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THE WHITE HOUSE
WASHINGTON
August 7, 1978

Frank Moore

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

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Hamilton Jordan
Jack Watson

WEEKLY LEGISLATIVE REPORT

CONFIDENTIAL

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THE WHITE HOUSE

WASHINGTON

August 5, 1978

CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. ENERGY

--Natural Gas: As you know, the Senate/House Conferees released the Natural Gas Pricing Compromise Report for a 72-hour public review period. This review, however, is raising serious questions in the minds of some Senate and House Conferees as to whether they will now sign the Report. There is confusion as to exactly what much of the Compromise does, and some of those provisions which are felt to be clear are encountering opposition from both sides of the issue.

Senator Long, while professing to be on the sidelines on this issue, warned us on Friday afternoon that the producers are "jumping ship." He said their primary complaint was potential non-price regulation of supply and contracting procedures, and the spectre of lengthy delays in getting contracts approved. Long predicted that Bennett Johnston will not be able to stay on the compromise after this weekend. He urged us to retain the price regulations and to dump as many of the non-price regulations as possible. He now claims to be "undecided" on the bill.

No one now expects the Conference Report to achieve the needed signatures until Wednesday or Thursday. Discussions are proceeding this weekend and will continue into early next week. Congressional principals are Reuss, Corman, Dingell, Ashley, Waggonner, Johnston, Long, Jackson, and McClure.

--Energy Taxes: Senate/House Conferees on the Energy Tax Act are no closer to meeting than they have been, but there are signs that there will be some efforts to break loose the insulation and solar tax credits. A "Solar Coalition" is pushing for an amendment to the House Income Tax bill to add on those credits; they plan to appeal to the Rules Committee when they meet next Tuesday. On the Senate side there are indications that Senator

--Oil Import Fees: There are indications that Congressman Bud Brown of Ohio plans to offer a Dole-style oil import fee ban on the Floor of the House, possibly as a motion to recommit the Treasury Appropriations Conference Report with instructions or as an amendment to the DOE Authorization bill. It is said that such a prohibition could muster substantial support via a loose coalition of Republicans, northeastern states Members, consumer-oriented Members, and others of like interest.

On the Senate side, the assault on this program will continue throughout the appropriations process. Senator Mark Hatfield offered the Johnston "East Coast Residual Fuel Oil Rule-Making" amendment to Senator Byrd's Interior Appropriations Subcommittee after Byrd had left the Committee Room. With close cooperation from Senators Byrd and Magnuson, we succeeded in striking the provision in full committee.

We are dismayed that several Senators have yet to recognize the industry's strategy with these amendments. It seems clear to us that industry's goal is to achieve deregulation of oil prices by defeating COET politically and by destroying your power to impose import fees directly (the Dole amendment) or indirectly (the Johnston/Hatfield amendment). They feel you will then have no choice but to support deregulation of oil in order to achieve higher prices and save the dollar on the international money market.

--Energy Conservation/Public Utility Rate Reform: While there have been newspaper reports earlier in the week which indicated that Senate Conferees had agreed to drop the Senate gas guzzler production ban amendment, there has been no final agreement to do so at this time. It appears that Senator Metzenbaum, who authored the provision, is retaining the item as a bargaining chip for himself. Even if there is an early agreement on this issue, the conservation portion of the NEA is not likely to move toward passage in the Senate until the natural gas issue is finally resolved. The House Leadership continues to refuse to release the conservation and the utility rate reform measures until that time for fear that the natural gas and energy tax portions would both fall by the wayside.

2. TAX PROPOSAL

--In a meeting Thursday with Secretary Blumenthal, Ways and Means Committee progressives agreed to support a two-part amendment which would shift the proposed tax cuts to middle- and lower-income taxpayers and reduce the cut in capital gains taxes.

The amendment would be offered in place of the two substitutes sponsored by Representatives Corman and Fisher.

We have reached agreement with both the AFL-CIO and the UAW on the amendment and the Leadership has also promised support.

Specifics of the amendment:

1) Rate reductions - Shift the tax breaks away from upper-income brackets in favor of taxpayers earning $30,000 or less, the amendment would scrap the committee's plan to raise the personal exemption to $1,000. Instead, the present $750 personal exemption would be retained and the current $35-per-person general credit would be raised to $100. The amendment would also juggle reductions in the tax rate to benefit lower-income taxpayers.

2) Capital gains - Reduce the Committee's cut in capital gains taxes, the amendment would still repeal the present 15 percent minimum tax but would impose a new formula designed to reduce the amount of a capital gain that qualifies for special tax treatment.

--Social Security: The credit for Social Security taxes would be a separate amendment made in order under the rule.

This strategy runs the risk of having the Social Security Tax credit added to the Committee bill while not succeeding with items 1 and 2 above. The reality is that these appear to be the only available options we now have to improve the Ullman/Jones bill.

The outcome in Rules Committee is unpredictable, but it is likely that the Kemp/Roth amendment will not be made in order as an amendment but will be the motion to recommit.

3. REORGANIZATION

--Civil Service Reform: The Civil Service Reform bill has not yet been scheduled for floor action in the Senate. Byrd and Baker are reluctant to put it on the calendar until such time as a time agreement can be reached with Mathias and Stevens. As you know, Mathias and Stevens are threatening a "filibuster-by-amendment" strategy (they have already introduced over 75 amendments).

Negotiations between Percy's and Ribicoff's staffs on one hand and Mathias' and Stevens' staffs on the other hand had reached a virtual standstill on Thursday, but by late Friday, there were some indications that movement may be possible; we should know definitely by Monday afternoon. Meanwhile, we are going ahead with activities to apply some public and political pressure on Stevens and Mathias.

So as to put additional "internal" pressure on the two dissident Senators, you should talk with Majority Leader Byrd at the Leader-

schedule the bill.

The House continues to be a political thicket for us on this issue, but we are making progress, although at times our advances are quite modest to say the least. Last Wednesday, Chairman Campbell met with the Republican House Leadership (Rhodes, Michel, and Anderson) and Derwinski. While there was some discussion on various issues involved in the reform effort itself, the primary focus was on the Hatch Act. Rhodes was particularly adamant on the need to strip the Hatch Act revisions however we can; he is not particularly comfortable with our Rules Committee strategy. Although Scotty Campbell reported that it did not seem that Rhodes' concern was equally felt by everyone present, it was clear that his intense anxiety will become an increasingly important factor as we move closer to floor action.

We now have a majority on the Rules Committee supporting our strategy; the Committee will grant a rule which will allow a point of order on the Hatch Act and Firefighters titles. However, it is clear that the fight will not end there. Congressman Clay is determined to offer a subsequent Hatch Act amendment -- excluding postal workers and thus circumventing the "germaneness" questions and thereby forcing an up or down vote on Hatch Act reform. We tried to move Clay away from this course of action, but he was uncompromising...when asked "What do we need to do to get Hatch Act off?" Clay answered, "You need to get 218 votes on the floor!"

We will have a formidable group opposing Clay, including Udall, the Republican Leadership, and perhaps the Democratic leaders.

The schedule for House action on Civil Service reform is as yet uncertain. Although it shows up on next week's calendar, no one seriously believes we will get to it until the following week, if then. Our public posture will be to continue to push for action in the next two weeks, but at the same time quietly acknowledging that a post-recess vote is a real possibility.

Our legislative, public, and press strategies--which continue to be coordinated by our task force--involve several activities:

- Cabinet officers have been given specific assignments and are carrying them out.

- Sub-cabinet officers and other Presidential appointees have been enlisted in the effort and are making contacts on the Hill.

- Over 100 Republican House legislative aides will be briefed at the White House on Monday.

- A meeting with "undecided" or "soft" House Members (Republicans and Democrats) is set for Wednesday morning in the State Dining

Room. They will be briefed by Scotty Campbell and Harold Brown, and you will meet with them for the last fifteen minutes.

- The "core group" of House Members you met with last Wednesday is at work, and we will receive our first reports from them on Monday.

- A letter from the Vice President to about 70 Democrats will go out this week; the recipients are those we have determined to be "persuadable" on the Hatch Act issue.

- We need a lot more work on veterans' preference, although it is rumored that the veterans' lobby has told Congressman Hanley that right now they do not have the votes to beat us. The Vietnam Veterans Caucus you met with is expected to make a public endorsement of our position early in the week. It would be very helpful if Max Cleland would write to all House Members on this issue, but that will require a personal request from you.

- The Reorganization plan may be voted on Thursday in the House; although it is expected to be approved without too much difficulty, opponents of Civil Service reform in general will no doubt use the occasion to engage in some polemics on the floor.

--Department of Education: The Senate Governmental Affairs Committee has ordered the bill reported, but it has not yet been filed. Floor action is unlikely before mid-September. Senators Talmadge and McGovern plan to offer an amendment on the floor to delete the child feeding programs transfer; they have already gathered 51 co-sponsors and only an all-out Administration effort would give us a chance to preserve this element, and even then the outcome is doubtful.

The House subcommittee chaired by Jack Brooks began markup on August 3 and covered issues relating to civil rights. We hope that the amendments adopted will satisfy the Congressional Black Caucus and thereby mute their opposition to the Department.

Although Brooks has scheduled markup for next week, delays are expected due to Republican objections to such meetings while the House is in session. Whenever markup does resume, amendments will be offered to delete the Indian education, child nutrition, and DOD schools provisions. Present indications are that we can hold our position on DOD schools, but we will have a tough time on child nutrition and Indian education. In addition, OMB/PRP anticipates an amendment that would transfer vocational rehabilitation programs from HEW to the new Department; also expected are amendments relating to local control and staffing.

Our assessment of the prospects for the Education Department this year is pretty much as it has been: that we stand a 50/50 chance of Congressional approval in 1978. Our strategy is to continue to push just enough so that our allies in Congress and outside (primarily NEA), cannot accuse us of slacking off while at the same time keeping your personal involvement limited, so that if passage does not occur this session it is not viewed as a major defeat for you. The Vice President, OMB/PRP and White House CL are visibly pushing for the Department, and we have enlisted support from Secretaries Califano, Bergland, and Andrus as necessary. We do not plan to involve you in any heavy way unless we reach a point where a clear-cut victory is easily within our grasp.

--Emergency Preparedness: The emergency preparedness reorganization plan was unanimously reported out of the Brooks subcommittee on August 3. We expect endorsement by the full Government Operations and Governmental Affairs Committees next week.

--ERISA: OMB reports that the decision memorandum is now with you, and we anticipate sending the plan to the Hill next week. Even though 60 days are not left on the legislative calendar, Congressman Brooks and Senator Ribicoff have agreed to accept the plan, which will require an affirmative vote on the floors of both Houses to put it into effect. Congressman Erlenborn has not agreed to a plan without a sunset provision if the Presidential message highlights the interim nature of the proposal.

4. URBAN POLICY

--Supplemental Fiscal Assistance: Following the 6-7 vote in the Fountain subcommittee on Wednesday, a Jim Mattox amendment in the Budget Committee to delete $1 BILLION from the Congressional budget was defeated 7-15. Liz Holtzman played a strong leadership role in support of the Urban Policy. Our next hope is with the Senate Finance Committee. Markup is scheduled for Wednesday. Muskie continues to support his counter-cyclical approach -- but there is hope. Wexler's staff, DPS, and Treasury are negotiating with Muskie's staff in an effort to come up with an acceptable compromise by Monday. Twelve big-city mayors will be in town this week -- we hope to have their active support.

--LIPW/LPW: There are new indications of support for Labor Intensive Public Works (LIPW) among majority Members of the Senate Committee on Environment and Public Works. Although they generally feel there is no urgency to enact LIPW, particularly in view of the legislative time constraints, Senators Moynihan, Culver, Hodges, and Gravel have indicated an interest in moving either LIPW or a combination of LIPW and a third round of Local Public Works (LPW) through the Committee before the Senate recesses.

Senator Hodges will support LIPW if he can be assured that (1) the minimum share for states is raised from one-fourth of one percent to three-fourths of one percent; and (2) that certain features of the Administration's proposed "compromise" or composite LPW/LIPW program are retained -- a reduction in size of eligible cities from 50,000 to 25,000. He is concerned that the program reach rural cities. You may want to discuss this with him on Monday.

The House Subcommittee on Economic Development plans to mark up an LPW/LIPW bill next week. The anticipated House bill would authorize two separate programs (LPW III and LIPW), each for three years. LPW will be funded at $2 BILLION per year and incorporated as a title of the Public Works and Economic Development Act and LIPW will be funded at $1 BILLION per year. The House Subcommittee generally opposes EDA's proposed compromise of a one year "transition" from LPW to LIPW in FY 1979.

