virginia
Terrence M. Scanlon - uncle	5/1/39	Milwaukee, Wisconsin

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
Mark Stefan Sigurski - student	8/12/60	New Britain, Connecticut
Irene Decker - mother	5/3/39	Brooklyn, New York
Leo Decker - stepfather	1/16/39	Baltimore, Maryland
William Koster - grandfather	7/24/06	Boston, Massachusetts
Maryanne Sigurski - sister	8/15/59	Mt. Kisco, New York
Paul David Soulier - student	9/13/60	Lake Charles, Louisiana
Leah St. Martin Soulier - mother	3/12/23	New Orleans, Louisiana
Brenda S. LeBocuf - sister	6/3/43	New Orleans, Louisiana
Malcom L. Soulier - brother	9/21/47	Lake Charles, Louisiana
Lynette M. St. Martin - aunt	10/10/21	New Orleans, Louisiana
Andrea Stearman - student	8/3/60	Washington, D. C.
Marilyn L. Stearman - mother	2/17/32	Washington, D. C.
Stanley H. Stearman - father	5/2/30	Washington, D. C.
Marc B. Stearman - brother	9/1/59	Takoma Park, Maryland
Esther K. Augsburg - aunt	2/19/13	Baltimore, Maryland
Duane Jon Taylor - student	1/9/60	Cleveland, Ohio
Charles H. Taylor - father	9/29/28	St. Louis, Missouri
Arlee R. Taylor - mother	7/22/31	Rockford, Illinois
Viola V. Spencer Spurgeon - grandmother	1/31/10	Iola, Kansas
Rowena J. Taylor - grandmother	1/24/05	St. Louis, Missouri
Anthony Charles Thompson - student	7/13/60	Oakland, California
Honorable Ronald V. Dellums - U. tives	- 8th District of California	
John C. Apperson - friend	3-3-36	Berkeley, California
Vernon C. Thompson - brother	10/29/52	Oakland, California
Patricia Thompson - sister-in-law	6/16/53	Missouri

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
Alexander McCarroll Treadway - student	3/10/60	New Orleans, Louisiana
Florence M.C. Treadway - mother	9/3/29	St. Louis, Missouri
William L. Treadway, Jr. - father	1/14/27	Atlanta, Georgia
Florence A. C. Morris - grandmother	1/27/03	Tabasco, Mexico
Mrs. Matthew P. Schneider - friend	2/22/30	Birmingham, Alabama
Naomi Z. Ulmer - teacher	11/10/17	New York, New York
Genaro Sierra Valverde - student	1/11/59	Tucson, Arizona
Louie B. Hoop III - friend	11/29/59	Bethesda, Maryland
Bruce Daniel - friend	5/21/55	Cleveland, Ohio
Quentin D. Dastugue - friend	12/31/55	New Orleans, Louisiana
Samuel L. McMillan - friend	12/7/53	Bristol, Virginia
W. David Watson - student	6/22/60	Louisville, Kentucky
Carolyn I. Watson - mother	9/19/37	Birmingham, Alabama
Alicelyn W. Watson - sister	3/16/60	Louisville, Kentucky
Alice W. Kessler - grandmother	5/4/10	Ashland, Alabama
Willie G. Watson - grandmother	10/13/05	Greensport, Alabama
Blanche E. Williams - Administra- tive Aide	8/18/29	Washington, D. C.
Frederick T. Work, Jr. - student	3/3/60	Cleveland, Ohio
**Judge Frederick T. Work - father	8/27/35	Nashville, Tennessee
Beverly M. Work - mother	7/15/36	Cleveland, Ohio
Kevin G. Work - brother	3/13/64	Gary, Indiana
Marigeorge B. Myers - grand- mother	9/9/13	Birmingham, Alabama

**presently out of country...w

r on 6/12/78

<u>Name</u>	<u>Date of Birth</u>	<u>Place of Birth</u>
William Henry Wright, II - student	4/13/60	Hempstead, Texas
William H. Wright - father	12/28/28	Williamsburg, Virginia
Lillian P. Wright - mother	12/20/29	King George, Virginia
Betty G. Holton - friend	10/14/30	Johnstown, Pennsylvania

THE WHITE HOUSE

WASHINGTON

June 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY DOOLITTLE, ERIC SCHNURER

SUBJECT: Talking Points for Capitol Pages, June 12

1. I understand this is the largest graduating class in Capitol Page School history. Not long ago, the graduating class had only 16 members, not 45 -- and none of them girls. I'm glad to see that Equal Rights is making progress on the Hill, and that a third of you are girls.
2. With early morning classes, a full work day, and then homework at night, your schedule must be the most challenging one in any American high school. But you've obviously met that challenge, since you've all been accepted at college.
3. When I was in the Navy, Admiral Rickover learned that I hadn't been at the top of my Annapolis class and asked me, "Why not the best?" Your valedictorian, Bill McMillan, has spared himself that kind of embarrassment by earning straight A's since eighth grade. My congratulations to him, and to your salutatorian, ^{Chip} Charles Barber -- and to all of you.

4. Many Capitol pages have later gone on to enter public life, and I hope many of you will, too. I certainly envy you the experience you've gained in your jobs. I could have used a little of that sort of knowledge of Congress when I first came to Washington.

5. Additional information: graduation is tonight in the Caucus Room of the Cannon Building; the speaker will be Congressman Udall; the school principal is John Hoffman; Charles Barber is nicknamed "Chip".

#

THE WHITE HOUSE

WASHINGTON

MEETING WITH MEMBERS OF CONGRESS
ON WATER PROJECT APPROPRIATIONS

Monday, June 12, 1978
11:00 a.m. (15 minutes)
The Cabinet Room

From: Stu Eizenstat *Stu*
Frank Moore *FM/JF*

I. PURPOSE

To ask their active support in removing unbudgeted water projects from the House Public Works Appropriations bill which comes to the House floor on Wednesday, June 14.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Last year 194 Members of the House of Representatives voted with the Administration to delete 18 unsound water projects from the House Public Works Appropriations bill. When the conference bill finally was signed, the Congress had agreed to delete 9 of the 18 projects, and to severely curtail one other. This year, the House Appropriations Committee has added back 8 of these 10 projects. In addition, they have funded 46 new construction starts which would cost about \$1.4 billion, compared to our new start proposals which would cost about \$700 million. However, they have not fully funded these projects but have followed their tradition of incremental funding. The Committee has also added additional funds in the Appropriations bill to accelerate projects for which we did request funds.

The members attending this meeting supported the effort last year and include the sponsors of an amendment to remove the 8 projects we "won on" last year and to conform the new starts to our recently announced proposals.

- B. Participants: A bipartisan group of approximately 30 Members of Congress, including key sponsors (Bob Edgar, George Miller) and other important supporters (Brademas, Rostenkowski, Phil Burton).
- C. Press Plan: White House photo only.

III. TALKING POINTS

- I am very concerned about the House Public Works Appropriations bill as reported by the full Committee. In the water projects area, the Committee has recommended restoring 8 of the projects deleted last year in the compromise bill I agreed to sign. In addition, the Committee has added new starts far in excess of the proposals I have made. They have recommended funding 46 new construction starts which would cost \$1.4 billion, twice as much as the substantial amount of new starts I proposed last week.
- I want to thank you for your support last year in our effort to delete 18 unsound water projects from the Appropriations bill. The members here today are not all of the 194 who voted with us, but a representative group which I hope will be at the core of an effort to bring this year's bill in line with my Budget. I greatly appreciated your help last year, and I'm asking you to help again on this difficult but important budgetary and environmental issue.
- Last year I did not veto the Public Works Appropriations bill. I felt that the Congress had come half way toward my position and that continued battle last year would have diverted attention from other important issues. However, the bill this year is a big step backward. Our budget and inflation situation is so tight that I can assure you that I intend to veto this bill if it is not brought back into line on water projects funding.
- Bob Edgar is sponsoring an amendment to remove the 8 projects we thought had been halted last year by mutual agreement between the Congress and the Executive Branch. I think we can be successful with this amendment, and I hope you will work closely with Bob and my staff to win it.

- George Miller is sponsoring an amendment to remove the excessive new water project starts and to support the new starts I proposed last week. The House bill would put a great strain on the water projects budget, even though the FY 1979 recommendations are deceptively low. This is also an extremely important amendment, and I hope you will support it.
- Butler Derrick is offering an amendment to fully fund new water project starts. This is also an important amendment, designed to bring funding policies for water projects in line with other major Federal programs, where the full cost of projects is established at the beginning. Incremental funding nearly always results in total project costs far in excess of original estimates. This is a move to ensure fiscal responsibility in this area and is consistent with my request.

When you leave, Stu and Frank will stay and discuss the amendments and strategy with the group. Cecil Andrus and Cliff Alexander will also be there.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

FRANK MOORE *FM/JF*

JIM MCINTYRE *JM/EC*

SUBJECT:

Water Projects Appropriations Bill

The Public Works Appropriations bill will be on the floor of the House on Wednesday. There are four specific problems with the bill regarding water projects, as well as some increases in the energy research and development area. This memo addresses the water project issues.

1. Restoration of projects "killed" last year.

The Congress agreed to delete 9 of 18 recommended for deletion last year. In addition, one of the 18 was not killed but received a very small appropriation to finish off a small segment. Despite this "compromise," eight of these ten projects have been restored by the House Appropriations Committee.

2. Excessive new water project start proposals.

The House Committee has recommended funding of 46 new water project construction starts which would cost a total of approximately \$1.4 billion. Our new start proposals, while substantial and numerous (27 construction and 10 planning) would cost half as much. Unfortunately, our announcement of new starts followed the Committee action, but the Committee was on notice that we would be sending proposals to the Congress for the FY 1979 budget.

3. Full funding for water project starts.

The Committee did not go along with our recommendation to fully fund new water projects. They obviously prefer incremental funding which disguises the fiscal impact of these projects.

We believe that a letter from you to each member of the House is essential in order to support our amendments and to indicate that we are serious about a veto if the bill is not brought into line. The attached draft of a letter addresses only the water project amendments. We will be examining the energy problem early Monday morning and may add a paragraph on that issue if it appears appropriate.

