3/30/77 [2]

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THE WHITE HOUSE
WASHINGTON

March 30, 1977

Barry Jagoda -

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

Rick Hutcheson

cc: Eliska Hasek

Re: Message Humanities Dinner in honor of Saul Bellow

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		FOR STAFFING
		FOR INFORMATION
X		FROM PRESIDENT'S OUTBOX
		LOG IN/TO PRESIDENT TODAY
		IMMEDIATE TURNAROUND
		ENROLLED BILL
		AGENCY BILL
		Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.
		CAB DECISION
		EXECUTIVE ORDER
		Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI	
		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HOYT
		HUTCHESON
X		JAGODA
		KING
		KRAFT
		LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BARRY JAGODA B.J.

SUBJECT: Meeting 11:00 am Wednesday, March 30.

Your Humanities Endowment Selection Committee will present a short report on its work to find general direction for the National Endowment for the Humanities, and will present recommendations on a new Chairperson.

The Committee is composed of:

Elisabeth Sifton,	a New York book editor
June Bingham,	a Washington writer
Dr. Wm. Goetzmann,	Pulitzer Prize historian from the University of Texas
Dr. Hugh Gloster,	President, Morehouse College
Mr. Roger Kennedy,	Director of Arts and Humanities, Ford Foundation, New York City

The press will be present for the first minute or two. You might make a brief statement of thanks to the committee for helping in this process along with a comment about your strong commitment for the humanities.

For your information, attached is a draft message to be sent for an Endowment Wednesday night dinner honoring Saul Bellow.

# # # # #

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ok
J

DRAFT - FOR HUMANITIES ENDOWMENT JEFFERSON LECTURE

Rosalynn and I send warmest greetings to all those who attend the National Endowment for the Humanities Dinner honoring the Sixth Annual Jefferson Lecture. We also express our heartfelt good wishes to this year's guest speaker, Saul Bellow, whose participation adds so much distinction to this program.

Ialso welcome the opportunity to pledge the Carter Administration's strong support for the humanities, which must have an ever-widening role in the enrichment of our daily lives. My Administration is determined to seek broadened public participation in humanities programs so that we can put the wealth of our scholarship and academic accomplishments to the best possible use and apply the learning we have acquired to productive discussion of contemporary values and critical public issues.

I believe that to be truly effective, humanities programs must keep alive the wisdom of the past and apply it to developing the wisdom of our generation so that we may continue to build in the spirit of our ancestors a better, more just, and more responsive social order.

# # # # #

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THE WHITE HOUSE

WASHINGTON

March 29, 1977

NATIONAL WOMEN'S POLITICAL CAUCUS RECEPTION
Wednesday, March 30, 1977
6:45 p.m. (15 minutes)
The Corcoran Gallery

From: MARGARET COSTANZA

I. PURPOSE

Major National fund-raising event to honor women in government

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: National Women's Political Caucus holds a major National fund-raising event annually to honor women in government. The President met with the NWPC in Plains in January to discuss appointments for women. On March 10 the President met with an ad hoc coalition of women to discuss both appointments and issues. This coalition has as its basis the NWPC and during the March 10 meeting it was agreed that there would be weekly meetings at the White House with women's groups.

B. Participants: The President and Mrs. Carter; members of the Caucus and supporters (including many elected officials).

C. Press Plan: Press coverage to be coordinated with the Press Office

III. TALKING POINTS

1. International Women's Year Commission -- The President has recently signed off on a list of recommendations for appointment to the IWY Commission. He will be expanding that Commission by Executive Order from 35 members to 42 members. The appointments represent a broad spectrum of ethnic/racial backgrounds and interest group/political/professional affiliations. Bella Abzug of the NWPC has been considered for Chairperson of the Commission.

2. Appointments -- The coalition is happy with the caliber of women named to top positions within government, but feel that not enough has been done in this area. Representatives of the group asked Hamilton Jordan during a recent meeting to provide a written monthly report from Presidential Personnel indicating progress in the hiring of women; they hope that Cabinet Secretaries will be asked to feed such information into Presidential Personnel. The group requested that Cabinet Secretaries name a liaison for women's issues in each agency. They have also made it known that they would like to see a woman named to head up the Civil Rights Divisions of HEW and Justice, as well as the Office of Federal Contract Compliance and the EEOC (they hope Eleanor Holmes Norton is being considered for the EEOC spot);have asked for Cabinet-level women's advocate.