--HUD Bills: On Tuesday, Secretary Harris is scheduled to testify before the Ashley Subcommittee of the House Banking Committee on state incentive grants, the Neighborhoods bill, and the Livable Cities bill. The latter two pieces are in the conference on the housing authorization bill, and we believe they will emerge from the conference.

The Senate Banking Committee deferred consideration of State Incentives pending further discussion between staffs of the Banking and Governmental Affairs Committees. Prospects for passage this year are dim.

--CETA: After an abortive Monday meeting in which Stu and Secretary Marshall unsuccessfully tried to get Chairmen Perkins and Hawkins to accept a compromise on the number of public service jobs authorized in the CETA bill and on the indexing provision relating to average wage rates, it was agreed that the Administration would work for the bill without seeking specific amendments of its own.

Labor reports widespread support for the bill -- but few Members have focused on specific amendments. Floor action in the House is scheduled for Wednesday. Senate action is unlikely until late in August.

5. AIRLINE DEREGULATION/NOISE BILL

-- On Tuesday, the Rules Committee agreed by voice vote to a rule that will allow the House to consider only one amendment to Title III (the financing portion) of the Noise bill. The amendment, to be offered by Congressman Pepper, would make intrastate carriers eligible for benefits.

Despite this action by the Rules Committee, there is still a chance that the House may vote on Vanik's substitute to reduce the ticket and waybill taxes by 2%. A vocal minority of both parent Committees plan to fight the rule, with the chance that the entire bill could be defeated or at least the Vanik amendment could pass.

The Rules Committee has scheduled the Regulatory Reform bill (H.R. 12611) for consideration on Thursday, August 10. Although we do not anticipate any problems in Rules, DOT will be meeting with Members of the Committee before Thursday.

6. HUMPHREY-HAWKINS

--The report has yet to be filed in the Senate. Rumors abound that the Leadership may not schedule the bill this year because of filibuster threats.

Labor and civil rights groups are very concerned because (1) they feel they cannot afford another defeat this year and (2) they feel the White House is backing away from this bill.

On Tuesday, Secretary Marshall and Charlie Schultze discussed with Senator Proxmire the possibility of a compromise on the inflation goal amendment which was adopted in the Banking Committee. Surprisingly, Proxmire indicated that he would seriously consider a compromise which adopted a specific numerical inflation goal but which eliminated a time frame in which this goal would have to be met. If Proxmire will agree to such a compromise, we will have a much easier time when the bill is debated on the floor.

DOL does not expect the Senate to consider the bill until September.

7. ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT (D-2)

--The Senate Committee on Energy and Natural Resources is moving slowly ahead. Chairman Jackson has decided to deal with concepts rather than the House-passed bill. Consequently, the Senators are dealing with matters for which no language has been drafted, and confusion abounds. There is a possibility the markup will be completed by the 10th or 11th. Secretary Andrus held a press conference and stated that if a bill did not pass he would work within the law to protect the Federal lands in Alaska. Sen. Stevens reacted by stating that he would be around for a long time, sitting on the Appropriations Committee, and that he would make sure that the Department would "not be very happy." He deleted $356,000 from the DOI's public affairs budget for FY 79 and attempted to put a rider on the bill to prevent DOI from expending any funds to implement the Antiquities Act--one of the authorities by which DOI would close Federal lands in Alaska. Chairman Udall wrote Jackson a strong letter indicating that a conference will be required unless Jackson

8. OMNIBUS PARKS BILL

--The final hearing on H.R. 12536 was held Friday before Senator Abourezk's subcommittee.

The Committee intends to instruct staff to begin working up positions on all items included in the House bill on which the Senate has never taken any action. Once positions on these "new" items are developed -- and agreed upon conceptually by the Committee -- the Committee plans to report the bill as follows:

> The first three titles of the House bill, which constitute the traditional, housekeeping omnibus bill, will be reported out to the floor. Other items considered in Committee will be added as amendments on the floor. Those not considered are likely to be added to the Senate bill -- so it is likely the Senate bill will be much slimmer than the House-passed version.

At the last reading, the Committee staff will not be able to pull this together for a least two more weeks -- which suggests that the Conferees would not be expected to meet until after the Labor Day recess.

9. APPROPRIATIONS

--Votes on final passage of several appropriations bills will occur in the Senate on Monday; they are Military Construction; State, Justice & Commerce; 1978 Supplemental; Legislative; HUD-Independent Agencies; Agriculture, and Interior.

The Agriculture and Interior bills, according to OMB, contain "significant discretionary increases to (your) budget." It should be noted, however, that the Committee version of the Agriculture bill does not contain the objectionable language found in the House bill.

The House began consideration of the DOD appropriations bill on Friday and will conclude consideration next week. Our major effort will be to delete $2.4 BILLION for the nuclear carrier. A combined White House/OMB/Defense effort has made progress, and we may have a chance of prevailing; we gave assignments to other departmental CL officers yesterday (Friday).

The results of our lobbying are encouraging but not conclusive. Vote count as of Friday:

Yes/Leaning Yes	182
Undecided/Unknown	53
Against/Leaning against	200
	435

Obviously, we are now focusing our efforts on the 53 in the middle category. Our opponents have been bolstered by the active help of several retired Admirals and, if rumors are true, some who are not retired.

--The Public Works bill is likely to reach your desk in a form that your advisors would find unacceptable, and therefore a veto recommendation is likely. In anticipation of that probability, WHCL, OMB, DPS, Rafshoon, Wexler, and others are developing an informational and political effort to prepare the public for a veto and to enhance prospects for sustaining same. The campaign will be launched once full Senate Committee markup is complete.

A veto could be extremely important for the future. If Senator Johnston can continue to use his Public Works Appropriations Subcommittee bill as trading stock for energy votes, we will continue to have difficulty winning approval of balanced energy packages.

--Jim McIntyre is planning meetings next week with key Senators on Appropriations to urge them to vote against add-ons and for reductions at the Wednesday full Committee markup on the Labor/HEW bill. The bill already contains almost $900 million of discretionary program increases.

We will oppose amendments to increase funding for the heart and arthritis institutes, for an unneeded child health facility, and for handicapped education. We plan to support amendments to reduce funding for NIH and for impact aid and will urge Senator Eagleton to accept smaller increases that were adopted by the subcommittee for WIN and vocational education.

--The tuition tax credit bill was referred to the Appropriations Committee prior to Senate floor action. The Committee voted 14-6 to report the bill unfavorably to the Senate.

FOREIGN POLICY ISSUES

1. FOREIGN AID APPROPRIATIONS

--On Thursday, the Administration won a surprising victory in defeating a Young amendment barring "indirect" assistance for Laos, Cambodia, Vietnam, Uganda, Angola, and Mozambique; the vote was 203 to 198 (168 Democrats and 35 Republicans vs. 97 Democrats and 101 Republicans).

The House began consideration of the foreign aid measure on Wednesday and then on Friday put the bill aside until a later date; several amendments (including Clarence Long's $584 million cut for IFI's) are pending. The bill was pulled for tactical reasons: with action on the bill proceeding favorably for the

when a large attendance could be better guaranteed. The bill might be brought up late next week or it could be held over until after Labor Day.

When the bill does come back up, it appears that we are going to lose some Democrats who supported us on the Young amendment who have publicly committed themselves to voting for the Long amendment. For example, we know we are going to lose Mikulski and Richmond as well as Long himself. We feel certain that Long has commitments from at least a few others who opposed the Young amendment. As there is not much chance of picking up additional Republican support against Long, the slack will have to be made up from the Democratic side of the aisle.

--Congressman Harkin introduced 2% across-the-board amendments on both Title I and II of the bill, each exempting the Middle East. Both passed overwhelmingly. These titles include all the bilateral economic aid accounts as well as those for MAP and Foreign Military Credit Sales. Congressman Clarence Miller, who complained that Harkin was pre-empting his issue, offered an 8% substitute to Harkin's Title I amendment yesterday which was defeated in Committee of the Whole and on which he failed to obtain enough supporters for a rollcall. While there is a possibility of a higher across-the-board cut at the end of the bill, this is a good indication of the mood of the House. It may deter Miller from offering a larger cut later on and indicates that such a move might well be defeated for this reason.

We did not fight the Harkin 2% cuts since political necessity now dictates that we give Members some opportunity to cut foreign aid after we asked them to take tough political stands on amendments such as Young's.

--The only anti-Administration amendment of any consequence that carried was an amendment to strike the $93 million for Syria in the Economic Support Fund, which passed by a vote of 280-103. On a division vote of 70-11 the House accepted a Buchanan amendment adding $10 million for refugees in Cyprus. We should be able to restore at least one half of the Syria money in conference.

As matters stand, it appears that we have two major hurdles to overcome: the Long amendment and final passage. The outlook for winning on both looks better than it ever has before. Timing of the vote, however, will have a substantial impact on the outcome.

2. <u>SECURITY ASSISTANCE</u>

--Despite the enormous battles of the last two weeks, State does not anticipate much trouble in conference. On <u>Turkey</u>,

we will seek some adjustments which should make the outcome more acceptable both to the Greeks and Turks. We have a reasonable shot at getting the Conference to adopt the immediate lifting of the embargo (Senate version), coupled with the House's language on peace principles for Cyprus.

--On Rhodesia, we will try to nudge the Conferees in the direction of the Javits-Case formula form the Senate and believe that this can be done in a way that the House will find satisfactory. In addition, there are some "constraints" in the Senate bill which we will try to eliminate.

3. STATE DEPARTMENT AUTHORIZATION

--The Conferees have completed 40 out of 75 items and will meet again on Monday. The Senate receded to the House amendment which authorizes the so-called "One Year High." Congressman Fascell insisted that the "High One" provision remain in the FY 1979 legislation.

4. WAR POWERS/SHABA

--The question of the authority used in the Shaba airlift has arisen in both Houses and could become troublesome unless gingerly handled.

In the House, Findley has written a strong letter declaring that the War Powers Act should have been invoked and that consultations were inadequate. The HIRC has scheduled a hearing August 10 at which Herb Hansell will testify. State believes most Members share our view that the War Powers Act was not triggered because U.S. aircraft personnel were not in imminent danger of exposure to combat. The Committee will undoubtedly begin to probe our decision-making process to learn whether or not the War Powers Act was given full consideration at the time of the airlift.

On the Senate side, John Sparkman has raised the War Powers question and in addition asked under what authority the costs of the operation were being paid. State hopes to be able to answer by letter and thus avoid any hearing.

MISCELLANEOUS

--Bill Cable met with Tip on Friday afternoon, and he agreed to see me early next week. Cable feels he is ready to make peace.

--Senator Hart is still extremely negative on our water policies. He says we have mishandled the issue from the beginning and contributed to "the destruction of the Democratic Party in the

mountain states." Obviously, he is extremely emotional about this issue. Some say he just doesn't have the guts to tell his Chamber of Commerce types "no" on water projects.

--Congressman Dave Obey, who is leading the fight on foreign aid, told the House on Thursday that they should stop calling the President soft on the Russians, especially since the House insisted on adopting restrictive amendments tying your hands. The argument had a strong impact on the Young amendment vote.

--On the Young amendment vote, many Democrats who had never opposed this kind of amendment voted "for the President." There was a strong feeling among the Democrats that they should support you on such a key foreign policy issue.

--Magnetohydrodynamics (MHD)- On August 3, the House Subcommittee on Fossil and Nuclear Energy RD&D conducted its last oversight hearing on MHD, with witnesses from DOE and its Energy Research Centers, Arnold Engineering Development Center, and NASA's Lewis Research Center. Congressman Gore stated that it is possible to receive matching funds from the State of Tennessee for a DOE Cooperative MHD Program and would like DOE to consider this proposal. Please remember that Max Baucus is also interested in this technology. If anything is to be done, we should try to help him as much as possible in his Senate race.

--During floor action last Monday on the Witteveen bill, the Senate voted 58 to 28 to adopt a Harry Byrd amendment mandating a balanced budget by FY 1981. This amendment could eliminate anti-recession fiscal policy and could curtail your powers to recommend the budget totals you believe appropriate. Conference on the bill begins next Wednesday. Treasury reports that its initial contacts with the House staff indicate that the House Conferees are not inclined to accept the provision. Nevertheless, OMB and WHCL will follow this issue closely.

--Outer Continental Shelf Conference - We anticipate House passage of the Conference Report early in the week of the 14th. DOI is negotiating with the Senate to defer consideration of the report by them until early September -- so as to assure that all appropriate Members will be on hand to attend a signing ceremony. They anticipate no problems in either the House or the Senate regarding acceptance of the Conference Report.