Approve letter _____

Modify letter _____

Disapprove letter _____

*Check wording
with our key
supporters*
J

THE WHITE HOUSE

WASHINGTON

June 10, 1978

MEETING WITH SENATOR WARREN G. MAGNUSON

Monday, June 12, 1978

10:00 a.m. (15 minutes)

The Oval Office

FROM: Frank Moore *F.M./D.T.*

I. PURPOSE

To discuss Labor/HEW appropriations.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senator Magnuson is Chairman of the full Appropriations Committee as well as the Appropriations Subcommittee for the Departments of Labor and Health, Education and Welfare and related agencies. In the past, his Labor/HEW appropriations bill has exceeded our budget requests substantially, and he has not vigorously resisted add-ons. We will need his active help if we are going to keep his Labor/HEW bill and other appropriations measures in line with our budget requests.

B. Participants: The President, Senator Magnuson, Frank Moore, Dan Tate

C. Press Plan: White House photo only.

III. TALKING POINTS

1. The House-passed Labor/HEW bill exceeds our budget requests by \$890 million, and there is no justification for the additional \$400 million added by the House for education since we submitted a record education budget.
2. However, at this point in the mark-up, the Senator's Subcommittee has not gone along with our request for additional funding for the Basic Opportunity Grants (BOGS) program which we had hoped would provide an alternative to the tuition tax credit for higher education, a proposition that apparently has strong support among Subcommittee members. In short, the Subcommittee intends to cut our budget request in

some areas of education and exceed our request in other areas -- the total amount being acceptable, but the allocations being unacceptable. This could cause problems in conference.

3. We need to cut down on federal expenditures for health manpower. In the past, Senator Magnuson has kept funding in this area excessively high, but thus far, he has exercised restraint in the mark-up. We should encourage and compliment him on this.
4. We are concerned that Senator Magnuson will push for substantial increases over our budget requests for the National Institutes of Health. Our submissions are fully adequate and he should be discouraged from any add-ons. This is a real problem area for us with him.
5. You should let him know of the real possibility of a veto if the Labor/HEW bill is not cleaned up in the Senate. Without the right kind of Senate bill, both in terms of amounts and allocations among functions, the conference will not be able to develop an acceptable compromise. In making such a statement, however, you must let Maggie know that you are sensitive to the needs of the people served by these programs and the traditional, strong support this bill receives from Democrats, but that both program recipients and Democrats will suffer if excessive spending and inflation are not checked.
6. Attached is a more detailed presentation prepared by HEW.
7. You should ask about Jermaine, his wife.

IV. ADDITIONAL INFORMATION

The Senator serves on the following Committees:

Committee on Appropriations, Chairman

Defense

Labor, Health, Education and Welfare, Chairman

Public Works

State, Commerce, Justice, the Judiciary

Transportation

Committee on the Budget

Committee on Commerce, Science and Transportation

Consumer

Communications

Merchant Marine & Tourism



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

June 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM JOE CALIFANO *JC Jr.*

For the meeting with Senator Magnuson on Monday, I am attaching two items:

1. A summary table indicating FY 78 appropriations, the FY 79 Administration request, and FY 79 House action.
2. A May 22nd letter I sent to Senator Magnuson and all subcommittee members about the HEW portion of the Labor-HEW appropriation.

In addition to sending that letter, I have met personally with Senator Magnuson's staff at some length here at HEW, going item by item through the HEW budget, and with Senators Magnuson, Bayh and Eagleton (the three key Democratic Senators on the subcommittee) My staff has met with all other members of the subcommittee.

In addition to whatever general comments you make about the appropriations bill and inflation, I suggest you hit Magnuson hard on four areas which the subcommittee must still take up.

- Cancer Research

There will be pressure to increase substantially the National Cancer Institute appropriation to bring it to a full \$1 billion. In FY 78 the Congress appropriated \$852 million; you requested \$858 million for FY 79; the House moved it to \$889 million, which constitutes restraint as compared to past add-ons.

I have repeatedly taken the position that we cannot intelligently spend any more money on cancer research. We are in the process of extensively auditing the National Cancer Institute and with Dr. Upton, who heads it, are making major changes and improvements in management. Magnuson should stay with your recommendation for this year.

- Title I, Elementary and Secondary Education Act

We recommended a \$244 million increase in the regular Title I program and we have proposed a new \$400 million targeting provision for the neediest Title I children. The House added another \$100 million to Title I on top of the \$244 million. The money is utterly unnecessary in light of generous increases in Title I -- and in education in general -- and Magnuson should be urged to hold to our numbers.

- BEOGS Student Grant Programs

You requested an additional \$1 billion for BEOGS to ease middle income financial strain. The House added \$233 million on top of that. Magnuson and the subcommittee may well reduce the BEOGS Program by \$1 billion, not to save money, but because they favor the tuition tax credit. Here I suggest that you make clear that you intend to veto the tuition tax credit, that you strongly oppose the extra \$233 million in the House bill, and that you would like Magnuson to adhere to your BEOG's budget requests.

- Health Manpower

We recommended sharp reductions in the Health Manpower area, particularly with respect to capitation grants for medical schools and certain types of specialists, like veterinarians, optometrists, pharmacists, and podiatrists. The House put an additional \$123 million in this area. We should press Magnuson to hold to our budget (and if he hears it from you, I think we will be successful for the first time in many years in trimming back these programs).

Finally, you should know that Magnuson has been generally responsive to my requests to hold his subcommittee in line. In the portions of the bill already marked-up there have been some add-ons, but his attitude is certainly different than it was last year when he encouraged additions to your budget. Thus, we should form a partnership with him to hold the bill in line rather than viewing him in an adversary posture.

A final note on the Michel amendment to "cut" \$1 billion from HEW's appropriations as a result of fraud, abuse and waste. The Michel amendment is hortatory, but has no binding effect. It is consistent with a \$1.1 billion target that I have set as the reduction to be achieved by cutting waste, abuse and fraud in HEW programs. About one-half of that \$1.1 billion will come from Medicare and Medicaid, about \$300 million from the student assistance programs, and \$189 million from the welfare programs. In the 18 month period ending on September 30, 1978, we expect to reduce leakage due to waste, fraud and abuse by about a quarter of a billion dollars. I suggest you should either ignore the Michel amendment or, if Magnuson raises it, say that it is a Republican political ploy of no substantive merit that should not be included in the bill.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

May 22, 1978

The Honorable Warren G. Magnuson
Chairman, Subcommittee on Labor-
Health, Education and Welfare
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I am deeply concerned about possible amendments to the FY 1979 Labor-HEW Appropriation bill.

I understand that the Subcommittee has pending before it amendments which, if adopted, could add approximately \$7.5 billion to HEW's budget. If adopted, these add-ons would destroy the President's anti-inflationary budget and fan the flames of inflation.

The House Labor-HEW Appropriations Subcommittee in its markup of the FY 1979 bill added \$640 million to the HEW budget. This figure reflects \$880 million in additional funding for discretionary programs and \$240 million in reductions in the entitlements programs.

The House Subcommittee add-ons are substantial when looked at in the context of the President's budget request. The President's request proposes significant program expansion in most areas of the budget. It does not include the wholesale program elimination and reductions recommended by the two previous Administrations.

The President's request for the HEW portion of the Labor-HEW Appropriation bill totals \$59 billion, an increase of \$5 billion or nearly 10 percent over FY 78. With inflation the number one problem now facing the nation, the President's budget reflects an adequate balance between more spending for social programs and trying to hold the line on government spending.

It is imperative for the Congress to recognize the limits of even the most well-intentioned programs to absorb additional funds and spend them effectively. I urge that your Subcommittee hold spending to the levels in the President's budget and reject the budget-busting levels in the House Subcommittee bill.

The major areas where this could be accomplished would be to reject the significant House subcommittee add-ons to the President's budget:

Over \$300 million in add-ons for NIH. We already have a significant research enterprise proposal of nearly \$2.9 billion for 1979. Since 1970, the NIH budget has grown by over 260 percent -- more than 100 percent even after adjusting for inflation. While adding research dollars may be appealing, they would be used to fund projects which, in the eyes of the research scientists who evaluate proposed projects, are of relatively low priority and quality.

Nearly \$125 million more for medical schools and health education programs. The nation does not suffer from a shortage in the overall supply of health professionals. We believe that Federal subsidies for medical schools and medical education must be reconsidered. These additional funds have a one-two inflation punch: they exceed the budgetary spending proposal and they create more doctors who in turn will further increase health industry inflation.

\$260 million more for higher education student aid, principally for the Basic Opportunity Grants program. The President's budget had already increased student aid by one-third, or \$1.2 billion over 1978. We fail to understand the need for more.

Additional Title I ESEA expansion of \$100 million. The budget already includes an increase of \$244 million under existing law and \$400 million based on new "concentration" legislation. We are asking you to hold Title I at the current law budget request and wait for the new legislation to be passed before additional funding is provided.

\$25 million more to fund a new State formula grant program of career education. This is an activity that can and should be deferred. There is already \$10 million in the budget for career education special projects.

Nearly \$50 million more for vocational and adult education. This is another example of unnecessary funding. Because States already overmatch federal dollars by about six to one, more Federal dollars will simply supplant existing State funding.

I am as concerned as the Congress that we meet the needs of the citizens our programs are designed to serve. Yet we must be prudent as well as compassionate, if we are to restore the trust of the American people in their government. It is senseless to pour money into programs at such a rapid rate that we cannot administer them effectively. It would be tragic if our acts of compassion contributed to inflation that will most severely hurt those we seek to help -- the poor and the elderly on fixed incomes.

I urge you to hold to the levels of the President's proposed budget and reject the \$7.5 billion in added appropriations that are pending before your subcommittee this week.

Sincerely,


Joseph A. Califano, Jr.

cc: Subcommittee Members

ADDITIONAL
TALKING POINTS
FROM OMB

SUGGESTED TALKING POINTS FOR THE PRESIDENT'S MEETING
WITH SENATOR MAGNUSON

- We suggest that the President emphasize the need to hold the line on spending across the board, given that inflation is the number one economic problem and that the deficit looms at \$50 billion or more.
- The Administration and the Congress need to work together in this effort.
- We need Senator Magnuson's active leadership in the full committee to resist add-ons and to try to reduce spending closer to the budget level. (The President might indicate that he examines each bill by the total of net discretionary changes to his request, and is not misled by technical budget adjustments to uncontrollable problems to make the totals look more reasonable.)
- The Labor-HEW Subcommittee that Senator Magnuson chairs is critical, especially in light of House action. The President should emphasize that his budget already meets the important human needs and contains significant increases to budgets proposed by prior administrations. The President should suggest that the programs we tried to reduce on the House floor (including ESEA Title I, the BEOGs increment --but not the whole tuition grant program, and health manpower programs) should be held at or below the Administration's budget levels so there will be some room to negotiate in conference.
- The President should indicate he is very concerned about the practice of some subcommittees to place restraints on his ability to manage personnel. (The current worst offender is the House subcommittee version of the Agriculture appropriations bill.)
- The President should thank Senator Magnuson for his attitude of restraint that he has demonstrated so far this year. (This is referenced in the current issue of Business Week.)
- The President might end by stating that he fully intends to veto any spending legislation (including authorization and appropriations bills) which he does not believe the country can afford at this time.