3. ERA -- The President might want to bring coalition up to date on any plans for pushing the passage of ERA. The coalition will be requesting a more organized, on-going effort in this area.

THE WHITE HOUSE
WASHINGTON

March 30, 1977

Fran Voorde
Jody Powell

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

Rick Hutcheson

Re: President's Remarks in Clinton

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
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		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
	X	POWELL
		WATSON

	FOR STAFFING
	FOR INFORMATION
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		KRAFT
		LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
	X	VOORDE

3/25/77

THE WHITE HOUSE
WASHINGTON

Mr. President -

I agree with Fran. I think your point is that no person is intelligent or able enough to do the job alone.

Jim

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THE PRESIDENT HAS SEEN.

Should have said "you all" C

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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March 22, 1977

TO: Jody

FROM: Fran fran

RE: President's Remarks in Clinton --- Attached.

I'd like to recommend you suggest to the President he tone down the one thought I've highlighted. Two "plain" folks from home mentioned it to me, and I have a gut feeling about it, that the majority of average citizens who voted for him want to think he does have more intelligence and ability than they do.

The other part is fine ---- needing their help, advice - partnership, etc.

Thanks.

there, a good friend of mine. He is helping a great deal with the welfare program. But the thing all of us have to fall back on is you. The thing all of us have to fall back on are people like you.

I would like to leave tonight by reminding you that we are partners. I don't have anymore intelligence or ability than you do. I have been elected President because of the confidence of the American people, but I need your help, I need your prayers, I need your advice and I also need and welcome your tough criticisms when I make a mistake. And I am going to try to serve out my own Administration by staying close to you. It is not an easy thing for a President to stay close to the people. But I am going to do my best. And I hope that you will help me overcome my difficulties and learn when I am ignorant about your needs and repair the damage that might occur that separates me from you so that we can work together to realize the greatness of our country which exceeds that of any other nation on earth.

Thank you very much.

THE WHITE HOUSE
WASHINGTON

3-30-77

To Dinah Shore

It was good to hear from you again, & I appreciate your invitation.

You've always been one of my favorite people, & I look forward to a chance to visit a typical Tennessean in Beverly Hills—

Jimmy

THE PRESIDENT HAS SEEN.

Dear Mr. President:

I know you said you really only wanted to hear from us out here if we had some suggestions or criticisms of the way things seemed to be going in Washington, but I can't think of a single thing you are doing wrong and I think it is nice to know that too.

If in the course of your visits around the country you continue to visit your constituents in homes representative of the population of that certain area, I respectfully submit my home as typical of this area as opposed to the temptations of glorious downtown Burbank or Belair. I have fulfilled the requirements of this area - the regulation - modestly pretentious - tennis court and swimming pool, one live in help, one on call, three dogs and the right political affiliation.

Congratulations!

Warm and affectionate regards -

Always,

Dinah Shore

March 21, 1977

916 Oxford Way
Beverly Hills, California 90210

*Dinah

THE WHITE HOUSE
WASHINGTON

March 30, 1977

Hamilton Jordan

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

Rick Hutcheson

Re: Designation of State Department (ACDA) Officials for Ambassadorial Rank

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
✓		JORDAN
		LIPSHUTZ
		MOORE
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		WATSON

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		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN HJ.

SUBJECT: DESIGNATION OF STATE DEPARTMENT (ACDA) OFFICIALS FOR AMBASSADORIAL RANK

Secretary Vance has recommended that we accord Ambassadorial rank to Ralph Earle and Adrian Fisher of the Arms Control and Disarmament Agency.

Adrian Fisher is Paul Warnke's choice to be the U. S. Representative to the Conference of the Committe on Disarmament in Geneva. Zbig thinks highly of Fisher and agrees with the proposed appointment. State Department is requesting that Fisher be accorded the rank of Ambassador to give more visibility and prestige to the post.

Ralph Earle is Warnke's choice as Alternate Chairman of the U.S. SALT Delegation in Geneva. He also recommends the rank of Ambassador for Mr. Earle for basically the same reasons he recommends it for Fisher.

If you approve Ambassadorial rank for Fisher and Earle, we will have the appropriate papers prepared. Both will require confirmation by the Senate since they will be serving in these positions for more than 6 months.