FLOOR ACTIVITIES, WEEK OF AUGUST 7

House

Monday

1. HR 13635, Defense Appropriations, FY 79

Tuesday

1. HR 13635, Defense Appropriations, FY 79

Wednesday

1. HR 12452, CETA Amendments of 1978

Thursday and Balance of Week, Subject to a Rule Being Granted

1. HR 13511, Revenue Act of 1978
2. HR 7308, Foreign Intelligence Surveillance Act
3. HJ Res 638, Extend Deadline for ERA Ratification

During the Week of August 7, other legislation may be scheduled on days when early completion of the scheduled bills makes time available, as follows:

1. HR ____, New York City Aid Appropriations
2. H Res 1201, Executive Reorganization Plan No. 2
3. H Res 1276, Funding for House Ad Hoc Energy Committee
4. Conference Report on HR 2777, National Consumer Cooperative Bank Act
5. Conference Report on HR 12240, Intelligence and Related Program Authorization, FY 79
6. Conference Report on HR 7073, FIFRA Authorization
7. HR 13007, Electronic Fund Transfer Act
8. SJ Res 4, Hawaiian Native Claims Study Commission
9. HR 11622, Fuels Transportation Safety Amendments
10. HR 11711, Adjustment Assistance Programs Improvements
11. HR 12796, Union Station Improvement Act
12. HR 8729, Airport and Aircraft Noise Reduction Act
13. HR 11733, Surface Transportation Assistance Act
14. HR 1, Ethics in Government Act
15. HR 11280, Civil Service Reform Act

Senate

Monday

1. HR 12935, Legislative Appropriations Bill
2. HR 12936, HUD Appropriations Bill
3. S 3429, Morgan Amendment
4. Roll Call, Second Supplemental Appropriations Bill
5. Interior Appropriations Bill
6. Natural Gas Conference Report (if signed)
7. Tuition Tax Credit/Middle Income Student Assistance (possibly if

THE WHITE HOUSE
WASHINGTON
August 7, 1978

The Vice President
Hamilton Jordan
Zbig Brzezinski

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

Rick Hutcheson

DEFENSE WEEKLY REPORT

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		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

~~CONFIDENTIAL~~

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

C

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense (July 29 - August 4, 1978)

Defense Appropriations Bill: House floor action on our appropriations bill began today, with final passage anticipated as early as Monday. Sid Yates plans to offer an amendment to delete $2.1B for the CVN. We along with Frank Moore's staff are working hard to gain support for the amendment. I would judge our chances to be less than even, but we have a real chance. Many retired naval officers have been active on the other side--including a Hill press conference by Admirals Moorer and Holloway (who says he was trapped into it and whose statements were relatively moderate) in support of the nuclear carrier.

Defense Authorization Bill: The conference report on the Defense authorization bill passed the House this morning and probably will pass the Senate later today. It should be on your desk early next week.

Military Construction Bill: Conferees on the military construction bill restored half ($142M) of the Senate's cuts in NATO programs. Lu Nedzi was a great help. We can expect NATO programs, especially prefinancing, to be an issue again next year.

Hearings on Shipbuilding Claims: Graham Claytor testified yesterday before the full House Armed Services Committee on the P.L. 85-804 reformation of the two SSN-688 contracts with Electric Boat Division of General Dynamics. There were a number of questions on funding of the General Dynamics and Litton settlements. Graham explained that we intend to defer the FY 79 SSN-688 to a later year, thus making funds available not only for these two settlements but also for claims that are pending, principally from Newport News. There was a broad expression of support for the settlements; adverse questioning was principally from Sam Stratton, and, to a lesser extent, Tom Downey. As expected, Representatives Trible and Whitehurst of Virginia were interested in the status of the Newport News negotiations, which are proceeding. There will be some opposition to funding the claims from the FY 79 SSN-688, but Graham will ask Chairman Stennis to insert such a change in the Senate Appropriations Committee markup next week.

Future Negotiations with Turkey: My staff is working with State in developing a plan for negotiations with Turkey on resumption of operations at appropriate military facilities as soon as possible. I believe it important that the Turks agree to this without asking for additional aid. An attempt to stall or bargain is inconsistent with what Ecevit told Cy and me, and would severely alienate some of the members of Congress to whom we repeated those assurances.

I agree

2312

Visit of Spanish Minister of Defense: Minister of Defense Gutierrez Mellado, who is also the Spanish First Vice President, was here this week as my guest. Gutierrez Mellado clearly has a mandate from the King and Prime Minister Suarez to reorganize and modernize the armed forces, and he appears to be keeping military support for the new government. He wants to reorient their goals to defense of the country from without; the army, particularly, has seen its function as defending the country from what the army has thought of as internal dangers. His principal reason for coming to the United States is to seek greater military materiel assistance than that now allowed under the 1976 U.S.-Spanish Treaty. I believe Spain's needs are real, and I shall be working with Cy to see what more assistance we may wish to consider.

Civil Service Reform: I have made a number of additional calls to House members in support of the Civil Service reform bill, as have other senior officials here.

Harold Brown

THE WHITE HOUSE
WASHINGTON

August 7, 1978

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

Re: Cabinet Summaries

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

Rick Hutcheson

EYES ONLY

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

return to me to read

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
/	EYES ONLY

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

		ADAMS
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		BERGLAND
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		BOURNE
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		CLOUGH
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		GAMMILL
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		JAGODA
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		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		PRESS
	/	RAFSHOON
		SCHNEIDERS
		VOORDE
		WARREN
		WISE

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410
August 4, 1978

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

SUBJECT: Weekly Report of Major Departmental Activities

61 Small Cities Receive Urban Development Action Grants. More than $60 million has been awarded to 61 small communities for 65 projects stressing community development and neighborhood projects, including new housing and business expansion. The projects attracted more than $580.7 million in private funds and will save or create nearly 30,000 jobs. Coincidentally, an editorial in The New York Times, August 2, the day of the awards, called the Action Grant program one of the "soundest" components of the President's urban policy.

Use of Community Development Block Grant Funds for Rehabilitation Increasing. The Department recently completed a report on the use of CDBG funds for rehabilitation activities in Fiscal Years 1977 and 1978. Findings indicate almost 80 percent of all CDBG central cities used some funds for rehabilitation purposes. Also encouraging is that the amount of CDBG funds used for rehabilitation has increased substantially from Fiscal Years 1976 to 1977 in both entitlement and discretionary communities (small cities under 50,000 population), by 26 percent and 117 percent, respectively. The number of entitlement and discretionary communities undertaking CDBG-funded rehabilitation also increased, by 14 percent and 90 percent, respectively.

Over 200 Grants Have Now Been Awarded in HUD's Housing Counseling Program. With the latest grant of $125,000 to the National Urban Coalition, the total amount of awards by the Department for housing counseling has topped $3 million. The Coalition will use the grant to counsel low and moderate income families in danger of being displaced by private development. The Department's housing counseling program assists families in understanding the financial obligations involved in homeownership or rental.

Another Round in HUD's Solar Energy Demonstration Program Draws 400 Applications. By September 30, when the final awards will be made, the Department will have awarded $18 million to builders, developers, bankers and others in the housing industry to install solar heating and cooling systems in approximately 10,000 homes.

Texas Governor Requests Presidential Disaster Declaration. Governor Briscoe is requesting that South Central Texas be declared a major disaster area as a result of a 20-inch rainfall which caused serious flooding. Hardest hit are Bandera, Kendall and Kerr Counties. At least eight deaths have been reported and several hundred people have been evacuated as the Guadalupe and Medina Rivers overflowed their banks.

Pat

Patricia Roberts Harris

THE WHITE HOUSE
WASHINGTON

August 7, 1978

ecretary Adams

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

Rick Hutcheson

Brock
J

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues for the Week of July 31

Environmental Effects of I-66 Construction - At my request, Dr. Eugene Odum of the Institute of Ecology, University of Georgia, and his staff have evaluated the environmental actions being taken by the State of Virginia in the construction of I-66. Their report was most favorable and emphasized that the I-66 project, by excluding trucks and limiting interchanges, would have little negative impact in the State on surrounding communities. They suggested the use of additional public information meetings for citizens and other community involvement techniques to make the public more aware of what Dr. Odum's group found to be a good answer to the environmental problems of a transportation corridor in an urban area. I will direct the Federal Highway Administrator to begin these community efforts.

New York Grant - The White House staff has suggested that I not travel to New York with you next Friday, but rather announce on Monday the Administration's grant of $135 million to the City of New York for extensions and improvements of its public transportation system. OK

The grants provide additional funding for extensions of two of the City's subway lines and the Long Island Railroad in Queens, as well as modernization of two additional railroad commuter lines. The new grant brings to approximately $364 million the amount of federal money provided by the Carter Administration for improvement of passenger rail transportation in New York City.

D.C. Metro - Jim McIntyre and I, along with DOT, OMB and Domestic Policy staff, met privately with regional leaders on the development of the financing plan for the D.C. Metro, which is due to be submitted to me by August 31st. I am hopeful, with OMB's help, that we can negotiate a plan that minimizes short-term budget impact and retains local participation in the debt services for the system without destroying the basis for local cooperation in moving the system along on a rational basis. Is it too late to limit subway mileage & cost?

The local plan will go public about August 17th. Our detailed review will follow and result in recommendations for the FY 1980 budget.

THE WHITE HOUSE

WASHINGTON

August 7, 1978

Administrator Costle

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

Rick Hutcheson

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

August 4, 1978

Doug - Crack down. Be careful on PR & economics
J

The Administrator

REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

As you know, Governor Rhodes of Ohio has made his opposition to environmental programs a plank in his reelection campaign. I thought you would want to keep abreast of the important recent developments:

- We will hold two public hearings in Ohio in August in response to a petition from Senator Metzenbaum, the UMW and the State to determine if Ohio power plants should burn locally mined coal and install pollution control devices as opposed to burning low sulfur western coal. We have kept in close touch with Rick Hutcheson on this.
- The Governor had also requested a three-year stay on any enforcement of sulfur oxides control. I denied that request.
- The State's unwillingness to enforce adequately the water pollution laws was the basis of a citizens' suit requesting that EPA withdraw Ohio's water enforcement authority. As required by law, I have made an initial determination that there appears to be widespread abuse by Ohio in enforcing the environmental laws.
- The Justice Department has instituted an enforcement suit against a large power plant in Straton, Ohio. This plant is a good representation of the type of problem with which we have to deal in Ohio. It has made virtually no effort to comply with the law and, as a result, has saved considerable money while emitting 129,000 tons a year of particulate pollution (compared to the 6,000 tons it is allowed). Particulates, of course, are the easiest of the air pollutants to control, and adequate technology has been in use on many power plants for years.

The problem in Ohio is so severe that we are continually being pressured by West Virginia (Senator Randolph in particular), New York, and Pennsylvania to get tougher. These surrounding States argue that there is little sense in their implementing the law if they will still be subjected to Ohio's pollution. We fully understand Ohio's economic problems, but believe that it is time for us to crack down with the State.

Doug

THE WHITE HOUSE
WASHINGTON

August 7, 1978

Secretary Kreps

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

Rick Hutcheson

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

C

August 4, 1978 FYI

REPORT TO THE PRESIDENT

Data on workers' earnings released last week show that the beneficial efforts on purchasing power of last year's income tax cut have been negated by the combined effects of price inflation and social security tax increases. In June, average weekly earnings before taxes were 8.1 percent higher than one year earlier; after adjustment for the rise in prices they were up only 0.7 percent. However, after deduction of income and social security taxes, the purchasing power of the average weekly spendable earnings for June of married workers with three dependents were 2.3 percent lower than a year ago. The decline in real spendable earnings for both May and June suggests further weakening in personal consumption spending as a factor in future GNP growth.

Following extensive consultations with appropriate farm groups and data users, the Bureau of the Census has developed a much improved reporting form for use in the 1978 Census of Agriculture. By using sampling procedures for special data requirements, only the most essential items will be asked of all farms, using a 4-page form as compared with the 22-page form used in the previous (1974) Census of Agriculture. It is estimated that the 1978 reporting burden will be 35% less than the 1974 level, with a minimum loss in census effectiveness. While this paperwork "victory" is technically not part of your Reporting Burden Reduction Program (since it is classified as a one-time report), I believe it is noteworthy as a positive and significant response to your broad concerns in this area.

Good

During yesterday's Association of Southeast Asian Nations (ASEAN) meeting we indicated that the U.S. would likely be adopting a more aggressive exporting posture. The ASEAN countries responded that, in their view, the U.S. has never been aggressive enough in the exporting area and they would welcome such a change. Stu Eizenstat and I have now received a suggestion from Bob Strauss for a Presidential Commission on Export Trade, similar to a recommendation in my July 22 National Export Policy Memorandum to you. Bob's suggestion underscores the importance which we both attach to the early establishment of a national export policy.