Additional Points

- We are concerned that many Labor-HEW programs, which have the potential for funding increases (such as nurses' training), are not yet authorized. One way to possibly save some money would be to fund these programs (in a continuing resolution) at last year's level. We may be exploring this option with you in the next few weeks.

- Senators Bayh, Brooke and Schweiker are attempting to add well over \$100 million to the heart and cancer institutes. The President may want to urge Senator Magnuson to resist these increases. We understand that several other committee members (such as Eagleton, Chiles and Proxmire) would support funding these programs at lower levels.

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Stu Eizenstat
Frank Moore

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

Rick Hutcheson

CALL TO CONG. MOORHEAD

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

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

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

THE WHITE HOUSE
WASHINGTON

June 9, 1978

C

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT
FRANK MOORE

Stu
J.M. 1/81

SUBJECT:

Telephone Call to Congressman Moorhead

Congressman Moorhead introduced and worked extremely effectively in leading the House floor fight for the New York City aid bill. Since he also chairs the House Banking Subcommittee with jurisdiction over the National Development Bank, on which we are seeking hearings this summer, we would recommend that you telephone him today to thank him for his efforts on the New York bill. If appropriate, you might mention that we are hopeful that his Committee can give serious consideration to the Development Bank this summer.

Treasury concurs.

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Jim McIntyre

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

The signed letter has been forwarded to Congressional Liaison for delivery.

Rick Hutcheson

cc: Stu Eizenstat
Anne Wexler
Frank Moore

RENEGOTIATION BOARD

THE WHITE HOUSE
WASHINGTON

6/11/78

Mr. President:

Congressional Liaison,
Wexler and Eizenstat concur.

Stu's comment is attached.

Rick



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

JUN 6 1978

DECISION MEMORANDUM

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. MCINTYRE, JR. *Jim*
SUBJECT: Renegotiation Board Authorization

As you are aware, the legislative situation with regard to the Renegotiation Board has been languishing for over a year now. This memorandum suggests a course of action which may provide the impetus to move the Congress toward an extension of the Board's authority before the situation deteriorates beyond reach.

Background

The Administration has heretofore strongly supported the Minish and Proxmire legislation which would have substantially strengthened the Board powers as well as extended the Board's authority until December 31, 1982. To emphasize this strong support, you sent letters to all House members last year eliciting their support for the renegotiation reform legislation.

As congressional action took place last session the Proxmire bill (S.1594) was voted down in committee and was substituted with the Lugar-Cranston amendments which called for a \$5M filing floor (currently \$1M) for contractors and subcontractors and the "mothballing" of the Board until the next war. No action was taken on these amendments last year.

The Minish bill (H.R. 5959) was reported out of the House Banking Committee last year, but has yet to be scheduled for House floor action. Before H.R. 5959 was reported out, Congressmen Hannaford and McCloskey introduced an amendment similar to the Lugar-Cranston amendment calling for the "mothballing" of the Board. Our assessment is that here, too, the votes would have gone to mothballing the Board.

Because of the setbacks in the first session of the 95th Congress, the White House has not given further signals to the Congress supporting renegotiation.^{1/}

Current Status

Over the past several months more intense lobbying against the Board by the major business groups has turned the tables decidedly against renewal of the Board. The Lugar-Cranston amendments of last year have returned this session as individual Senate bills. Although no action has yet been taken on either, there are mounting pressures to move them by Senators Lugar and Brooke.

In addition to these pending bills, the House and Senate appropriations committees are now taking action to dismantle the Board.

The House appropriations subcommittee recently reported out a \$3M appropriation for FY 1979 which would carry the Board up to March 31, 1979. The subcommittee felt this action would force the Congress to act on the authorization issue.

On the Senate side, the Hollings appropriations subcommittee has slated its mark-up of the FY 1979 Board appropriations for June 12. From all indications, this committee will probably favor the half-year appropriation.

Options

We need a conscious decision as to what posture the Administration wants to take on this issue. I see two options available to the Administration given our continued support for the renegotiation process:

(1) Stay with the status quo.

This would place the Administration in the position of continuing to support (even if silently) a bill (H.R. 5959) which is going nowhere, to strengthen a Board that has reached a low point in respect and credibility both in Congress and in industry.

^{1/} The setbacks were due, at least in part, to congressional concerns over the Board's credibility, e.g. the questionable assertions against Lockheed; extending coverage to foreign military sales while the Board was "defunct," etc.

Additionally, if the current authorization impasse continues (likely), and we get no new authorizing legislation, then the Vinson-Trammel Act will come back into full effect. (It has been suspended by the Renegotiation Act.) Under the Vinson-Trammel Act, the IRS will have to start collecting new paperwork from all defense contractors under 1948 regulations. The Administration should not have to suffer even part of the blame for further, unwanted, inadvertent paperwork burdens.

(2) Support a simple extension of the Renegotiation Board.

The Board has informally requested permission to take this approach. This would have the disadvantage of having the Administration change positions, yet an extension of the current Renegotiation Board Act would be preferable to the implementation of the Vinson-Trammel Act. The simple extension could be used to study the need for the renegotiation process. A statement to this effect would make it more palatable to the Hill.

Recommendation

Option 2 is recommended recognizing that a compromise has to be struck if the Board is to be retained. As it stands now, the substantive reform legislation is going nowhere. We risk your position and may gain nothing. We may be in a better position to recover some of the lost ground on the Hill by offering up the simple extension now. Reform of the renegotiation process can come later.

Agree with change in position Maintain current position
 (Congressional Liaison & Eizenstat concur with OMB)

As a first step in implementing this course of action, Stu Eizenstat and I can begin meeting with key congressional members; i.e. Cranston, Proxmire, Minish, et al to indicate an Administration willingness to support a simple extension for the Board to be tied to a comprehensive examination of the renegotiation process.

Agree Disagree See me

THE WHITE HOUSE

WASHINGTON

June 12, 1978

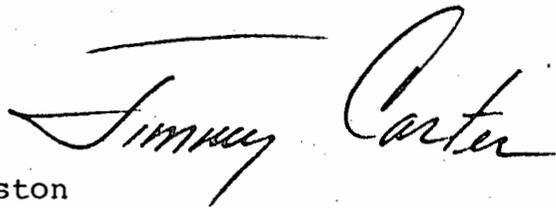
To Senator Alan Cranston

I am quite concerned with the continued delay in Congressional action to renew the authority of the Renegotiation Board. This delay has hampered the effectiveness of the Board, and unnecessarily added to the regulatory uncertainty faced by defense contractors.

I continue to believe that the Board's authority should be extended and strengthened. I recognize, however, that many in the Congress do not support all of the reforms I have previously endorsed. Rather than prolong the debate over these issues I propose that we work together to develop a simple extension of the Board's authority. After a period of operation under present rules we can reassess what changes may be appropriate in the Board's procedures and authorities.

I will be calling shortly to discuss this question with you. I hope that we can work together on this issue.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

Honorable Alan Cranston
United States Senate
Washington, D. C. 20510

EIZENSTAT

THE WHITE HOUSE

WASHINGTON

June 9, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *SE*
SUBJECT: McIntyre Memo on the Renegotiation Board

I agree with Jim's recommendation that we should seek a compromise that would simply extend the life of the Renegotiation Board. Realistically, such an extension is the best we can hope for.

The key to reaching such a compromise with Congress appears to be Senator Cranston. Without his support it appears that we will not be able to win any reauthorization in the Senate this year. I believe it will be necessary for you to appeal personally to Cranston to ask him to reconsider his strong opposition to the Board. I recommend that you write and then call Senator Cranston, after which Jim and I can meet with him to firm up the details. A draft letter is attached. If you approve it, Frank and I will draft talking points for your call.

I have met with the Board and they support this course of action. My staff has also contacted Senator Proxmire's office, and they indicate that he is willing to accept this strategy also.

I disagree with Jim's recommendation that we promise a study of "the need for renegotiation," implying that we may be prepared to abandon our fundamental support for the renegotiation process. Instead, I recommend that we simply indicate our willingness to review all the procedures and authorities of the Board, and promise to work with the Congress to develop proposals for any needed changes.

WASHINGTON

DATE: 06 JUN 78

FOR ACTION: STU EIZENSTAT

JACK WATSON *AC by plm*

WHS attached

FRANK MOORE (LES FRANCIS)

ANNE WEXLER

pt II (concur)
concur by plm

INFO ONLY: THE VICE PRESIDENT



SUBJECT: MCINTYRE MEMO RE RENEGOTIATION BOARD AUTHORIZATION

+++++

+ 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

Jim McIntyre

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

Rick Hutcheson

cc: Stu Eizenstat

1980 YOUTH BUDGET

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

	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

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

THE WHITE HOUSE
WASHINGTON

June 9, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: FY 1980 YOUTH BUDGET

*To Jim Mc I -
Keep current
levels as a
viable option
J
cc Stu*

Your decision to cut over half a billion dollars from our youth employment efforts came at the end of a meeting running overtime. I am not sure we had an opportunity to explore with you all the implications.

This memorandum is to ask you to hold the line on youth spending in FY 1980 but not to cut it from FY 1979 levels.

I fear that the \$518 million cut you approved, a 20% reduction in funding, will have a disastrous effect on our efforts to provide national leadership in the fight against youth unemployment.

Since that fight is one of the very few issues upon which Republicans and Democrats in the Congress are united, there is a very real possibility that we would lose the attempt to cut the program, thus sacrificing leadership without even gaining the budgetary savings. Surely Senator Jackson will be extremely vigorous in seeking an expansion of his \$300 million Young Adult Conservation Corps.

Since coming to office, you have provided strong leadership in this area. The Youth Employment and Demonstration Projects Act, the Targeted Tax Credit and the Private Sector Initiative all were direct White House efforts for which you are recognized. As Under Secretary Champion pointed out, we have established effective coordination between HEW and DOL in the youth area for the first time. The White House dinner of May 23 established a White House-led partnership between business, labor, local government and civil rights groups that holds great promise.

The Vice President has agreed to lead a Task Force that in the coming months has a good chance to focus national attention on the progress we have made and help us move forward with greater speed. All these efforts are put in jeopardy by so deep a slash in youth spending.

You made the decision with the understanding that total resources available for youth programs would continue to increase, that the cut would be more than offset by increases in funds available through the Targeted Tax Credit and the Private Sector Initiative.

There are a number of problems with this line of reasoning:

- o In the urban package we have discussed the Targeted Tax Credit and the Private Sector Initiative as additional resources, not as offsets against existing programs.
- o Those losing funds, mayors, community-based organizations, public school systems will have no sense of compensating gains in other areas, and will no doubt attack this decision.
- o Private sector programs necessarily assume the existence of private sector jobs. In the South Bronx, in Bedford-Stuyvesant, in the worst ghetto areas across the nation, there are simply not enough private jobs to go around. A substantial job creation program for youth is necessary.
- o The Tax Credit and the Private Sector Initiative, by and large, will help "older" young workers, ready for jobs. The most serious problems are with the youngest workers, 16-19, for whom remedial education and training are often crucial. These programs can only be effectively delivered by schools and CETA programs.

In addition, you should be aware that:

- o At current levels of funding, the programs reach only 25% of the universe of need, according to OMB estimates.

- o Evaluation information will not be available until Spring of 1979 on which to make decisions as to which of the variety of approaches funded by the Youth Employment and Demonstration Project Act are the most effective.

At a time when minority youth employment has demonstrated that it will not yield to even extraordinary growth in the job market (in 1976 minority youth unemployment was 39.3%. In May 1978 it was 38.4) the knowledge that the Administration is proposing a 20% cut in youth employment programs will severely hamper our campaign of national leadership. Our ability to build a new partnership will be very severely effected. I ask you to reconsider your decision.

OMB presented you with three options: a) the Department of Labor - recommended high option, an increase of \$100 million; b) their own low option, the \$518 million cut; and c) a middle option - to fund the program in 1980 at its 1979 level.

With inflation and the increase in the minimum wage even the middle option would entail some cutback in programming. I strongly recommend the middle option as the wisest course.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*

June 10, 1978

SUBJECT:

Summaries for the Week of June 5 -
10, 1978

The weekly summaries are attached.

CC: The Vice President

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Lipshutz & Moore to Pres. Carter, w/attachments 9 pp., re:Recommendations	6/9 78	C
Cabinet Summaries	Harold Brown to Pres. Carter, 3 pp., re:Defense report	6/10/78	A
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activities	6/9/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Presidential Handwriting File 6/12/78 II [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.

THE WHITE HOUSE
WASHINGTON

June 12, 1978

The Vice President
Stu Eizenstat
Hamilton Jordan
Tim Kraft
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Anne Wexler
Jim McIntyre
Hugh Carter

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

Rick Hutcheson

RE: CABINET SUMMARIES

EYES ONLY

CONFIDENTIAL ATTACHMENT

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

June 9, 1978

C
1

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren A.S.
Gus Speth

SUBJECT: Weekly Status Report

NEPA Regulations: Our proposed regulations for implementing the procedural provisions of the National Environmental Policy Act were published today in the Federal Register for public comment. During the past week we have provided detailed briefings for interested Senators and Congressmen and their staffs and for appropriate Committee staff members. The new reform regulations are intended to improve agency decisionmaking and, as stated in yesterday's New York Times headline, are designed to make the statements "shorter, better written, and easier to understand."

Water Resources Reform: Initial reactions to your proposals on water resources proposals from widely disparate groups have been generally favorable. It appears to be a policy that most people can live with, a significant achievement given the heat this issue generates. We had been working with environmental groups for several weeks both to get additional suggestions from them and also to convince them of our view that the policy represented a major step forward. We were pleased when at a press conference Tuesday a national coalition of 24 environmental organizations, who earlier had strongly criticized our water policy effort, expressed solid support for your initiatives.

OSHA Cotton Dust Standards: We commend you for your decision in support of the OSHA cotton dust standard. We were concerned that a different decision would set a bad precedent for regulatory efforts to protect public health. There are more appropriate targets for our anti-inflation efforts, including the House Public Works Committee highway bill and the House Appropriations Committee water projects bill. We have asked COWPS to analyze the House highway bill for its inflationary impacts. Worthy of note is a recent poll of businessmen published in the New York Times on June 6, in which government regulation was not mentioned as a cause of inflation among the twelve most important contributing factors.



Office of the Attorney General
Washington, D. C. 20530

C
/

June 9, 1978

Re: Principal Activities of the Department of
Justice for the Week of June 5 through June 9

1. Meetings and Events

The Attorney General met this week with the Ambassador of Australia. At Senator Bentsen's request, the Attorney General met Tuesday with leaders of the Mexican Congress. On Wednesday, the Attorney General, the Deputy Attorney General, and the Director of the FBI, along with a number of other top officials of the Justice Department, met with a group of 15 newspaper editors from around the country. The Attorney General also on Wednesday addressed a conference of Special Agents in Charge of all FBI Field Offices at FBI headquarters. He addressed on Thursday the Young Lawyers Section of the Mississippi State Bar in Gulf Port, Mississippi.

2. Longshoremen's Investigation

A three-year FBI investigation coordinated by the Miami Organized Crime Strike Force of the Department of Justice with assistance from the IRS and the Dade County Police concluded a major first phase, as federal charges were brought against 22 persons for a pattern of racketeering activity from 1965 through 1977 aimed at controlling the waterfront industry and several Atlantic and Gulf Coast ports. The charges included payoffs, kickbacks, embezzlement, buying and selling contracts, extortion, threats, and intimidation. The FBI investigation involved extensive use of undercover agents who investigated payoffs to International Longshoremen's Association officials.

3. Magistrates Bill

The House Judiciary Committee this week reported by a vote of 23 to 7 the Administration bill to expand the jurisdiction of U. S. magistrates. The bill was amended to require that affirmative action considerations be taken into account by the magistrate selection panels.

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

"FYI"

①
/

June 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *Ray*

SUBJECT: Major Departmental Activities June 3-9

Actions on Civil Service Reform. Although the Department has been providing information to our employees on civil service reform, we will continue to use a low key approach in view of the controversy developing over DOT's use of funds for what some consider "lobbying" activities.

Department criticized on efforts to fight organized crime. Yesterday on the Senate floor Senator Percy criticized me and the Department for failing to work with the Justice Department in Administration efforts to combat labor-management racketeering. I have previously rebutted these criticisms before Senator Percy and the Senate's Permanent Investigation Subcommittee. I have been working closely with the Justice Department and on Tuesday I will announce our agreement on Labor Department participation in the organized crime strike forces.

Correcting the record on Veterans Employment Programs. I sent a memo to you earlier this week identifying the inaccuracies in Jack Anderson's column on veterans. As indicated in that memo, I am having lunch with him today in an effort to get an article making corrections.



THE DEPUTY SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

June 9, 1978

9
/

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM:

Alan Butchman

Alan Butchman

SUBJECT: Significant Issues Pending at the Department
of Transportation

International Transportation Issues - Secretary Adams has completed his meetings with the Ministers of Transportation of Belgium, the Netherlands, Denmark, and Norway. He discussed international maritime and aviation matters and will be talking to Secretary Vance about these issues upon his return. He would also like to discuss these topics with you during your forthcoming meeting on Waterway User Charges.

Elderly and Handicapped Regulations - Following a meeting held last Saturday with Stu Eizenstat, I approved publication of a proposed departmental regulation making all transportation facilities accessible to the elderly and handicapped. This regulation would implement HEW guidelines under section 504 of the 1973 Rehabilitation Act. As we indicated in our memorandum of May 26, costs of implementing the proposed regulations are estimated at \$1.8 billion in 1977 dollars, \$1.6 billion of which would be for altering existing subway stations. A three-year period would be provided for implementation of the requirements; but for the most costly, we are inviting public comment on whether implementation should be permitted to take 12, 20, or 30 years and whether less costly alternatives should be pursued.

Air Traffic Delays - Sporadic air traffic control delays have been occurring in the Washington/New York corridor since June 6. Because the traffic flow was less than the FAA standard indicated it should have been, the FAA is investigating the possibility of a job slowdown action. This has come three weeks after the Professional Air Traffic Controllers Organization (PATCO) warned that such actions were possible if airlines did not permit controllers to make free familiarization flights overseas.

The Air Transport Association (ATA) has filed a suit against PATCO and the Department's Federal Aviation Administrator has instructed supervisors to examine flight control operations and consider appropriate disciplinary action.

Ford Motor Company Recall - Ford Motor Company has agreed to recall and fix free of charge to owners some 1.5 million Pinto and 30,000 Mercury Bobcat passenger cars to correct two aspects of their fuel system design which can cause fire to occur in the event of a rear-end collision. On May 8, 1978, the Department's National Highway Traffic Safety Administration made an initial determination that the Pintos and Bobcats contained a safety related defect in their fuel systems. Rather than contest the finding, Ford agreed to recall all the vehicles.

Fishery Law Enforcement on Great Lakes - Canada recently announced suspension of the understanding with the U. S. which allowed U. S. citizens to fish in waters under Canadian conservation control. In reciprocity, the U. S. announced exclusion of Canadian fishermen from U. S. waters. The Coast Guard began low key efforts to enforce this ban in coastal waters and in the Great Lakes. Canada announced that U. S. fishermen would be welcome in Canadian Great Lakes waters. Subsequently, the Departments of State, Commerce, Justice and Transportation agreed that, if the law allows, the ban on Canadian fishing should not apply on the Great Lakes. Given a favorable determination by Commerce (National Oceanographic and Atmospheric Administration) on this issue, the Coast Guard will discontinue its enforcement program on the Great Lakes.

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

C

June 9, 1978

FYI

REPORT TO THE PRESIDENT

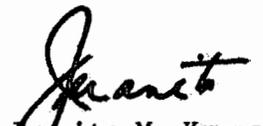
Yesterday, a U.S. District Court appointed a receiver for Pacific Far East Line, Inc., a subsidized liner operator in the West Coast-Far East trades. The magnitude of the net loss under the Ship Financing Guarantee Program could approach \$30-40 million, depending on the proceeds of the anticipated foreclosure sale. Default losses would not be absorbed by appropriations, but from insurance guaranty premiums paid by participants in the ship financing guarantee program.

The first loan guarantee under the Administration's program to assist steel producers adversely affected by expanded foreign competition was approved by EDA this week. The guarantee of a \$21 million loan fund from a consortium of 16 banks will finance the continuing operation of steel mills employing more than 2,000 persons in South Carolina and Texas.