Last week the Deep Seabed Hard Minerals Act passed the House and similar legislation is now being considered by the Senate Committee on Commerce, Science and Transportation. This legislation, which is considered vital to the U.S. negotiating position at the Law of the Sea Conference, has been introduced annually without success since 1974; it would also make a significant contribution to meeting the Nation's future mineral needs. Prospects for passage in the Senate during the current session are good if the Administration indicates that it firmly supports legislation in this area. To this end I urge that the Administration support this legislation this year. Jim McIntyre holds a contrary view, and by separate letter I am requesting him to reconsider his position on this matter.

Juanita

Juanita M. Kreps

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

C

August 4, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

CAMPAIGN. We are finalizing tours with gubernatorial and congressional candidates to be given priority this fall.

Illinois is at the top of our list with an extensive effort for Bakalis in conjunction with candidates in the 22nd District (Terry Bruce vs. Phil Crane's brother) and the 15th District (former Congressman Tim Hall vs. a first-term Republican) planned.

CROP. Weather conditions still indicate record corn and soybean harvests this fall.

BOB BERGLAND

"FYI"

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall RM

SUBJECT: Major Departmental Activities, July 29-August 4

Unemployment rate jumps to 6.2 percent. Some of the magnitude of this increase is due to seasonal adjustment problems in the methodology of the Bureau of Labor Statistics (BLS). Using these seasonal adjustments, it is quite possible that the real unemployment rate last month was 5.9 percent, not 5.7 percent. An end of the year recalculation of seasonal adjustments may result in a lower real rate for July. Nevertheless, this is a disturbing development.

Efforts to move the Humphrey-Hawkins bill forward. On Tuesday, Charlie Schultze and I met with Senator Proxmire to discuss possible compromises. He showed more flexibility than in the past on the issue of an inflation goal. However, I would not under estimate this difficulty of passing an acceptable bill in the Senate. Both labor and civil rights groups are questioning the Administration's determination to pass the bill this year. I will work with them on the problem.

Sites selected for welfare reform demonstration projects. In conjunction with the White House, we are announcing the 14 sites which have been selected for the welfare reform experiments.

THE SECRETARY OF THE INTERIOR

WASHINGTON

August 4, 1978

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of July 31

Gary Hart called on me this week expressing concern over the West's reaction to this Administration's policies and the future impact on Democratic politics. Much of what he said is accurate in my judgment. I recommended that he visit with Hamilton on the subject.

Senator Stevens has cut my budget in the Senate Appropriations Subcommittee as retaliation for not agreeing with his position on Alaska. He will be very difficult to deal with, and given his record on opposing all Administration legislation in the past year and a half, I'm not very eager to give him much.

I have given Phil the information he requested on your proposed trip West. Carol will join us on the river trip. If you need any further information or suggestions, let me know. You will see great country, catch fish and have a ball.

My contacts on Civil Service Reform are very positive.

Cecil

CECIL D. ANDRUS

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

C

August 4, 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:

- Nitrites. Nitrites, which have been added to meats and fish for many years to preserve food and prevent botulism, as well as to enhance color and flavor, have now been found in a well-controlled study to cause cancer in animals. Secretary Bergland and I and our scientific experts agree that under the Delaney clause, HEW is required to remove these carcinogens from the market. While warnings about the carcinogenicity of nitrites have been sounded for years, our announcement that they must be phased out is virtually certain to stir controversy.

  Bergland and I have agreed upon a plan which will phase out nitrites gradually over several years, to permit development of alternative protective measures against botulism. We would release the study for scientific and public scrutiny, and involve the public and industry in the formulation of regulations that will guide the removal process. We will seek the Attorney General's advice to ensure that we have the needed authority to follow this course. Any regulatory action will probably lead to a suit from the food producers, and if the removal process is gradual, we are likely to be sued from the other side by consumer groups as well. We will send you a more detailed memorandum on this subject as an announcement approaches.

- Black Colleges and Medical Schools. In a speech on Tuesday before the National Medical Association, the major organization of Black physicians, I reaffirmed your commitment to increased opportunities for higher education for Blacks, and reviewed our recent efforts in this area. The audience seemed to accept my emphasis on the need to seriously examine the accounting and management practices, financial situation, and commitments of black colleges and universities. My statements of continued financial support for these schools, on a tightly controlled basis, were warmly received. I reiterated these points yesterday morning to an Advisory Committee on Black Higher Education.

- Hospital Cost Containment. This issue is not dead in this session of Congress, although the odds are still against us. The version of Senator Talmadge's bill which is coming out of the Senate Finance Committee is totally unacceptable, but it is still a potential vehicle to obtain meaningful cost containment legislation. As the Talmadge bill now stands, it would actually result in an increase in hospital costs during the first two years -- and would save very little thereafter. If the current Talmadge bill is not amended significantly, I will be recommending a veto.

  Senator Nelson has sponsored an amendment -- modeled on the Rogers/Rostenkowski standby control bill in the House -- which would save $37 billion in the next five years, including $8-$10 billion in Federal outlays. Nelson's amendment lost 11-7 in the Finance Committee, and we will make a real effort to gain support for it on the floor. Senator Long said he might vote for the Nelson amendment on the floor. (Both Long and Talmadge have a stake in preserving some other provisions in Talmadge's bill -- unrelated to hospital cost containment -- and Finance Committee staff have been told that I might suggest a veto).

  We may have a similar chance to add a cost containment bill on the House floor to a Medicaid/Medicare bill which Rostenkowski is currently drafting in Ways and Means. The chances aren't good, but they still exist. If we fail, I think we will still have staked out for you a solid anti-inflation issue that can be taken to the public.

- Flu Immunization. We overcame the incredible legacy of distrust from the swine flu program and won a significant victory on the Senate floor, where our immunization program was approved today by a vote of 47-30. This effort would be totally unlike the swine flu program. It would provide $8.2 million to the States to immunize chronically ill and elderly people, with a likely saving of hundreds of lives if, as the experts predict, flu is widespread this coming season. Although the House originally rejected our proposal, we expect the Conference report to include it, and will work to avoid adverse floor action on the report in the House.

- Campaigning. Next week I will make two campaign appearances, one at a fundraiser here in Washington for Congressman Ed Patten, and the other at several events in Bangor, Maine for Senator Hathaway.

Joseph A. Califano, Jr.

Joseph A. Califano, Jr.

F.Y.I.

THE SECRETARY OF THE TREASURY
WASHINGTON 20220

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. TAX BILL

After a week of frenzied and difficult negotiations, we have made some headway. The Speaker has now agreed to help us get a rule allowing a floor amendment to the Jones Bill that would improve the distribution of the personal tax reductions and would prevent the capital gains provisions from insulating very high income taxpayers from virtually all tax liability. I am working very hard to turn this amendment (sponsored by Corman and Fisher) into a united, Democratic Party initiative; George Meany is on board, and the UAW will be helpful. It will be tough but I think we have an even chance at victory--we could certainly use one in the tax area. Unfortunately, there will also be a floor vote on 5 percent income tax credit for Social Security taxes. This may pass, requiring a strong Senate effort to knock it out. You should know that Chairman Ullman is not happy with these rules decisions. The Speaker has been extremely helpful to us.

2. THE DOLLAR

The yen, Swiss franc and gold reached new highs against the dollar in thin, nervous markets. The dollar also depreciated further against the German mark and other European currencies. The market remains skeptical about our inflation outlook and has been upset by rumors that OPEC is considering pricing oil using a basket of currencies instead of the dollar. The Saudis have denied any such plan; I will be seeking further assurances from their Finance Minister next week.

3. EPG

Staff work continues on possible ways to strengthen the anti-inflation program. The EPG will review the plans on August 17, but I doubt we will have recommendations for you until after Labor Day. In the meantime, it is important not to raise either public expectations or unwarranted anxieties about controls.

4. WITTEVEEN FACILITY

After months of delay the Senate on Monday approved by a very wide margin the bill to authorize U.S. participation in the Facility. Conference is scheduled for next Wednesday, and we will be pressing for prompt action on the needed appropriations (only "budget authority", not "outlays") to enable us to participate by the beginning of FY 1979.

5. SUPPLEMENTARY FISCAL ASSISTANCE BILL

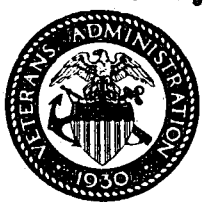
A House Government Operations Subcommittee yesterday voted 7-6 to indefinitely postpone consideration of this bill -- a key element in our urban policy. It is now unlikely that the bill can be brought to the full House Committee. Favorable Senate action on legislation of this type is possible, however, and a conference bill including it possibly could pass the full House. Our efforts will now be concentrated on the Senate, but it is too early to gauge our chances.

6. TRAVEL

I leave this weekend for Colombia to represent you at the inauguration of President-elect Turbay, returning by Tuesday. I will meet privately with Venezuelan President Perez and Mexican Minister of Finance Ibarra.

Mike

W. Michael Blumenthal



VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

August 4, 1978

TO : The President

THRU : Rick Hutcheson, Staff Secretary

FROM : Administrator of Veterans Affairs

VA Presidential Update

Pension Reform - Senate this week passed unanimously S. 2384 - an "improved pension" bill for veterans and dependents. House version of pension reform (H. R. 10173) was passed 6/28/78. Senate bill would be effective 10/1/78; the House measure on 1/1/79. Estimated added cost for FY 1979 under Senate bill would be $780.7 million, and estimated 5 year cumulative cost would be $7.4 billion. Like figures for House bill would be $957.2 million (for three quarters of FY), and $10.5 billion. We will follow this legislation closely, hoping to nudge House conferees in the direction of the Senate's lower rate range, and Senate conferees to delete their provision disregarding current work income in computing total income ceilings under which VA pension may be paid.

FY 1979 Appropriations - Senate subcommittee has reported out a total VA budget of $18,278,228. This is $182.3 million under the amount passed by the House on 6/19/78, and is $57.4 million less than your budget request. We are informed an additional flat 2 percent cut in all "controllable" items in VA and all other budgets in the HUD-Independent Agencies appropriations package will be sought on the Senate floor. The Senate subcommittee established a limit on VA educational loans to veterans in schools with tuition and fees under $700 per year. It directed VA to build hospitals of not less than 250 beds at Vancouver, WA, and not less than 600 beds at Portland, OR, instead of the one large hospital we planned to build in Portland. It deleted all but one of 10 construction projects added by the House for a savings of $52.1 million, and disallowed all but $20 million of a House add-on of $82.9 million for medical care. The surviving $20 million in medical care was earmarked for restoration of the hospital beds we had planned to close.

"More Than Prayers" - I recently taped a TV show with Rep. Charles B. Rangel of New York City. He asked me to give you his best regards, and to tell you particularly he is supporting you "with more than my prayers."

Community Services Administration WASHINGTON, D.C. 20506

C

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director

SUBJECT: Weekly Report of Significant Agency Activities (July 31 - August 4, 1978)

CSA Reauthorization

Conference discussions on CSA reauthorization legislation started today. Last week, the House passed a reauthorization bill which contained an 80-20 ratio for federal and non-federal financial contributions; on Tuesday, the Senate, by a voice vote, passed a similar bill. Depending on the amount of time required for a Conference, I would respectfully request your consideration of a Rose Garden signing ceremony once this legislation reaches you. The original Economic Opportunity Act was signed by President Johnson 14 years ago on August 20, 1964.

National Rural Home Repair Program

The Housing Division of the Office of Community Action this week completed an assessment of the progress made during the first year of its National Rural Home Repair Program. The survey showed that, in the 22 states where the program is operating, 1,077 substandard homes have been repaired. In picking these homes, community action agencies gave priority to those families with incomes less than $3,000. CSA will use the lessons from this successful program to develop comprehensive Federal housing legislation for the poorest of the poor.

Reduction in Funds

CSA is preparing a notice for the Federal Register and is making plans to inform states that, as of October 1, funds for State Economic Opportunity Offices (SEOO) will be cut 37.5 per cent and that states will be required to increase their matching funds to offset the decrease in federal funding. CSA expect that states will complain about this action which is necessary in light of the President's Budget request. The Budget reduces SEOO funds from $12 to $7.5 million.

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

August 4, 1978

MEMORANDUM TO THE PRESIDENT

FROM: Ambassador Robert S. Strauss

RE: Weekly Summary

We have had consultations with key members of Congress to explore the possibility of Congress granting an extension of the authority to waive the imposition of countervailing duties. The Congressional reaction, predictably, was negative, with the members being deeply worried over the protectionist riders such legislation might attract. The waiver expires on January 3, 1979, and unless it is extended Treasury must begin collecting countervailing duties in fifteen instances in which it has exercised the waiver in the past four years. This could complicate our efforts to conclude the MTN, especially insofar as the duties would be imposed on a range of products from Europe and South America. I will continue to keep you informed on this issue as it develops.

On another matter, Japanese Agricultural Minister Nakagawa will begin a visit to Washington on September 5. He will visit a number of officials in both the executive and legislative branches, and we are coordinating the U.S.G. position. We intend to continue to press the Japanese for agricultural concessions, particularly on citrus and beef, but I am skeptical whether Nakagawa will come to Washington prepared to make concessions at this time.

Finally, you should be aware of that the International Trade Commission by a vote of 4 to 1 has found injury in an escape clause case filed by the domestic copper industry. The Commission will decide shortly what form of relief, if any, it will recommend that you grant the industry. It appears we could again face the sort of dilemma we have faced in the past in the cases of shoes, televisions, nuts and bolts, etc. Here again, I will keep you informed as the matter progresses.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze CLS

Subject: CEA Weekly Report

Farm Set-Aside. My staff has been working with DPS, Agriculture, OMB and other agencies on the upcoming decision about wheat acreage set-asides for next year. A memo will be coming to you shortly for your decision. At the moment, it looks as if your advisers will be split on their recommendations.

Regulatory Actions. My staff and I have been discussing with the Environmental Protection Agency two upcoming regulatory actions. The first is an air quality standard for lead that EPA will issue within the next few months. I am concerned about the methodology used by EPA to set the level of the standard, and will be discussing my concerns with them. The second is the EPA regulation on new source performance standards (sulfur and particulates) for coal-fired power plants. This will be among the most important regulations issued during the next few years in terms of its impact on the economy and on energy policy. (From $15 to $50 billion in additional costs between now and 1990, depending on what the regulation requires.) My staff and I will be meeting with EPA next week to discuss EPA's plans for this regulation, which it intends to propose for comment later this year.

Revisions of our Economic Forecast. The interagency forecasting group is now preparing an update of the economic forecast for 1978 and 1979 for presentation to the EPG shortly. As soon as the forecast is finished, I will prepare a written summary for you and discuss it with you at our regular weekly meeting.

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

August 4, 1978

Principal Activities of the Department of Justice for the Week of July 31 through August 4

1. Meetings and Events

The Attorney General returned from his trip to Australia and New Zealand on Monday, July 31. On Friday, August 4, the Attorney General went to New York City to participate in the Centennial Annual Meeting of the American Bar Association. On Friday, the Attorney General will attend the afternoon session of the ABA Standing Committee on Federal Judiciary and a meeting of the American College of Trial Lawyers Pound Committee. That evening he will attend a dinner hosted by ABA President Spann. On Saturday, the Attorney General will attend a luncheon hosted by Chief Justice Burger and a dinner hosted by the American College of Trial Lawyers. On Sunday, the Attorney General will appear on "Face the Nation." On Monday, August 7, the Attorney General will return to Washington for the Cabinet meeting, and then return to New York for further meetings. On Tuesday, he will appear on "Good Morning America" and deliver a luncheon speech to the entire Association.

2. Legislative Report

On Wednesday, August 9, the Foreign Intelligence Surveillance Act is due on the House floor. Intensive efforts are underway to defuse the Republican and conservative opposition to the bill which has been developing.

6:30 PM

THE WHITE HOUSE

WASHINGTON

August 7, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON JR

SUBJECT: DINNER WITH EXECUTIVES FROM NEW YORK TIMES AND ABC
MONDAY, AUGUST 7, 1978, 6:30P

BACKGROUND:

Tonight's dinner will be with executives of ABC and the New York Times. All invitees accepted except Mr. and Mrs. Arthur Sulzberger who are on vacation in Europe.

PARTICIPANTS:

Mr. and Mrs. Leonard H. Goldenson (wife-Isabelle)
Mr. Goldenson was named Chairman and Chief Executive Officer of ABC, Inc. in 1965. Graduate of Harvard Law School, 1930. Practiced law in New York City, 1930-33. Became Assistant to Mr. Frank Freeman, who was in charge of theatre operations for Paramount Pictures, in 1937. Is presently serving as a Trustee for the Kennedy Center for Performing Arts. His ten-year term expires in September.

Mr. and Mrs. Roone Arledge (wife-Anne)
Roone is President of ABC News and Sports, Inc. He was named to that position in 1977. He is producer of all ABC sports programs, including the 1964, 1968, 1972 Olympic games. He created the ABC Wide World of Sports program in 1961. He is the recipient of at least 10 Emmy awards since 1958.

Mr. and Mrs. Howard K. Smith (wife-Benedicte, called "Bennie")
Howard K. Smith was born in Ferriday, LA, in 1914. Was a Rhodes scholar at Merton College in 1937. Was a war correspondent for CBS and UPI and covered the Nuremberg Trials in 1945. He was Washington Bureau Chief Correspondent for CBS 1957-61. He joined ABC in 1962 as a news correspondent.

Barbara Walters

Barbara is a graduate of Sarah Lawrence College, 1953. She is a former writer-producer with WNBC and CBS-TV. She joined the Today Show in 1961, and became co-host in 1974. She joined ABC Evening News as a newscaster in 1976. Author of How to Talk with Practically Anybody About Practically Anything. Daughter's name is Jacqueline.

Mr. and Mrs. Tom Wicker (wife-Pam Hill)

Tom is Associate Editor of the NY Times. He was born in Hamlet, NC. Graduate of the University of North Carolina. His journalistic career includes stints at the following papers: Sanhill Citizen, Aberdeen, NC; the Robesonian, Lumberton, NC; Winston-Salem Journal; Nashville Tennesseean. He became a member of the Washington Bureau of the NY Times in 1960. Served as Bureau Chief, 1964-68. Was named Associate Editor of the Times in 1968. His wife is currently the Executive Producer of ABC News documentaries.

Mr. and Mrs. Max Frankel (wife-Toby)

Mr. Frankel is Editorial Page Editor of the NY Times. He was born in Gera, Germany in 1930 and became a naturalized citizen of the US in 1948. He attended Columbia University with Roone Arledge. He joined the staff of the NY Times in 1952, and was named editorial page editor in 1977. He was the recipient of a Putlitzer prize for international reporting in 1973.

Mr. and Mrs. Hedrick Smith (wife-Ann)

Rick is Washington Bureau Chief of the NY Times. He was born in Kilmacolm, Scotland in 1933 of American parents. He was a Fulbirght Scholar at Balliol College in 1955. Was with UPI in Memphis, Atlanta, and Nashville in 1959-62. Joined the NY Times in 1962. Was a temporary correspondent in Vietnam, 1963-64. In 1966 he was named Moscow Bureau Chief and served until 1971.

Mr. and Mrs. James Reston (wife-Sally)

"Scotty" Reston was born in Clydebank, Scotland in 1909. He is a graduate of the University of Illinois. He joined the London Bureau of the NY Times in 1939. He returned to the Washington bureau in 1941 and was named chief Washington correspondent in 1953. He became a columnist in 1974. He also serves as a Director of the NY Times Company. Recipient of Pulitzer Prize for national corresponding in 1945 and for national reporting in 1957.

cc: Mrs. Carter
Gretchen Poston

SCOTTY CAMPBELL MEMO

UNITED STATES CIVIL SERVICE COMMISSION
WASHINGTON, D. C. 20415

CHAIRMAN

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Alan K. Campbell

SUBJECT: New York Times Support for Civil Service Reform

I understand that among those with whom you will be dining on Monday evening is Max Frankel, Editor of the editorial page of the New York Times. I hope you will have the opportunity to express to him your thanks for the fine editorial support which the Times has given to your civil service reform proposals. The editorials which have appeared thus far are attached, and I believe there will be another one on Sunday or Monday urging Congress to act.

The member of the editorial staff who has the civil service reform responsibility is Bob Curvin, and I have talked with him at least twice a week since the proposals were sent to the Hill. He is probably one of the half dozen best informed people in the country about their content and their importance. A mention of this to Frankel would be useful to Curvin.

Attachments

9060

The New York Times

SATURDAY, JULY 15, 1978

Ambushing Civil Service Reform

President Carter's admirable attempt to reform the Civil Service was chugging along nicely in Congress until some House members plotted an ambush. If they can be outrun next week, the new measure promises some intelligent new approaches to management in Government.

The move to limit veterans' preference in hiring and promotion has survived committee action, except that the Administration's proposal to favor veterans for only 10 years was extended to 15. Senate and House committees have also approved highly desirable provisions that would make it easier to discharge incompetent workers and let agency heads select their own staffs. The bill would, for the first time, involve employee unions in the arbitration of disciplinary measures, from pay reductions to dismissals. And a Federal Labor Relations Authority would replace the widely mistrusted Federal Labor Relations Council.

All these proposals are welcome. But now comes the ambush: a proposal to let Government workers vote for the creation of "agency shops," to make union membership mandatory, and to give each of the 3,500 groups representing employees the right to bargain over Government-wide regulations affecting job classification, hiring and pay policies. All these provisions are troublesome.

The trouble with agency shops is that people opposed, on principle, to joining unions might be reluctant to take Federal jobs. The trouble with hampering management on every regulation is that it would add still more red tape to an abundant Federal supply. There is no lack of protection for the rights of Civil Service workers, and so there is no need for the new proposal. If reform does not achieve greater efficiency and productivity, there will have been no point in attempting it.

Toward an Efficient Bureaucracy

President Carter's proposed Civil Service reform is in trouble and he knows it. In a recent major address he urged the states to help him counter an "iron triangle" of Congressional, bureaucratic and special interest opposition to his efforts to make Government work for the majority of citizens.

The main trouble comes from some veteran and employee groups that have been telling Congress the reforms would threaten the security of Government workers. The prospects are already dim for the proposal to limit the veterans' preference to ten years, but most of the President's proposals have no bearing on veterans; they simply aim to upgrade the Federal bureaucracy. The need is clear.

At present, the Civil Service Commission is structurally confused, attempting simultaneously to represent Government bureaus and protect the rights of their employees. The President would replace the commission with three separate agencies: one to manage Federal personnel programs, one to protect the rights of employees and one to handle labor-management relations. The plan would also establish a Senior Executive Corps of highly skilled executives who could transfer between agencies without loss of rank, and it would give agencies more authority to hire and fire. One highly controversial proposal would eliminate automatic pay increases for management personnel, granting them only for merit.

Groups opposing the reforms fear that the senior executive positions and merit pay increases would be manipulated by politicians and return the bureaucracy to the days of the spoils system. Granted, as Alan Campbell, chairman of the Civil Service Commission concedes, any system can be abused, but the proposals carry safeguards against politicization: a special counsel would be established to prosecute those who engage in prohibited personnel practices, standards for performance would be spelled out more clearly than ever before and employees would be guaranteed a hearing by the Merit Systems Protection Board.

When he introduced the proposals in March, the President said they would mean less job security only for incompetent Federal employees, while conscientious civil servants would benefit from a change that recognized and rewarded performance. That is a good reason to enact the proposals. A better reason is that they would give the American people more effective and responsive government.

New York Times
May 30, 1978

The Right Kind of Veterans' Preference

It did not take long for veterans' groups and Federal employee organizations to open fire on President Carter's Civil Service reform proposals. When the President sent his plan to Congress recently, he said he wanted a Government that would respond to the needs of the American people and not be preoccupied with needs of its own. The employee interest groups are now busy telling Congress that their needs come first. That is especially true of veterans who want to maintain preference they enjoy for Federal jobs and promotions. Without strong public support, Civil Service reform will again be blocked.

Veterans' preference dates back to 1865, when Congress gave priority to soldiers, disabled in the Civil War, over civilians for Government jobs. At present, any veteran applying for a Federal job automatically has five points added to his test score. A disabled veteran gets ten points; if more severely disabled, he goes to the top of the list. There is no time limit on use of the preference nor on the number of times it can assist promotion.

The President's proposal would limit veterans' preference to ten years after leaving the service and eliminate it entirely for senior military officers. At the same time, the proposal would strengthen much-needed programs for disabled and Vietnam-era veterans. As the system now operates, Vietnam veterans must compete against older veterans and non-veterans for jobs. As a result, those who most deserve veterans' preference in fact don't get it.