I met with the Congressional Hispanic Caucus in response to your request to discuss their concerns about Hispanic undercount in the 1980 Decennial Census and to explain our efforts to correct the problem. As a result of the meeting, we are considering suggestions for immediate incorporation into the survey form, and we agreed that their review of our efforts should continue.

The interim 1978 bilateral fishing agreement between the U.S. and Canada was suspended Monday because of a disagreement over certain conditions of fishing in each other's waters. As a result, commercial fishing has ceased by U.S. flag vessels in Canadian waters and Canadian flag vessels in our waters, with the exception of fishing for halibut and tuna. U.S. recreational fishermen are allowed to fish in the Canadian portion of the Great Lakes, but at present the U.S. is not reciprocating. Modification of this posture is being considered, however. A satisfactory long-range solution is expected from bilateral negotiations scheduled to begin June 19.

In aggressive support for your proposals for Civil Service reorganization and reform, I have directed that information briefings be conducted by my Secretarial Officers and heads of operating units for all Commerce employees. These sessions will ensure that employees are informed of your proposals objectively and accurately as well as afford us an opportunity to solicit their comments and support. In addition, I will call relevant members of the Senate Committee on Governmental Affairs when notified by White House Congressional Liaison that this is desired.


Juanita M. Kreps

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

June 10, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}
Subject: CEA Weekly Report

Humphrey-Hawkins. The Senate Banking Committee will shortly mark-up its version of the Humphrey-Hawkins bill. DPS and my staff have discovered one section of the bill reported by the Senate Human Resources Committee which would introduce an unacceptable limitation on your ability to change the goals for unemployment that are stated in the bill. Our staffs have met with representatives of the Senate on this matter. We have told them that the currently proposed approach is absolutely unacceptable to the Administration. We are optimistic that the bill can be modified to eliminate the objectionable provisions.

Federal Reserve Board. Late last week, I sent to Chairman Miller a copy of a recent CEA staff memorandum outlining the outlook for the economy for the year ahead, and the risks to that outlook posed by monetary policy. I have asked Chairman Miller to review the memorandum and to discuss it with his staff and other members of the Board. On June 19, Secretary Blumenthal and I will meet with the Federal Reserve Board to discuss the current outlook and Administration fiscal policies, and their implications for the course of monetary policy over the rest of the year. We believe that many members of the Board are likely to be pressing for tighter monetary policy in the months ahead. I hope that discussions like these will give them a better understanding of the problems involved in pursuing that course.

National Health Insurance. CEA's staff has been in communication with OMB, HEW, DPS and Treasury during the course of preparation for you of NHI principles that are consistent with our recommendations to you at the Health budget review session.



OECD Ministerial. I will be in Paris from Tuesday evening through Thursday of next week, during which time Lyle Gramley will be Acting Chairman.

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Lipshutz & Moore to Pres. Carter, w/attachments 9 pp., re:Recommendations	6/9 78	C
Cabinet Summaries	Harold Brown to Pres. Carter, 3 pp., re:Defense report	6/10/78	A
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activities	6/9/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Presidential Handwriting File 6/12/78 II [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.

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

	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

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



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

F.Y.I.

June 9, 1978

C
/

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. CIVIL SERVICE REFORM

I am sending letters to members of the Senate Finance Committee, the House Ways and Means Committee, and both banking committees urging their support for Civil Service Reform.

2. EPG ACTIVITIES

This week, the Steering Committee (with Bob Bergland and Ray Marshall attending) reviewed generally the progress of the MTN negotiations and their relationship to the Bonn Summit. The MTN will not be complete by the Summit. While a preliminary accord on tariff cuts and principles for a Wheat Agreement may be ready, the toughest and most crucial issues in the negotiations -- how to deal with subsidies, countervailing duties, and selective import restraints -- will take months more of hard work. The Committee considered ways in which you could focus the other Summit leaders on these matters.

Charlie Schultze and I will work with Bob Strauss to integrate his deceleration campaign into the EPG framework, as you have directed.

3. NEW YORK CITY

Our financing legislation passed the House yesterday by a 247 to 155 vote. This margin was larger than we had expected until quite recently, and compares very favorably to the 10 vote margin by which the original Seasonal Financing Act passed in 1975. A good lobbying effort was done by all parties.

I testified yesterday before the Senate Banking Committee, and mark-up probably will take place in two weeks. The outlook for our legislation in that Committee is highly uncertain. We are working hard to influence the doubtful votes. I'll let you know when your help is needed.

4. TAX BILL

The best strategy for us at the moment is to sit back and let the House Ways and Means Committee stew in its own juice. Most members agree that a tax bill is needed but there is total disarray on its content. Our influence will rise as support around a compromise emerges and we can focus on a particular approach. A clean bill, with few cuts and reform rather than a "Christmas tree" bill coming out of Ways and Means may, in the end, be easiest for us to deal with. I am staying very close to the negotiations and will keep you advised.

5. FIREARMS REGULATIONS

The House voted to sustain a rider prohibiting expenditures to implement the regulations. This vote does not mean, however, that the regulations must be withdrawn or abandoned and we have publicly said so. We still intend to develop a package of possible final regulations after the close of the comment period on June 30. Funds to implement them could then be sought in the next Congress as originally planned. I'll make a major fight on this.

6. IFIs

At two breakfasts this week with House Democrats and Republicans I stressed the Administration's need for adequate funding for the international development banks. I also am sending about 250 personal notes on IFIs to Members of Congress; floor action is due during the week of June 19.

7. EXCHANGE MARKET

Foreign exchange markets were fairly quiet this week, and the dollar did not depreciate further. Treasury and Federal Reserve made additional repayments of swap indebtedness to the German central bank.

8. STOCK MARKETS

The stock market reached a nine month high this week. Investors have become more hopeful on inflation and are encouraged by reports of a potentially smaller budget deficit for fiscal 1979.

9. TRAVEL

I am leaving Tuesday morning for the OECD Ministerial in Paris, together with Cy Vance. After Paris we go on to London to meet with our Ambassadors in Europe; I will also address a group of top British bankers. Cy and I return here together on Saturday, June 17.



W. Michael Blumenthal



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

June 9, 1978

C

MEMORANDUM TO THE PRESIDENT

Through Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

TRAVEL. Secretary Bergland leaves Sunday for the World Food Council meeting in Mexico City. No controversies are expected.

PRICES. The consumer food portion of the Producer Price Index rose 0.5 percent in May. The smallest increase this year.

GRAIN. Wheat harvesting has begun, slightly behind schedule. Estimates of the winter wheat crop range from 1,284 million bushels to 1,316 million bushels.

Better than 80 percent of the crop is now planted in major corn growing areas.

TREES. The report on increasing timber harvesting, due to you May 11, continues to be delayed by differences between the Council on Environmental Quality and the Council on Wage and Price Stability.

ENERGY. Under the Food and Agriculture Act, the Commodity Credit Corporation is authorized to guarantee loans for the conversion of agricultural wastes to energy producing hydrocarbons. This week the CCC Board transferred authority for the program to our energy office to encourage and speed participation.


CAROL TUCKER FOREMAN
Acting Secretary



THE SECRETARY OF THE INTERIOR
WASHINGTON

June 9, 1978

C/

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of June 5

No significant activities to trouble you with.


CECIL D. ANDRUS



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D. C. 20410

June 9, 1978

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

SUBJECT: Weekly Report of Major Departmental Activities

Housing Costs Task Force Makes 150 Recommendations for Curbing Rising Cost of Housing. At a press conference Wednesday, June 7, in which Ambassador Robert Strauss participated, I released the final report of the HUD-appointed Task Force on Housing Costs. I have asked each program Assistant Secretary to analyze all the recommendations to determine how best they can be implemented or whether they should be implemented in their present form. Their reports are due by June 21. Among responses of the Department to the Task Force recommendations is simplification of Environmental Impact Statements and the commitment to make a comprehensive study of building codes in the country to determine how they affect housing costs. The Department will also hold a meeting with state and local officials on the effect of local regulations on housing costs.

Demonstration Housing Program Benefits Mentally Ill. The Department has announced a \$15 million demonstration housing program to build 600 units for persons with chronic mental illness who are part of deinstitutionalization programs managed by the various States. The \$15 million of HUD Section 202 direct loan authority will be combined with HEW Medicaid funds for supportive services intended to permit mentally ill persons to function as independently as possible. States have been invited to compete for the funds. Awards will be made in September.

Home Improvement and Mobile Home Insurance Shows Spurt in Growth. During May, 32,520 property improvement loans for \$127,137,669 were insured. This is a 28 percent increase in loan transactions and a 42.6 percent increase in the amount of loans over May, 1977. The Mobile Home Loan Insurance Program showed even greater growth for the same period, with 1,435 loans amounting to \$19,158,191 insured during May, 1978, representing a 47 percent increase in transactions and a 61 percent in loan amounts over May, 1977.

Support Provided Chicago Housing Authority. To ensure that essential services to tenants can continue, the Department has approved an advance of \$21.9 million to the Chicago Housing Authority for operating expenses. These funds will enable the Chicago Housing Authority to maintain services through this fiscal year. The Department is also exploring additional sources of funding which could be made available this year.

Analysis Shows HUD's Housing, Community Development Programs Linked. As a first measure of how well HUD's separate housing and community development programs are targeted to communities with greatest need, a preliminary analysis of the Housing Assistance Plans of Community Development Block Grant recipients revealed that 79 percent (297,625 units) of Section 8 Housing reservations during FY 1977 went to CDBG Entitlement and Small Cities recipients. This is considered an indication that programs managed under separate authorities are closely linked, thus better ensuring that maximum benefit accrues to those in greatest need.

Pat

Patricia Roberts Harris

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

9
/

June 9, 1978

MEMORANDUM TO THE PRESIDENT

FROM: Ambassador Robert S. Strauss

SUBJECT: Weekly Summary

RS

On the trade front, we are pushing very hard to get as much out of the way as possible before the Summit. Ribicoff, Roth, Danforth, Bentsen and Kennedy spent part of the recess being briefed on the Geneva negotiations and returned with a very positive attitude about our negotiating team. I am trying to keep the Hill involved to the extent possible to make it a little easier to get our final package approved.

We are continuing to make some modest progress in a number of areas where none had been forthcoming earlier. After meeting with Prime Minister Fraser of Australia, I have heard informally that he was persuaded to bring Australia to the table in Geneva. I think the same thing will prove to be true of New Zealand with whom I met yesterday. The British and French continue to pose difficulty. This week I met with Peter Jay who very candidly tells me that they are putting the brakes on until they see what we bring to the Summit, primarily with respect to energy and inflation. I had little or no success persuading him that such behavior served no one's best interest.

In accordance with your memo to me recommending that a task force be set up as a subcommittee of the EPG, this is being done and coordinated with Schultze. You will be pleased to know that Schultze, Bosworth and I have established an ideal working relationship that keeps us in touch several times daily and is proving to be most constructive.

On another level, Hamilton, Rafshoon, Kling and I have established an informal working relationship that will also enable us to keep the White House fully informed and involved, as well as enable us to make decisions more rapidly.

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

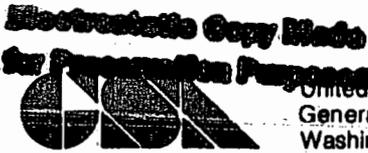
ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

	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

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



United States of America
General Services Administration
Washington, D.C. 20405

cc J. Watson
J

Administrator

June 9, 1978

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson
SUBJECT: Weekly Report of GSA Activities

help with this
↓

Implementation of Urban Policy

Recently I have travelled to various cities throughout the country and have had the opportunity to talk with a number of mayors about the role they can play in implementing the urban policy. I have been received with a great deal of enthusiasm on these visits. I have not had the same kind of success with my peers in the Executive branch, however. In the area of encouraging agencies to relocate from suburban areas into the cities, I have found that everyone thinks this is a good idea unless it applies to their agency.

I am well aware that there must be exceptions to the mandate that Federal agencies locate in the central business district. However, if the goal of revitalizing the nation's cities is to be realized, I must urge your assistance in convincing other department and agency heads that these exceptions must be cited only in critical situations.

Jay Solomon
JAY SOLOMON
Administrator

I travelled to Denver, Colorado, earlier this week to swear in the new Regional Administrator, Dennis Jensen. Arrangements had been made for me to meet with several Democratic groups: the Century Club (Democratic campaign contributors), local Democratic artists and art dealers, Denver Democratic business leaders and a number of prominent members of the party in Colorado. I encouraged them all in supporting the urban policy and other programs of the administration, and I was very well received.

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

	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

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

Electronically Copy Made
for Preservation Purposes



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

cc Steve

C
/

MEMORANDUM FOR:

THE PRESIDENT
THE WHITE HOUSE

Comment



SBA CONCERNED OVER PROPOSED REGULATIONS FOR FLOODPLAIN MANAGEMENT AND WETLANDS PROTECTION: The proposed regulations for implementing Executive Orders 11988 and 11990 could effect extremely serious delays in loan processing. The time delay could easily amount to 6-12 months before a loan application could be processed. It would require substantial expenditures of time, money and effort by applicants and participating banks before the application could be presented to SBA for consideration. The disaster loan program could be seriously impaired, if not destroyed, under the proposed regulation. Disaster declarations could be delayed for 6 months or more; totally destroying our ability to be responsive to business victims of disaster. We urge that implementation of Executive Orders 11988 and 11900 not be applicable, to disaster declaration, and with respect to loans, be applicable, if at all, only to those of over \$500,000.

SURETY BOND PROPOSAL MEETS OPPOSITION AT OMB: Small Business Administration officials have been working with Jack Watson in an effort to establish and maintain improved relationships with surety bonding companies in order to continue the current status of our Surety Bonding Program, and to increase our capacity for assisting small and minority owned businesses. We have encountered strong differences of opinion with the Office of Management and Budget which, in cooperation with Jack Watson, we are trying to resolve.

A. Vernon Weaver
Administrator



Electrostatic Copy Made
for Reproduction Purposes



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

C

The Administrator

June 9, 1978

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

As I mentioned in last week's status report, I will be describing some of the actions EPA is taking to improve our regulatory process. This week I would like to summarize what we are doing to reduce reporting burdens and paperwork, to reduce the administrative burdens of our regulatory procedures, and to provide improved public participation.

With respect to reducing paperwork, we are:

- o Requiring that a special analysis, including estimated costs of the anticipated paperwork burden, be completed for all new EPA regulations, and that any proposed reporting requirements be justified.
- o Instituting a "sunset" provision for reporting and record-keeping requirements in all new regulations. Under "sunset," reporting and record-keeping requirements will be terminated on a specified date (usually five years) unless it can be justified again, with public comment, at the end of this period.
- o Systematically evaluating all reporting and record-keeping requirements in existing regulations to determine whether they should be modified or eliminated. (This year, for example, we have reduced non-compliance reporting requirements for 40,000 minor water dischargers from four times a year to once a year; reduced by 50 percent the air quality reporting on approximately 20,000 major air pollution sources; and reduced by one-third the internal reporting requirements from the regions to headquarters.)

- o Instituting a "one-copy-only" policy for public submission of comments on proposed EPA regulations (a small but popular reform).
- o Identifying ways of sharing information among EPA, FDA, OSHA and the CPSC in order to eliminate duplicate reporting requirements by the different agencies. (Slow going because several different statutes are involved. In some instances there are actual statutory prohibitions on sharing certain types of confidential business data among agencies; we are trying to get a better handle on this problem.)

Several of our new laws, particularly the Toxic Substances Control Act, contain substantial reporting requirements. By carefully reviewing these through the special analysis referred to above, and by reducing others that already exist, we hope to keep the paperwork burden under control. We are also reviewing the extent to which we are influencing State reporting requirements which may be separate from our own.

With respect to other means of simplifying the administrative requirements of the regulatory process, we have already, or will soon:

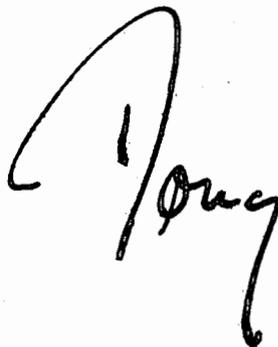
- o Reformulate our Water Pollution Permits System to provide all dischargers with coherent, streamlined, and unified permit application requirements.
- o Attempt to develop a "one-stop" permitting procedure for new sources whereby they need to make only one application for all necessary EPA permits. We are also exploring how to better integrate State permitting processes with those retained by EPA.
- o Assure coordinated rule-making on toxic chemical problems of common interest to EPA, OSHA, FDA, and the CPSC. (We are making decent progress here.)
- o Modify our procedures for adjudicatory hearings to make them faster and less costly for all parties involved. (Being done on a pilot basis first in the water pollution program; could cut costs to the parties by 30 percent.)

- o Revise our regulations covering grants to localities for the construction of sewage treatment works. These revisions consolidate and simplify all the incremental changes made since 1974 into a single set of regulations which are easier to understand, will streamline the grants process, and which integrate the construction grants program into the planning and permits programs.

At the same time we are attempting to reduce administrative burdens on those whom we regulate, we are also attempting to improve public participation. EPA practice already includes the following specific suggestions in your Executive Order:

- o Regular Federal Register publication of our regulatory agenda.
- o Routine use of advance notices of proposed rule-making.
- o Public participation plans, prepared in advance, for each regulation.
- o Sixty-day public comment periods.
- o Better geographically-dispersed public meetings and hearings.
- o With final promulgation, publication of how the Agency has actually taken into account the public comments received.

Next week I will give you a status report on internal management reforms within EPA to ensure that our programs are coordinated, that they impose no greater burden than necessary, and that they do not cause unreasonable economic impacts.

A handwritten signature in black ink, appearing to read "J. Edgar Hoover", is located at the bottom right of the page. The signature is written in a cursive, flowing style.

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Secretary Califano

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

Rick Hutcheson



cc Joe
①

June 9, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Age Discrimination. As a first formal step in the development of government-wide regulations barring "unreasonable" age discrimination in any program or activity receiving Federal funds, we were close to publishing proposed regulations on May 30, 1978, as required by the Age Discrimination Act of 1975.

Last month, however, the House, acting under the suspension calendar, adopted by a vote of 361 to 6 certain amendments to the Age Discrimination Act which would invalidate or call into serious question a wide variety of uses of reasonable age distinctions and reasonable factors other than age designed to target government programs on particular needs and age groups. A few examples of activities where continued Federal assistance would have to be discontinued are:

Why not go ahead with regulations?
These are unacceptable

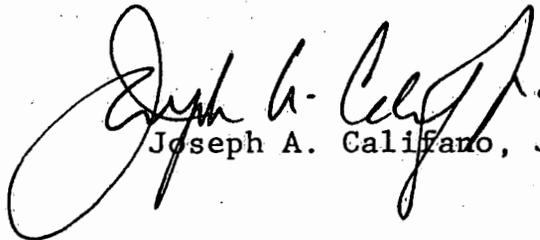
- driver safety training where State law or regulation sets a minimum age for obtaining a drivers license;
- outreach efforts focusing preventive health programs on particular ages -- for example, targeting polio immunization efforts on young children; and
- museum requirements that children under certain ages be accompanied by adults to prevent breakage.

There were no hearings on the changes; they were never considered in subcommittee; and they were adopted in full committee on voice vote after very little consideration. No attention was focused on the effect of the amendments, nor was there any attempt to learn the Administration's position. We intend to vigorously oppose these amendments in the Senate. We will be consulting on strategy with Senator Eagleton and I will decide next week on the best way to proceed. In light of the uncertainty over the law, we will delay for the present publication of the proposed regulations.

- Teenage Pregnancy. I will testify before Senator Kennedy's Health Subcommittee next week on your proposal to help reduce unwanted teenage pregnancies and to provide necessary services for those teenagers who keep their babies.
- Welfare Reform. As a result of the meeting that Stu, Ray and I had with Ullman, Corman, Rangel, Perkins, Hawkins and Governor Dukakis, our staffs are now proceeding to draft an incremental bill that will cost about \$10 billion in 1982 dollars (roughly half of the cost of our original proposal). There are still many pitfalls, but, as I have noted before, any progress we make this year will help us fashion a strong incremental bill with a reasonable chance of success in the next session of the Congress, if we are not able to get a compromise proposal through both Houses by October.
- Cost Containment. The House Commerce Committee will start voting again next Tuesday. We will still have a tough fight in getting Chairman Rogers' substitute out of the Committee. The next key vote is on the Santini substitute, which would gut the bill.
- NHI. I have sent a memo to Stu and Fran Voorde formally requesting an hour of your time in the last ten days of June for the public announcement of NHI principles.