Studies indicate that veterans' preference lowers the quality and efficiency of Government service and undercuts efforts to open more employment opportunities for women and minorities. Veterans comprise only 27 percent of those who pass Federal Civil Service tests—but 41 percent of those hired. On the other hand, women constitute 39 percent of those passing the tests—but only 21 percent of those who get jobs. Frequently, women score near the top in civil service examinations, only to end up near the bottom of appointment lists after preferences are awarded.

To put through the needed reforms, Congress must overcome a powerful lobby of veterans' groups and employee organizations representing 2.1 million Government workers. At the moment, the House Postal and Civil Service Committee, several of whose members represent districts with large Federal installations, seems in no rush to clear this legislation. But surely Congress recognizes that the public wants better Government service. The proposed Civil Service reform can provide it.

New York Times
April 21, 1978

Taming Civil Service

The many Americans who think Federal employees are underworked and overpaid and enjoy excessive benefits sometimes have a point. The Civil Service bureaucracy, always spawning regulations for others to live by, has difficulty living by its own; agencies are poorly managed, hiring policies have little logic, and inefficiency is tolerated because it takes too long to fire the inefficient.

Alan Campbell, the able chairman of the Civil Service Commission, said when he took the helm of the agency last year that he had heard of an employee who was earning $25,000 a year and spent all of his time writing free-lance articles. He found the report was correct—except that the employee was earning $35,000. But what was Mr. Campbell to do about the matter, considering that it was his responsibility both to assure corrective action and protect the rights of the employee? No wonder that he labeled the commission "schizophrenic."

President Carter, following up on a campaign pledge, has now sent to Congress a tough, comprehensive set of reforms aimed at eliminating incompetency, ineffectiveness and confusion in the Federal force of 2.1 million. The Civil Service Commission would be abolished in favor of three agencies: one to manage Federal personnel programs, one to protect employee rights and one to handle labor-management relations.

The President also calls for a senior executive service of 9,000 supervisors who could transfer between agencies without loss of rank—an effort to make Federal employment attractive to well-trained senior managers. Other proposals would give agencies more latitude to hire and fire, reward good work and discipline those who do not perform. The program would also establish a council to protect "whistle-blowers," employees who report waste or wrongdoing in Federal agencies.

The most controversial feature would reduce veterans' preference for Civil Service jobs to ten years. Veterans, even senior officers who retire after a full military career, now enjoy lifetime priority. This preference gives an unfair advantage to men long out of the service and is particularly discriminatory against women. The President would strengthen programs for disabled and Vietnam-era veterans at the same time that the preference for senior officers is entirely eliminated.

The President's proposal is the most sweeping the Civil Service has faced since its inception in 1883. Congress has often resisted efforts to shake up the Federal bureaucracy, unwilling to alienate friendly officials or anger the powerful veterans' lobby. But, in this case, the legislators have good cause to stand up to the inevitable pressures. The President's propsals to make the bureaucracies that serve the nation efficient and responsive are long overdue.

New York Times
March 8, 1978

cabinet meeting 8/7/78

THE WHITE HOUSE
WASHINGTON

> Mid term Conference 12/8-10 Memphis
> Cabinet minutes
> FY 79 Cost reductions - $5B
Veterans pension $7.5 → 10.5 B/5 yrs
> Ohio EPA crackdown
> Turkey - military bases - Emis → CEG
Greece → NATO
> Sam Walker - mandatory retirement
> Management imp. PR - EEOC backlog
black lung claims (DOL), etc
> Energy bills - Nat gas Conf
No COET, import fees → deregs
> Tax bill - possible veto(s) - Tony
> Civil Service - Mathias, Stevens
> Sup. Fiscal Assistance
> CETA
> Dereg / Noise bills
> D2 lands
> Ag / Int / Def (CWD) / PW bills → Veto
Lab / HEW

THE WHITE HOUSE
WASHINGTON

> Foreign aid - church leaders
> Security assist - Turkey, Rhodesia
> Solomon/Griffin/O'Neill/Moore
> Intel Surveillance Act
Lobby reform
Summit followup - FRG 1%?
> Inflation Food 18½% other 8½%
avg 10½
> Namibia/Rhod
> Steel imports - on target
> $ devaluation
> Fiscal response '76 → '80 60 → 30

Record

Aug 15 3:15

THE WHITE HOUSE
WASHINGTON

8/7/78

Mr. President:

Zbig told me today that you requested a NSC meeting for next week. Is this a routine meeting that I could argue for postponement until your retun from vacation or do I need to schedule next week?

Phil

Let's do it
J

THE WHITE HOUSE

WASHINGTON

August 7, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER

SUBJECT: Personal Telephone Calls Concerning the Pope's Death

In case you have not already done so, I would recommend that you make the following two telephone calls to express your sympathy concerning the death of the Pope and asking if we can be of any assistance:

Most Reverend Jean Jadot
Apostolic Delegate to the United States
3339 Massachusetts Avenue, N. W.
Washington, D. C. 20008

333-7121

Most Reverend John R. Quinn
Archbishop of San Francisco
President of the National Conference of Catholic Bishops
445 Church Street
San Francisco, California 94114

415/863-5112. Today, August 7, at 714/295-1843

Both of these gentlemen are addressed as "Archbishop".

We are preparing a text for your consideration in sending letters or telegrams to the Catholic Bishops in each Diocese in the United States. We will forward the recommended text to you later this afternoon.

9017

THE WHITE HOUSE
WASHINGTON

August 7, 1978

Tim Kraft
Jim Gammill

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

Rick Hutcheson

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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

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

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

THE WHITE HOUSE

WASHINGTON

August 3, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT TK
JIM GAMMILL Jim G

SUBJECT: Committee for the Preservation of the White House

The membership of the Committee for the Preservation of the White House is unlimited. Richard Manoogian has recently donated two paintings to the White House, and he is interested in serving on the Committee. He has been a supporter of the DNC. This recommendation to appoint him has been approved by Mrs. Carter and Clement Conger.

RECOMMENDATION:

Appoint Richard Manoogian as a member of the Committee for the Preservation of the White House.

✓ _____ approve _____ disapprove

RICHARD ALEXANDER MANOOGIAN

EDUCATION: Yale University
B. A. Economics, 1958

BUSINESS EXPERIENCE:

1968 to Present: MASCO CORPORATION
Taylor, Michigan
President and Director

Chief Executive Officer of Masco Corporation a diversified manufacturer with annual sales of over $500,000,000. Masco has over 60 manufacturing plants located in the United States and several foreign countries manufacturing a broad line of single and double handle faucets, venting and ventilating equipment and other building and home improvement products; oil and mining drilling tools, scanning monitors, recreational vehicle accessories and other specialty products; and a broad range of industrial component parts manufactured by machining, cold forming, and other related metal-working processes for the truck and trailer, automotive, appliance, mobile home, energy and other industries. The company has approximately 8000 employees and is listed on the New York Stock Exchange.

1958-1968 MASCO CORPORATION
Taylor, Michigan

Executive Vice President and Board Member 1964

Vice President 1962

BUSINESS DIRECTORSHIPS:

EMCO LIMITED
London Ontario
Vice Chairman of the Board
Chairman of the Executive Committee

Emco is a Canadian manufacturer and distributor of plumbing fittings and also produces petroleum handling products with plants in Canada, United States, England, France, Germany, Australia and Japan. Annual sales approximate $200,000,000; listed on the Toronto and Montreal Stock Exchanges.

BUSINESS DIRECTORSHIPS
CONTINUED :

FLINT & WALLING
Kendallville, Indiana
Director

Privately owned manufacturer of water systems and consumer electronics products. Approximate annual sales of $35,000,000.

NATIONAL DETROIT CORPORATION
(National Bank of Detroit)
Detroit, Michigan
Director

Banking organization.

CULTURAL AND EDUCATIONAL ACTIVITIES:

ALEX AND MARIE MANOOGIAN FOUNDATION
Detroit, Michigan
Vice President and Treasurer

ARCHIVES OF AMERICAN ART (SMITHSONIAN INSTITUTE)
New York, New York
Trustee

CENTER FOR CREATIVE STUDIES
Detroit, Michigan
Trustee

DETROIT INSTITUTE OF ARTS
Detroit, Michigan
Trustee

Chairman, Joint Museum Collections Committee
responsible for approving all museum acquisition
Past President, Associates American Wing

CULTURAL AND EDUCATIONAL ACTIVITIES
CONTINUED :

UNIVERSITY-LIGGETT SCHOOL
Grosse Pointe, Michigan
Trustee

Chairman, Investment Committee

YOUNG PRESIDENTS' ORGANIZATION
Member

ACTIVE IN FOLLOWING ORGANIZATIONS:

Armenian General Benevolent Union
United Negro College Fund
Yale Alumni Association
Other Charitable and Civic Groups

CLUB MEMBERSHIPS:

Chub Cay Club
Detroit Athletic Club
Detroit Club
Grosse Pointe Club
Grosse Pointe Hunt Club
Grosse Pointe Yacht Club
Palm Bay Club

PERSONAL:

Business Address:	21001 Van Born Road Taylor, Michigan 48180 (313) 274-7400
Residence Address:	204 Provencal Road Grosse Pointe Farms, MI 48236 (313) 886-1500
Military Service:	Michigan Air National Guard 1959-6
Birthdate:	July 30, 1936, Long Branch, New Jer
Marital Status:	Divorced, three children
Recreational Interests:	Tennis and Boating

DING TERMINATION DATE

VOL. X P. 520

Records
PV (EOP)
PV (RO)
Handbook
Gen, Index

COMMITTEE FOR THE PRESERVATION OF THE WHITE HOUSE

AUTHORITY: ADD: Executive Order 11948, December 20, 1976

METHOD:

MEMBERS:

CHAIRMAN:

TERM:

SALARY:

PURPOSE:

TERMINATION: Strike 11827, 1/4/75, and January 5, 1977 and insert 11948, 12/20/76 and December 31, 1978, respectively.

COMMITTEE FOR THE PRESERVATION OF THE WHITE HOUSE

Independent

AUTHORITY: Executive Order 11145, March 7, 1964
Executive Order 11565, October 13, 1970
Executive Order 11827, January 4, 1975

METHOD: Ex officio and appointed by the President

MEMBERS: Director of the National Park Service
Curator of the White House
Secretary of the Smithsonian Institution
Chairman of the Commission of Fine Arts
Director of the National Gallery of Art
Chief Usher of the White House
AND
~~SEVEN other members appointed by the President~~
so many other members as the President may from time to time appoint.

CHAIRMAN: Director of the National Park Service

Executive Secretary: The Director of the National Park Service shall designate an employee of that Service to act as an Executive Secretary of the Committee.

TERM: Not indicated (Appointed members apparently serve at the pleasure of the President.)

SALARY: Serve without compensation

PURPOSE: Committee shall report to the President and shall advise the Director of the National Park Service with respect to the discharge of his responsibility for the preservation and the interpretation of the museum character of the principal corridor on the ground floor and the principal public rooms on the first floor of the White House.

TERMINATION: E.O. 11827, 1/4/75, continues the committee until January 5, 1977 unless otherwise sooner terminated.

THE WHITE HOUSE
WASHINGTON
August 7, 1978

Frank Moore

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

Rick Hutcheson

Frank
J

MEETING WITH CONGRESSMAN JAMES CORMAN

Background

Congressman Corman is concerned that the chances for passing a COET-type tax the beginning of next year will be lessened by passage of the natural gas bill this year. He reasons that in order to secure the needed support of producers for passage of COET next year, a producer oriented, phased-deregulation gas bill will also be needed. He indicated to the Vice President that he would be willing to help now if he is convinced that, on balance, the chances for passage of a COET-type tax in the next session will not be diminished by passage of the gas bill this year.

Talking Points

- The kind of natural gas bill that would be passed next year would be far more costly to consumers than the compromise proposal now before the Conferees.

  - o The House, as a whole, is increaslingly moving towards the position of decontrol.

  - o The natural gas bill passed the House over a year ago by only 19 votes.

- o Just several weeks ago, Congressman Wright appeared to have at least a 50 vote margin to deregulate over one-fourth of the nation's oil production.

- o Today, every knowledgable observer thinks the House would pass a Pearson-Bentsen type deregulation bill.

- The real leverage in enacting a COET-type tax next year will come from the discretionary authority on oil pricing that becomes available in May of 1979.

  - o Once the industry realizes they will receive no additional incentives under the discretionary authority until a COET-type tax is enacted, the producing interests in the Congress will be very interested in passage of a crude oil tax that could look very much like COET.

  - o It is this use of the discretionary oil pricing authority, as opposed to passage of a natural gas bill, that will provide the leverage for enactment of the kind of tax that Corman feels is essential.