Costs
Continue
to rise

Get them to me
in writing as
early as
possible


Joseph A. Califano, Jr.

THE WHITE HOUSE
WASHINGTON

June 12, 1978

Secretary Schlesinger

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

Rick Hutcheson



cc Jim
C

Department of Energy
Washington, D.C. 20585

June 8, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER JS

SUBJECT: Weekly Activity Report --
Week of June 5 - June 11, 1978

Get
some
positive
&
supportive
comments
lined
up

1. Oil Regulatory Actions. Early next week I intend to announce Departmental actions in a number of regulatory areas of importance. These include adjustments to the oil entitlements program to ease the current California residual oil surplus and shut-in of crude capacity; proposed adjustments to remove a current inequity which results in higher costs to East Coast consumers for residual fuel oil because of failure of the entitlements system to compensate for imported residual fuel oil in a manner similar to that for domestic and imported crude oil; proposal of a stand-by rationing plan in the event of supply interruption; and final implementation of decontrol of motor gasoline prices, which the Department believes to be prudent in view of the current supply-demand balance in gasoline markets. In sum, this package should help restore regional equity to the entitlements system (while at the same time implicitly calling attention to the complexity of that system and the desirability of enacting the Crude Oil Equalization Tax), indicate our preparedness in the event of another embargo, and simplify our regulatory program by removing unnecessary regulations from the 50 percent of the crude oil barrel which is refined into gasoline.

2. Clinch River Breeder Reactor. The Senate Energy and Natural Resources Committee adopted a provision on CRBR this week which would authorize the Secretary of Energy to terminate CRBR, would call for a design study of a larger breeder facility, and would add approximately \$150 million to the base breeder budget above the Administration's request. This provision is desirable in terms of our ability to terminate CRBR. However, no actual legislative language is yet available on the dimensions of the proposed larger breeder facility study, to enable us to know whether it proceeds beyond the Administration's proposals, and we opposed and will continue to oppose any add-ons to the base breeder budget. In all, the provision is quite mixed; further legislative action now shifts to the House floor, where prospects are also uncertain.

Community WASHINGTON, D.C. 20506
Services Administration



①
/

June 9, 1978

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez
Director

SUBJECT: Weekly Report of Significant Agency Activities

800 New Jobs for Minneapolis

Southside Community Enterprises, a community development corporation, has been instrumental in helping the City of Minneapolis negotiate the retention and expansion of a Division of the McCulloch Chainsaw Company. Mayor Albert J. Hofstede, as the ~~attached~~ letter explains, estimates that the addition to the plant will mean 800 new jobs and has invited Graciela (Grace) Olivarez to participate in the ribbon-cutting ceremonies.

Food for the Poor

Because CSA administers only \$29 million, or three-tenths of 1 percent, of the \$9 billion spent annually by the Federal government for poverty food programs and because more than 46 percent of those eligible for food stamps are not receiving them, CSA has issued new regulations, which shift the emphasis of its Community Food and Nutrition Program (CFNP) from direct service delivery to stimulation of better delivery of services by other agencies and institutions. In addition, the new regulation seeks to increase the ability of the poor to produce and distribute their own food. Also, it simplifies application procedures and makes for a more equitable selection process by publishing rating criteria.

Family Crisis Center for Milwaukee

The Community Action Agency for Milwaukee County, Wisconsin, has just received a \$620,455 grant for a family crisis center. Rather than focusing only on the individual experiencing the crisis, the center will offer counseling to other family members who could have contributed to the creation of the individual's problem. In addition, the center, will refer family members to other social services and provide short-term shelter for low-income families.

Credit Unions can Combat Redlining

The National Economic Development Law Project, a support group jointly funded by CSA's Office of Economic Development and the Legal Services Corporation, has recently published a book designed to help neighborhoods and communities combat redlining through the establishment of their own financial institution. The book is entitled Community Development Credit Unions: A Self-help Manual.

Attachment

minneapolis

MAYOR ALBERT J. HOFSTEDER

city of lakes

May 26, 1978

Ms. Graciela Olivarez
Office of Economic Development
Community Services Administration
1200 19th Street, N.W.
Washington, D. C. 20506

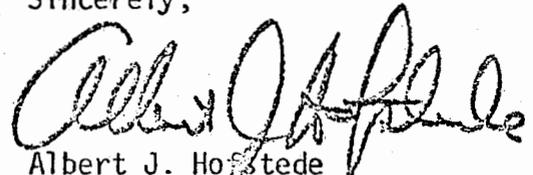
Dear Ms. Olivarez:

The City of Minneapolis is presently negotiating with a major industrial employer, in the hope that a new plant will be built in Minneapolis employing up to 800 persons in highly skilled and technical jobs. Southside Community Enterprises (SCE), a local community development corporation with close ties to your Office of Economic Development, is a partner with the City in these delicate negotiations.

We are presently very close to success in our efforts, and much of the credit for our being in the race at all can be given to Mr. Manuel Aragon, and the staff of Mariscal and Company, consultants to OED/CSA and SCE. Mr. Aragon has met with staffs from the Governor's Department of Economic Development, the Minneapolis Housing and Redevelopment Authority, myself and my staff, and has developed the basic strategy that the City and Southside Community Enterprises is following to date.

I understand that the services of Mariscal and Company are provided by OED/CSA, and for that reason, I wish to personally thank you and your department for this timely and professional assistance. It is my hope that should we be successful in these negotiations, you can come to Minneapolis and join with me in a ribbon cutting ceremony sometime later this year.

Sincerely,


Albert J. Hofstede
MAYOR



NEWS RELEASE

OFFICE OF ASSISTANT SECRETARY OF DEFENSE (PUBLIC AFFAIRS)

WASHINGTON, D.C. - 20301

PLEASE NOTE DATE

Address by
The Honorable Harold Brown
Secretary of Defense
Before the Annual Meeting of the
Chicago Council on Foreign Relations
Palmer House
Chicago, Illinois
June 6, 1978

No. 289-70
OX 5-0192 (Info)
OX 5-2528 (Copies)

HOLD FOR RELEASE UNTIL 1:15 PM (EDT)

Thank you for your welcome. It is good to be with this group of Chicago's leaders, and to express my admiration for the work your organization does. If it ever was thought that the Midwest was inclined to turn its back on the world outside, that surely is not the case today. And this group, in this world commercial and industrial center, is one which dispels any such false stereotypes.

As you may have noticed, today, June 6th, is the thirty-fourth anniversary of D-Day -- still a stirring event to recall. Today, however, the purpose of our military power is precisely to avoid the need for another such event. This time, we intend to deter any conquest of Western Europe, and we intend to do so without having to depend solely on nuclear weapons. Last week's NATO Summit in Washington marked a major step in that direction.

Our strength in NATO is a function of the military, economic, and political strength of all its member nations, and of their ability to cooperate effectively. That is one reason why I believe, and the President believes, that it is essential that the Congress lift the limitations on shipments of arms to our NATO ally, Turkey. I don't have to remind this group of Turkey's strategic geographic position. It borders the Soviet border at the southern flank of NATO, and commands the northern approaches to the eastern Mediterranean. Moreover, Turkey mounts substantial Armed Forces of its own. We, and all the members of the Alliance, need the support of Turkey, as she needs ours. It is in our own interest to have a strong Turkey. I hope that you as opinion-leaders will give your active and public support to the President's policy. There is no question that our own defense and our own national interest are deeply involved.

The effectiveness of our defense depends also on some actions which may not appear at first glance to relate so directly to it. An example is Civil Service reform. Forty-one percent of the Federal Civil Service, including seventy-two percent of non-postal Federal blue-collar employees, work for the Department of

MORE

Defense. It is essential that we be able to manage that work force efficiently. The current system is not adequate in that regard. The President's proposed reforms, some of which need action by the Congress, will be a substantial step toward putting the personnel system of the Department of Defense and of the whole Federal Government on a more business-like basis; the better to serve our taxpayers and our country.

We are in period of international relations which is neither cold war nor stable peace, but simultaneously competitive in some areas and cooperative in others. An era without international tensions, unfortunately, is neither here nor in sight, though it is what we seek. Very considerable military power remains a necessary underpinning of U.S. diplomacy in these circumstances.

That is why this Administration insists on the need for a strong defense establishment. The President is completely serious on this score. He is not about to play fast and loose with the Nation's defense. No priority is higher now; none will be higher in the future.

This afternoon I want to talk particularly about one major component of the national defense. I realize that the largest body of water nearby is Lake Michigan -- but I also realize that Chicago is a port city for ships that come up the St. Lawrence from dozens of nations, and also that the commerce, and agriculture, and industry of this city and region touch all parts of the globe. Therefore, I have chosen this opportunity to talk to you today about salt water and the United States Navy.

I do so partly because some reports have it that we in the Administration are allergic to defense in general and to the United States Navy in particular. Read those reports and you will see us accused of actively trying to reduce the Navy's future role in national defense. I want to respond for the record: That is nonsense.

Differences of opinion inevitably arise between my office and the Military Departments. After all, I have to determine relative priorities among various programs of the Army, Navy, Marines and Air Force within a defense budget that -- though large -- nonetheless is and will always be finite. This Administration's budget and five-year program are not an attack on the Navy -- sneak, kamikaze, or point blank. On the contrary, you will find that on the basic issues, the President and I are strong supporters of the Navy.

We could hardly be otherwise. Navies, historically, have been a major instrument of foreign policy and national security. The Soviets clearly are interested in naval power and are actively cultivating it to help tilt the military balance against us. The United States has a long tradition of support for a strong Navy, and this President -- of all people -- is not

MORE

about to abandon that tradition. In the coming fiscal year, for example, the budget for the Navy will be about \$42 billion, more than that of either the Army or the Air Force. If that is opposition rather than support, all of us could use a little of it ourselves.

Dollars are not the only measure of our support. I have said it before, but I will say it again. We want the Navy to be able to perform its traditional functions:

-- Because with strategic nuclear deterrence the most basic requirement for U.S. security, the Navy's contribution through its submarine-launched ballistic missile force is critical.

-- Because our interests and allies overseas are vital, we must keep open the essential air and sea lines of communication to them.

-- Because of these same interests and allies, we must in some cases be able to project our land and air power from the sea to assist in their defense.

-- Because the world is a dangerous place, we need to have naval forces to patrol the seas, both as a reminder to potential foes and as a reassurance to traditional friends.

None of these missions, nor the Navy's fundamental role in them, is at issue.