THE WHITE HOUSE
WASHINGTON

8-7-78

To Lipshutz
Call Fred Briggs re
copyright of my
Sunday School lessons.
ok to distribute & use
them. no commercialization

JC

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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

		ADAMS
		ANDRUS
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		PETERSON
		PETTIGREW
		PRESS
		RAFSHOON
		SCHNEIDERS
		VOORDE
		WARREN
		WISE

THE WHITE HOUSE
WASHINGTON

8-5-78

To Fran

Will I be in Wash 9/24?

J

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		MOE
		PETERSON
		PETTIGREW
		PRESS
		RAFSHOON
		SCHNEIDERS
✓		VOORDE
		WARREN
	✓	WISE

THE WHITE HOUSE
WASHINGTON

August 7, 1978

Stu Eizenstat

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

Rick Hutcheson

DOMESTIC POLICY WEEKLY REPORT

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
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		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

C

THE WHITE HOUSE

WASHINGTON

August 4, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: Domestic Policy Staff Weekly Status Report

HUMAN RESOURCES

CHAP: The full House Commerce Committee reported a CHAP bill that is substantially costlier than the Administration's bill. Senate Finance, which has scheduled hearings for August 14, is likely to report a far more restrictive bill.

Hospital Cost Containment: The Finance Committee reported only a limited Medicare-Medicaid reimbursement bill. HEW believes the bill does little that the Department cannot do administratively and may even cost the government money in the next two years. Senators Kennedy and Nelson will offer an amendment on the floor broadening the Talmadge bill. Long says he may support such an amendment, but Talmadge apparently will not. Therefore the chances of success are slim.

Veto bait

Vietnam Veterans PRM: We are currently considering the details for public presentation of PRM directives, which will probably include a message to Congress and a small White House ceremony to be followed by convening of the Veterans Federal Coordinating Committee and a series of special recognition events for this fall. We expect to brief the Vietnam Veterans Caucus prior to presentation.

Expedite - may help c̄ Vet Pref on Civil Serv reform

Veterans Pension: We attended a meeting this week with VA and OMB to discuss our strategy on the bill before and during conference. We decided to have Jim McIntyre and Max Cleland send a joint letter to the leaders indicating areas of concern and compromise and later inviting the strategic members of the conference committee to a White House meeting with you. We think we can get a reasonable and responsible bill out of conference.

ERISA: PRP, DOL, and Treasury have sent to you their recommendations on ERISA paperwork reductions and resolution of a long-standing jurisdictional dispute. With your approval, announcement of these reforms will be made next week.

Welfare Reform: The Moynihan/Cranston/Long fiscal relief cum welfare reform bill is stalled at the drafting stage because of minor policy differences, but most indications are that the bill will be a serious problem.

NATURAL RESOURCES

Water Policy: Hearings may be held within a week or so on the water policy in the Senate Environment and Public Works Committee.

Endangered Species: We are working with Dingell to attempt to obtain a strengthened Culver-Baker amendment in the House.

Alaska d(2) Lands: Senator Steven's proposal falls far short of acceptability. Committee mark-up continues in the Senate, but most of the critical issues have not yet been taken up. We are still working with Interior and Justice on "contingency plans."

Omnibus Parks Bill: We are developing an acceptable agreement with Burton and Abourezk for a compromise bill.

International Application of National Environmental Policy Act to U.S. Activities: You will receive a memorandum next week concerning a proposed Executive Order prepared by State and CEQ under Bob Lipshutz' coordination.

ENERGY

Solar Domestic Policy Review: Proceeding on schedule.

CRBR: The DOE Authorization bill, which contains the CRBR provision, is likely to be withheld from the floor of both House and Senate until disposition of natural gas.

Dole Amendment: Treasury Appropriations bill conferees will not be named until after disposition of natural gas.

NEP: Working with Schlesinger and Moore to secure signature of natural gas conference report. Situation delicate and will require your involvement.

URBAN POLICY

We continue to work with Frank and Anne to move major urban initiatives through the Congress. Focusing on Supplemental Fiscal Assistance, Labor Intensive Public Works and State Incentive Program.

Secretary Brown is appealing your urban policy decision to target a limited amount of Defense procurement to high unemployment areas. Memorandum from Secretary Brown and me will be to you soon.

GOVERNMENT REFORM

Civil Service: House floor consideration is expected between August 11 and 15. We continue to work with Scotty Campbell and Frank's staff on policy changes made by the Congress per our memo to you of August 1. On Monday August 7, Scotty meets with Udall to talk about the labor relations title and an amendment procedure Udall will find acceptable. With regard to the SES, a strange development occurred when the committee report on the House bill differed from the language of the amendment voted in committee. As will be reported from committee, the Spellman amendment states that the SES will go into effect after two years unless a concurrent resolution does not give us the full SES immediately (but it is at least better than the original Spellman amendment).

Lobby Reform: Ribicoff, Percy and Javits have not been able to work out a compromise with Muskie and Mathias. Thus the lobby reform bill is still at an impasse in the Senate Governmental Affairs Committee and another floor manager has not stepped forward. A memo to you on this shortly.

Flexi-Time Bill: The bill we support to allow greater experimentation with the working hours of Federal employees has passed the House and have been voted out of the Senate Governmental Affairs Committee. The bill is supported by womens groups and others, and we are working with Senate staff.

AGRICULTURE AND RURAL DEVELOPMENT

1979 Wheat Program: This program is to be announced by Secretary Bergland by August 15th. Although farm prices and farm income are much improved over last year, as you know, failure to restrain production will have a depressing effect on farm prices. A decision memo will come to you late next week.

Meat Import Legislation: Congressman Vanik's Trade Subcommittee will mark-up a bill amending the Meat Import Act next week. We will be asking you for advice regarding the Administration's position in a decision memo.

Sugar: The House Agriculture Committee has reported out a slightly scaled down (though still very expensive) version of the Church/de la Garza Bill. Congressman Vanik will soon introduce a modified version of the original Administration proposal.

EMPLOYMENT

Humphrey-Hawkins: This bill will be on the Senate floor soon, when we will need to undertake a substantial effort to defeat unrealistic amendments on inflation and GNP goals, and legislative vetoes. A memo outlining options on strategies for dealing with these amendments is on its way to you.

CETA Reauthorization: A vote is expected in the House next week on CETA reauthorization.

THE WHITE HOUSE
WASHINGTON

Auguust 7, 1978

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

Rick Hutcheson

cc: Phil Wise
Fran Voorde

THE WHITE HOUSE

WASHINGTON

August 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON Jack

SUBJECT: Status Report for the Week Ending August 5, 1978

Distribution of Cabinet Minutes

Last week, you noted the "for your eyes only" restriction on the July 24th Cabinet Minutes cover memorandum from me by asking, "Why not do this every time?" I have been so limiting distribution of the Minutes for the last five Cabinet meetings and will continue to do so. Good

Ambassador Henry Owen to Attend Cabinet Meetings

Mike Blumenthal, Charlie Schultze and Stu recommended that Henry Owen be permitted to attend Cabinet meetings because of our frequent discussions of international monetary and financial policy. Rather than bother you with this, I invited Henry to attend Monday's Cabinet meeting. If you have no objection, I shall suggest that he attend regularly. We have too many already - no

Mayors' Support for Supplemental Fiscal Assistance and Civil Service Reform

My office has arranged with the U.S. Conference of Mayors for Coleman Young to lead a delegation of fifteen big-city mayors from all over the country to Washington to lobby for the Supplemental Fiscal Assistance piece of your urban policy. While he is here, Coleman has also agreed to speak publicly in favor of your civil service reform bill. I am trying to arrange with Phil Wise for a brief meeting of the mayors with you on Wednesday morning (after your return from New York), after which Coleman, Ken Gibson and others will brief the press. Anne, Stu and Frank Moore all agree that such a meeting would be extremely helpful. ok

I intend to follow up on this initiative with a similar effort by urban county leaders. I am working closely with Stu, Anne and Frank on all these efforts.

B-1 Bomber Decision--Economic Impact Less Severe Than Predicted

The Department of Commerce's Economic Development Administration just reported to me on a Defense and Labor study showing that the B-1 bomber decision did not severely impact the aerospace industry in Los Angeles or Orange County. Although the decision will result in lay-offs of approximately 14,000 Rockwell International employees, substantial new hiring by Northrup, Hughes, United and Boeing already underway and scheduled for the next five years means there will be only marginal economic impact of the decision in the area. Good

Federal assistance will, therefore, be limited to providing loan guarantees through the state to provide "bridge" financing for those individuals and families who find themselves between jobs. This approach has the full support of the B-1 Interagency Monitoring Committee (composed of EDA, DOL, DOD and the Arms Control and Disarmament Agency.)

Federal EEO Guidelines on Employee Selection Procedures

On Friday, I was briefed on a precedent-setting agreement, under Title VII of the 1964 Civil Rights Act, between EEOC, the Civil Service Commission, Justice and Labor establishing government-wide guidelines on employee selection procedures. The guidelines address the problem of selection methods (tests, etc.) which have an adverse impact on minority groups. For years, the Federal government has been operating with two conflicting sets of guidelines. We will now have one mutually agreed upon set of guidelines, and the agencies are quite proud of their achievement.

Although there has been extensive consultation with private and public employers in the drafting of the guidelines, only time will tell whether they are received as an act of reasonable government regulation or as another example of unwarranted intervention. At my request, Eleanor Holmes Norton will be the single spokesperson on these guidelines and will conduct extensive background briefings with selected reporters.

Sunset Parade

Thank you for going to the Sunset Parade on Friday night; I appreciate it very much. Needless to say, your presence meant a great deal to General and Mrs. Wilson and to Marines everywhere (including this one). It was great!

The Weekly Reports of the Cabinet for the week ending August 5 are attached.

cc: The Vice President

C

THE WHITE HOUSE

WASHINGTON

August 6, 1978

Mr. President:

I will miss tomorrow's Cabinet meeting and Senior Staff luncheon. I will be at Cape Canaveral fulfilling a long-standing commitment to NASA and my son to watch a rocket-launching and tour the Kennedy Space Center. I will return late Monday afternoon.

Stu

Stu Eizenstat

8:30 AM

THE WHITE HOUSE

WASHINGTON

MEETING WITH SENATOR KANEASTER HODGES
Monday, August 7, 1978
8:30 a.m. (15 minutes)
The Oval Office

From: Frank Moore FM/a

I. PURPOSE

To discuss tuition tax credits.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senator Hodges supports the Administration's position on tuitiion tax credits and would like to take a lead role. He would like to discuss this personally with you.

B. Participants: The President
Senator Hodges
Frank Moore

C. Press Plan: White House Photo only.

III. TALKING POINTS

See Memo attached.

IV. ADDITIONAL INFORMATION

The Senator serves on the following Committees:

Committee on Agriculture, Nutrition and Forestry (11)
- Subcommittee on Agricultural Production, Marketing and Stabilization of Prices
- Subcommittee on Foreign Agricultural Policy
- Subcommittee on Nutrition

Committee on Environment and Public Works (9)
- Subcommittee on Regional and Community Development
- Subcommittee on Resource Protection
- Subcommittee on Nuclear Regulation

Wife: Lindley

TALKING POINTS

THE WHITE HOUSE

WASHINGTON

August 6, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT By D. Rubenstein

SUBJECT: Talking Points for Meeting with Senator Hodges

BACKGROUND

Senator Hodges wants to meet with you to let you know of his opposition to tuition tax credits for elementary and secondary schools and to seek support for his efforts to help lead the Senate Floor effort against such credits. With Senator Hollings, he will be offering an amendment on the Senate Floor to delete elementary and secondary school tuition tax credits from the bill which passed the Senate Finance Committee last week.

On Friday, both Senators held a press conference to announce their opposition to such tax credits. Hodges stated that his opposition was due to concerns about the separation of Church and State and the probability of increasing public school desegregation. (Senator Hodges' children attend D.C. public schools). The Senator is less concerned about college tuition tax credits and has not indicated public opposition.

The legislative status of tuition tax credits is as follows: The House has already passed a tuition tax credit bill that would include elementary and secondary schools as well as colleges. Last week, the Senate Budget Committee unfavorably reported to the Senate the Packwood-Moynihan bill. Two days later, on August 3, the Senate Finance Committee hastily revised the Packwood-Moynihan bill, scaling down its costs by about one-third but retaining credits for elementary and secondary schools.

The cost is still considerable. The Finance Committee bill would provide a $250 tax credit for elementary and secondary school tuition and a $500 tax credit for college tuition (phased-in over three years, beginning with a $250 credit). Estimated costs: FY '80 - $1.5 billion; FY '81 - $2.5 billion; FY '82 - $2.9 billion.

At this point, the effort to defeat a tuition tax credit bill in the Senate does not look promising, though there is a reasonably good chance that the elementary and secondary credit may be deleted. It is too early to know whether a separate tax credit bill will be passed, as opposed to a tuition tax credit which will be welded onto other tax legislation.

TALKING POINTS

1. I know that you held a press conference on tuition tax credits with Senator Hollings on Friday and I appreciate your efforts to delete the elementary and secondary tuition tax credit from the bill.

2. I believe the elementary and secondary school credit is unconstitutional, and I will not sign a bill which contains such a credit, as I have said publicly many times. I also share your view that, aside from the unconstitutionality, such credits are unsound education policy.

3. I will support Senator Hollings' and your efforts on the Senate Floor to delete the elementary and secondary credits, and I will try to help in any way I can.

4. I am also greatly concerned though, about the college tuition tax credit. It is an extremely expensive, untargeted way to deal with the problem of increased educational costs. That problem can be better solved by direct grants, which are targeted to low-income families most in need. I have proposed legislation which would: (a) bring students from families with incomes of $25,000 or less into the Basic Grants Program; (b) raise the ceiling on an individual Basic Grant to $1,800; (c) increase funding for the campus-based federal aid programs; and (d) remove all family income restrictions on federal interest subsidy in the Guaranteed Student Loan Program. I have also requested $1.4 billion new money for the federal student aid program contingent upon passage of the student aid authorizing legislation.

5. I would appreciate your support for our efforts to defeat the college tuition tax credit and to pass the Middle Income Assistance Act in its stead. Senators Eagleton and Chiles will be leading those efforts.

6. In deciding what to do on the college credits, you might have HEW review the details of our program with you. You might also take a look at a recent Roper poll, which indicated that tuition tax credits are not as popular as many had thought. The survey found that:

   - 64% oppose tuition tax credit for elementary and secondary schools;
   - Only 9% favor a $250 tax credit for college tuition; only 14% favor such a credit for families with incomes below $25,000;
   - 34% favor the Carter program of increased grants.

THE WHITE HOUSE

WASHINGTON

August 7, 1978

The Vice President
Hamilton Jordan
Stu Eizenstat
Jody Powell
Jack Watson
Anne Wexler
Jim McIntyre
Charlie Schultze
Joe Aragon
Landon Butler
Esther Peterson

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

Rick Hutcheson

ANTI-INFLATION EFFORTS

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

dont include his cover note

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

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

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

THE WHITE HOUSE

WASHINGTON

August 4, 1978

Mr. President:

I am modestly encouraged by the results we have had in reaching out to community groups in the cities we have visited.

There is a reservoir of concern and willingness to help, but not enough understanding of the details of our efforts.

While continuing to examine adjustments to our economic approach, we are proceeding actively with the outreach efforts.

Robert S. Strauss

Bob

4054

THE WHITE HOUSE

WASHINGTON

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Robert S. Strauss

RE: Weekly Summary

Administration's Anti-Inflation Efforts
July 29 - August 4, 1978

REGIONAL FORUMS

As you know, Kling and others are making exploratory trips to Hartford, Minneapolis, St. Louis and other cities to consider community deceleration meetings.

We have found a surprisingly good response to our contemplated program of having Schultze, myself, Kling and others put on a one day meeting to highlight Government efforts to date and what the private sector can do.

The surprising element is the degree to which community leaders are unaware of what we have already done and what we are asking them to do. Therefore, prior to such meetings, we will invite a group of leaders from each community to come to the White House for a planning meeting which will insure their commitment and responsibility for planning the local meetings.

I was skeptical of the program at first because I was concerned it would not be substantive enough, but I am becoming convinced that it will have a positive impact.

BUSINESS

This week we announced a number of additional corporate commitments to the deceleration program.

The meetings that Kling, Selig and Gerson have had with the American Institute of Certified Public Accountants, Financial Executives Institute, National Retail Merchants Association and other such groups have convinced us of the desire of such organizations to support our efforts. Many of the Board meetings and annual meetings of such groups will occur in the early Fall and we expect important additional commitments.

Kling, Wexler, Butler, myself and others are convinced we need to give more visability to our efforts. The payoffs could be considerable. I am asking Kling to meet with business and labor leaders that have been supportive in the past to seek their help in setting up a series of low-key meetings across the country. By sending just one or two Administration representatives, we can greatly expand the awareness of our program.

This effort will be coordinated with the Inflation Speakers Bureau being developed by Joe Aragon.

BUDGET

The EPG met this week to plan follow-through on the decision to cut up to $5 billion from FY 79 outlays.

At the direction of the Working Group on Efficiency and Cost Reduction, OMB has been holding internal reviews to locate cost reduction targets within all of the major agencies. The senior OMB staff will be asked to discuss this with the Departments. It would be very helpful if you mentioned this effort at the Monday Cabinet meeting (a memorandum has been sent to Jack Watson on this).

LEGISLATION AND REGULATIONS

The EPG duputies are progressing in the staff work on the Marshall anti-inflation plan, tax-incentive options, regulatory reform and Social Security options. The Anti-Trust Division is drafting papers for the EPG on the possible contribution of anti-trust enforcement and legislation to our efforts.

PUBLIC OUTREACH

Esther Peterson has been in touch with Charlie Schultze on the idea of promoting savings bonds as an anti-inflation measure.

Esther has also been meeting with local consumer offices in an attempt to secure their help on disseminating anti-inflation information.

CONGRESSIONAL TESTIMONY

Jim McIntyre, in his testimony before the House Budget Committee, discussed the Administration's anti-inflation policies.

CONFERENCES

As I am sure you know, plans for your meeting early next week with the leadership of the National Association of Manufacturers and the Chamber of Commerce are being finalized. Jerry Jasinowski has been working closely with these two organizations to develop a positive and supportive statement on their part for the administration's budget, anti-inflation and regulatory policies.

CONCLUSION

I am increasingly convinced that our efforts to reach out to various constituencies for support will be rewarded with a positive payoff.

THE WHITE HOUSE
WASHINGTON

August 7, 1978

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

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Jody Powell
Anne Wexler
Jerry Rafshoon

MANAGEMENT IMPROVEMENT

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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

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

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

		ARAGON
		BOURNE
		BUTLER
		H. CARTER
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		HUTCHESON
		JAGODA
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		PRESS
	✓	RAFSHOON
		SCHNEIDERS
		VOORDE
		WARREN
		WISE

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

Jim
J

4 AUG 1978

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. Jim

SUBJECT: Management Improvement

Several management improvement initiatives are underway or planned within the departments and agencies which will result in improved service delivery to the public. Such things as reducing backlogs and processing delays to provide timelier service, or permitting multiyear funding to provide more stable fiscal planning at the local level all go directly to your campaign promises to make government work better. They also address the "Proposition 13" sentiment that governmental services must be provided without additional dollars. Yet these improvements are not receiving the visibility they deserve.

Bringing these efforts to the attention of the public in a visible, understandable way will buttress your reputation as a competent manager who cares about--and is doing something about--making government work better.

Briefly, I recommend an approach along the following lines:

First, you might reaffirm at a cabinet meeting your concern for improving the operation of government and indicate your desire to become personally involved--on a selective basis--in recognizing significant improvement initiatives, perhaps at field sites where they are actually implemented. You would direct OMB to coordinate this effort.

My reorganization and management staff would then take the lead in a low-key effort, working closely with selected agencies, to identify significant improvements instituted by this Administration. We would focus on three principal criteria:

-- initiatives that clearly represent a major objective of your Administration, such as improving some aspect of direct service delivery;

-- initiatives that respond to major problems identified in the Congressional Casework Survey;

-- initiatives undertaken in response to specific Presidential direction to fix a problem.

I have in mind these examples of the kinds of initiatives to be highlighted:

- The Labor Department's plan to open temporary field offices to expedite the processing of Black Lung claims.

- The Immigration and Naturalization Service's efforts to increase responsiveness.

- The Veterans Administration's attempts to raise employee morale and to stress the service orientation of the agency's mission as a means of directly improving the quality of service to veterans.

- The EEOC's management systems changes to reduce backlogs.

Once we have documented thoroughly the improvements attributable to the management reforms (in terms of increased service levels, reduced costs, greater client satisfaction, etc.) we would work with Jerry Rafshoon and others to prepare a comprehensive prospectus for your participation in an event to recognize the improvement. The prospectus would summarize the substance of the improvements, weigh the pros and cons of your personal participation, provide different approaches to participation and site alternatives, and other information pertinent to a decision. If you should approve the prospectus, we would work closely with the White House staff to develop the timing and nature of your involvement.

PRESIDENTIAL ACTION:

Approve ✓ Disapprove _____ Discuss _____

cc: Jerry Rafshoon

THE WHITE HOUSE

WASHINGTON

Date: August 5

MEMORANDUM

FOR ACTION:

FOR INFORMATION:

Vice President
Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson
Anne Wexler
Jerry Rafshoon

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

McIntyre memo re Management Improvement

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

DAY:

DATE:

ACTION REQUESTED:

____ **Your comments**

Other:

STAFF RESPONSE:

____ **I concur.** ____ **No comment.**

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE
WASHINGTON
August 7, 1978

Tim Kraft
Jim Gammill

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

August 3, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT TK
JIM GAMMILL Jim G

SUBJECT: Board of Directors of the Student Loan Marketing Association (Sallie Mae)

The Student Loan Marketing Association (Sallie Mae) is a private corporation created by Congress in 1972 to serve as a secondary market and warehousing facility for guaranteed student loans. Sallie Mae offers liquidity to lenders in the Guaranteed Student Loan Program through its Warehousing Advance and Loan Purchase Programs.

The Board of Directors is made up of twenty-one members. Seven members are elected by stockholders representing educational institutions, seven are elected by stockholders representing financial institutions, and seven members, including the Chairman, are appointed by you to represent the public sector. Members appointed by you serve at your pleasure.

On June 28, 1978, you appointed five members to the Board of Directors. There is presently a vacancy on the Board of Directors and we recommend Tom Holloway Riddell, Jr.

Tom Holloway Riddell, Jr. (Mississippi):
Mr. Riddell is a farmer and operates a cotton gin in Madison County, Mississippi. He is a member of the Board of Directors of the Mississippi Bank and owner of T & H Equipment Company in Canton. He is a member of the Mississippi Agriculture and Industrial Board and is presently serving as Co-Chairman of the State Democratic Executive Committee. Recommended by Senators Eastland and Stennis. He was also recommended by the Mississippi Congressional delegation.

RECOMMENDATION:

Appoint Tom Holloway Riddell, Jr. to the Board of Directors of the Student Loan Marketing Association.

✓ _____ approve _____ disapprove

RESUME

PERSONAL

Tom Holloway Riddell, Jr.

Height:	5'10"
Weight:	180
Home:	362 East North Street Canton, Mississippi
Telephone:	601-859-2159
Born:	July 8, 1924 Canton, Mississippi
Marital Status:	Married - 6 children - 5 grandchildren
Religious Affiliation:	Presbyterian

EDUCATION

Attended Canton Public Schools - 11 years

Graduated from Georgia Military Academy of College, Park, Georgia

Attended The Citadel, Charleston, South Carolina - 1 year - until called for Army service - Rejected for health reasons.

OCCUPATION

Farmer:
My brother and I are partners in a farming operation producing approximately 3300 acres of cotton.

Ginner:
Operate Cotton Gin in Madison County.

Banker:
Member, Board of Directors, The Mississippi Bank, Jackson and Canton, Mississippi.

Equipment Dealer:
Sole owner, T & H Equipment Company, Canton, Mississippi. 25 years' experience in livestock and equipment business throughout Mississippi.

POSITIONS

1950 - 1977	Member, County Democratic Committee.
1966 - 1978	Chairman, Democratic County Committee.
1960 - 1968	Member, County Election Committee.
1964 - Present	State Democratic Executive Committee
1964	Delegate to Democratic National Convention, Atlantic City, New Jersey.
1972 - 1976	Chairman, State Democratic Executive Committee.
1976	Delegate to Democratic National Convention. New York, New York.
1976	Actively campaigned for Carter-Mondale Ticket.
1977 - Present	Co-Chairman, State Democratic Executive Committee.

Actively participated in campaigns of: Senators James O. Eastland and John C. Stennis; Congressman Sonny Montgomery; Governors Paul B. Johnson, Jr., John Bell Williams, William Waller and Cliff Finch.

Served for 9 years on Mississippi Game and Fish Commission. Part of Service was as Chairman.

Member, Mississippi Agriculture and Industrial Board. Served as Chairman of Agriculture and Industrial Board by appointment of Governor William Waller.

Presently serving as Member of Agriculture and Industrial Board by appointment of Governor Cliff Finch.