The Soviet Union clearly intends to be able to challenge our capability to perform these missions. The Soviets now deploy an increasingly modern and versatile Navy which even includes a small aircraft carrier. But what is most impressive about the Soviet Navy, apart from its strategic nuclear component, is not only its traditional ability to control Russian coastal waters, but its ability to attack our lines of communication at some distance from Soviet bases -- particularly with Soviet submarines and land-based naval aircraft. The Soviet Navy may not be able to dominate distant seas, but it can certainly attempt to disrupt our use of those seas.

This capability for disruption depends mainly on two systems: The Backfire bomber and the submarine armed with torpedoes and cruise missiles. The land-based Backfires of the Soviet navy can strike at ships in both the Atlantic and the Pacific. The attack submarines are numerous enough and powerful enough to threaten heavy damage to our surface combatants and merchant marine.

No one, to my knowledge, seriously argues against the basic U.S. strategy for maintaining sea-control, both in the Atlantic and the Pacific, in the face of these threats. Comparisons between the U.S. and the Soviet navies often emphasize over-simplified measures such as numbers of ships (they're ahead, if we exclude our allies) and their aggregate tonnages (we're ahead, even without our allies). But geography provides the United States and its allies with a fundamental advantage in sea-control. It sets the foundation for our strategy.

It is true that we have the complex task of ensuring our sea lines of communication, while the Soviets have the simpler objective of trying to disrupt them. But in order to do that the Soviets must come out of a small number of "warm water" ports, and pass through narrow waters bordered by U.S. allies -- such as Turkey. Because of geography, we can construct what amounts to a modern version of the long-range blockade -- with mines, submarines, and aircraft. To the extent that the Soviets could run this blockade -- principally with aircraft and submarines -- we would counter them with open-ocean search, with our own aircraft and submarines, and with the close-in defense of our ships by surface combatants. To the extent that the Soviets might try to deploy them before the outbreak of war, their surface forces would be extremely vulnerable.

For us to keep the Mediterranean open would be complicated by the presence of the Soviet Naval squadron and by the proximity of our Sixth Fleet, while in the Eastern Mediterranean, to Soviet land-based aviation. But this is one of the theaters where we could call on U.S. and allied land-based tactical air, as well as submarine forces, to play a major role in countering the threat. The outcome of any such engagement would depend on many factors. But I do not believe we would be the underdog.

If a war should break out in Europe, it might conceivably remain limited to the continent in both scope and weapons. But it is also quite possible that we would have to prosecute sea-control operations in the Atlantic, the Pacific and the Mediterranean. The Indian Ocean might also become a theater of conflict. As a consequence, we and our allies should -- and would -- have the capability to establish and enforce the necessary control over all these waters, though not necessarily everywhere in each -- nor initially in all at the same time. Some of the campaigns might have to be conducted sequentially.

What I have described is only a part of the Navy's responsibilities. All of us want the Navy to be able to do more, however.

On a map of the main oceans, you will quickly see that some of our allies are either part of, or lie on the other side of, the barriers so essential to sea-control. Norway and Japan are two examples. Not only are they strategically important; they are among our closest allies. We have made the most solemn commitments to them. We will fulfill those commitments.

To do so, we might have to venture into high-threat areas -- areas where the Soviets can concentrate their power to best advantage. So be it. If necessary, and at the proper stage of a conflict, we are still going to send forces to those areas. We do not consider Northern Norway, the Norwegian Sea or the Sea of Japan suddenly off-limits to any of our forces.

Operations in these areas could involve direct attack by carrier task forces on heavily defended land bases, or by amphibious assault forces, supported by attack carriers. In some instances, these operations might have to be prosecuted by naval and marine units independently of other capabilities.

MORE

But, for the most part, we should expect -- and plan on -- such operations to be supported by U.S. and allied land-based forces. Just as we recognize that the Soviet land-based Backfire is a threat to our naval forces, the Soviets should recognize that our land-based air (both Navy and Air Force) is a threat to their naval forces. Our fleet does not have to plan on doing everything by itself.

You can now begin to see, I trust, a reasonably specific basis for the design of our naval forces. We obviously need the capability for sea control as I have defined it here. In the event of a major war, such as could occur in Europe, we need naval and other forces to support allies on or just across our long-range blockade barriers. And we need naval participation in the mobile strike forces we must have available for other but less demanding contingencies. Where we would actually send these forces, and how we would actually use them, of course depends. It depends on circumstances. It depends also on the decisions the President may make, on the advice of his senior civilian and military advisers, under the laws and the Constitution.

I believe we are doing reasonably, within this general strategy, in planning our forces in general and the Navy in particular. The ships we are programming, when added to the existing fleet -- along with the other new ships already authorized and funded, but not yet delivered -- should increase our fleet from the 466 ocean-going ships we now have to more than 525 during the next five years.

Here is more specific terms, is what existing plans and programs will permit us to do:

- Continue the deployment and modernization of the leg of the strategic nuclear Triad comprising submarine-launched ballistic missiles;
- Maintain an active inventory of 12 aircraft carriers and their air wings, adequately defended by escorts, with at least four of them deployed forward at all times;
- Deploy as many as ten carriers in an emergency, and support them on their battle stations;
- Keep three Marine battalion landing teams at sea in peacetime forward deployments, and have the capability for over-the-beach operations with a full, defended and air-supported Marine Amphibious Assault Force;
- Maintain the mines, nuclear attack submarines, and patrol aircraft (a powerful but frequently-ignored land-based component of the Navy) necessary to provide barriers in forward areas of the Atlantic and Pacific Oceans; and
- Keep on hand enough modern escorts to protect at least seven convoys a month and, in conjunction with allies (who have hundreds more surface combatants), provide additional protection from air and submarine attack to additional shipping.

MORE

Capabilities such as these belie statements that we are neglecting the U.S. Navy or conceding some ill-defined superiority to the Soviet Navy. We are not doing either now, and we won't in the future. We intend to go where we need to go on the high seas regardless of the opposition. Current capabilities permit us to do just that.

It is true that the Navy beginning some years ago has had problems in controlling the costs of its ships, and has suffered delays in ship delivery. However, under the leadership of Secretary of the Navy Graham Claytor, those problems are now beginning to come under control.

That does not mean that no issues remain. Some naval planners, for instance, advocate buying capabilities adequate to destroy enemy fleets in heavily defended home waters. That would, if feasible, simplify subsequent problems of sea control.

MORE

But before we specifically program for some enlarged interpretations of sea-control and national planning strategy, we need the answers to a number of questions.

-- Would we really seek naval engagements in the teeth of, or in direct attack on, Soviet land-based strength, and without employing in a major role other U.S. and allied capabilities, including land-based aircraft?

-- If so, does this goal always oblige us to buy nuclear-powered, 94,000-ton attack carriers at \$2-½ billion each, plus high-speed nuclear escorts and submarines?

-- Would we be wise -- as some of the proposed objectives may well imply -- to spend three or even five dollars for every one the Soviets would need to spend to counter such plans?

-- Finally, should we commit ourselves now, in 1978, to the very large investment entailed by this kind of force planning when it is becoming clear that technology -- in the form of maritime surveillance systems, land-based aircraft, and long-range cruise missiles -- may change the nature of naval engagements (and even the general character of naval warfare) in the next decade or so?

There are other good reasons for care and rigor in our planning. We can and will spend whatever is needed to maintain U.S. security. But granted that basic commitment, all of us recognize at the same time that if inflation is to be curbed, federal spending must be controlled. Even though the defense budget may finally be on an upward trend -- even though national security must be our first priority -- we in defense have to share the burden of spending wisely.

Additional military capabilities may help us to do our job more decisively and more confidently. But defense budgets, no matter how large, are finite, and even in defense we encounter diminishing returns to scale. In any event, a lack of fiscal discipline -- and another surge of inflation -- will hurt defense programs just as much as they hurt other national efforts. The Navy is well able to testify on the score.

We must maintain an appropriate mix of land, naval, and tactical air capabilities. Even with a higher budget, we would not want to stint on higher-priority missions in order to obtain yet a further, and lesser, high-cost increment of effectiveness for one particular Service -- and that is as true for the Army and the Air Force as for the Navy.

Moreover, defense dollars should not be spent just to add to the size of our forces. We must also apply some of our funds to ensure the near-term combat effectiveness, readiness, and sustainability of the forces we already own. And as we build our new ships -- at a rate no slower, I should add, in our proposed program than during the past eight years -- we must avoid pursuing the last costly increments of performance for our individual ships if that would be done at the expense of having enough ships to control those waters of concern to us.

MORE

The Soviets keep building up their forces. We must respond, and we are doing so. But our real option is to outdo them in efficiency. That is where our great comparative advantage should lie. And in the civilian sector that is actually where we have a substantial lead over them. But the Soviet military sector not only enjoys a growing income; it has become an increasingly sophisticated and discriminating consumer. We in Defense could use more of those qualities ourselves.

There are several ways to get more out of our Defense dollars. One is to make sure that we implement our share of the NATO Long-Term Defense Program, which will add efficiency to multiply the Alliance's effectiveness. Another way is to forego the glamorous capabilities that add greatly to defense costs, and thus take away from other defense programs but add little on their own to our effectiveness.

A good case for restraint is before us right now. Some in the Congress are asking the taxpayers this year to buy another nuclear-powered aircraft carrier at an estimated cost of \$2.5 billion. If, instead, the next carrier were made somewhat smaller (but still larger than the one it would replace), and provided with a modern, but non-nuclear power plant, we could save \$1 billion in investment costs alone, while preserving the bulk of the capability we seek. That saving could, for example, buy us five additional modern frigates for sea-control.

We should begin building another carrier in the next year or two. But the nation and the Navy would be better served with a conventional carrier and five more frigates -- or with a conventional carrier and a billion dollars worth of other military items -- than with a nuclear carrier only. Building more nuclear carriers is not the way to compete effectively with the Soviets. If we buy them, we will actually have less defense than we could have had for the same number of dollars.

We have the most powerful Navy in the world. It is not going to collapse or crumble away; it is going to grow and become stronger.

I recognize, of course, that Soviet naval forces are increasing in capability, even though they are diminishing in number of ships. But we are engaged in a marathon, not a sprint, with the USSR. We need to pace ourselves accordingly. Crash programs are not what we need. What we need now is the intelligence -- and the imagination -- to decide just what added capability we want to give to a Navy that is already unrivaled in its overall strength.

D-Day was possible, and successful, because our naval and air forces controlled the sea and the air above it. We have and shall continue to have naval forces adequate to meet all our responsibilities as a global power.

Thank you.

E N D