Approve Ambassadorial Rank for Fisher ✓ Disapprove _____

Approve Ambassadorial Rank for Earle ✓ Disapprove _____

Attachments:
Warnke Recommendations

F. C.

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UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY
WASHINGTON

OFFICE OF
THE DIRECTOR

March 15, 1977

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Request for Personal Rank of Ambassador for Mr. Ralph Earle II

Since my responsibilities at ACDA will not allow me to spend all of my time in Geneva as Chairman of the SALT Delegation, I consider it important to appoint an Alternate Chairman of the U.S. Delegation who can reside in Geneva and maintain continuing contact with the Soviet Delegation. As I mentioned earlier, I would like Mr. Ralph Earle II to serve in this capacity. And, under the circumstances, I consider it essential that he have ambassadorial rank.

Mr. Earle is a former Principal Deputy Assistant Secretary of Defense for International Security Affairs, and has also served as Defense Advisor to the U.S. Mission to NATO. He has been the ACDA member of the U.S. SALT Delegation for the past three and one-half years, and is thoroughly familiar with the issues under negotiation. Mr. Earle is presently an FSR-1 and holds all required security clearances, although I understand that an FBI update of his security investigation will be required.

I believe it is important to announce this proposed appointment at the earliest date possible. Therefore, it would be appreciated if your staff would request the White House to take the necessary steps to update Mr. Earle's security investigation and submit his nomination for the personal rank of Ambassador to the Senate for advice and consent. A copy of Mr. Earle's resume has been sent to Dick Moose; please let me know if you need any additional information.

Paul C. Warnke

RALPH EARLE II

Home Address:	Taylor Lane Haverford, Pennsylvania 19041 (215) 642-8240
Office Address:	Representative to SALT U.S. Arms Control and Disarmament Agency Washington, D.C. 20451 (202) 632-7751
Born:	September 26, 1928; Bryn Mawr, Pennsylvania
Parents:	George H. Earle III and Huberta F. Potter
Married:	Eleanor F. Owens, Warrenton, Virginia November 29, 1952
Children:	Eleanor F. (born June 6, 1955) Ralph III (born March 22, 1957) Duncan O. (born November 15, 1959) Amanda W. (born July 11, 1961) Caroline E. McK. (born December 17, 1964)
Education:	Harrisburg Academy, 1935-38 Episcopal Academy, 1938-43 Deerfield Academy, 1943-46 Harvard College, 1946-50, A.B. Honorary National Scholarship Harvard Law School, 1952-55, LL.B. cum laude
Military Service:	U.S. Navy, 1947-48 (inactive reserve) U.S. Army, 1950-52 2nd & 1st Lieutenant, Corps of Engineers 28th Infantry Division, Camp Atterbury, Indiana CIC School, Fort Holabird, Maryland 116th CIC Detachment, Washington, D.C.
Professional:	Law Clerk, Judge Bailey Aldrich, U.S. District Court, Massachusetts, 1955-56 Associate, Morgan, Lewis & Bockius, 1956-64 Partner, Morgan, Lewis & Bockius, July 1964- March 1968, November 1972-September 1973

Government:

Principal Deputy Assistant Secretary of Defense for International Security Affairs, April 1, 1968 to February 15, 1969 and March 4, 1969 to April 10, 1969
Acting Assistant Secretary of Defense for International Security Affairs, February 15, 1969 to March 4, 1969
Special Advisor for Europe and NATO, OSD, April 10, 1969 to June 28, 1969
Defense Advisor, U.S. Mission to NATO, June 29, 1969 to November 5, 1972
Consultant, Office of Secretary of Defense, SALT, November 6, 1972 to September 1973
Representative to SALT, U.S. Arms Control and Disarmament Agency, October 1, 1973 to present

Business Affiliations:

The Finance Company of Pennsylvania
Director, 1959 to 1968
Executive Committee, 1960 to 1968
Horn & Hardart Baking Company
Director, 1965 to 1969
Liberty Real Estate Bank & Trust Company
Director, 1960 to 1964
Provident National Bank
Director, 1965 to 1968, 1973 to present
South Chester Tube Company and subsidiaries
Director, 1965 to 1969, 1973 to present

Professional Associations:

Philadelphia Bar Association, 1957 to 1974
Public Service Committee, 1962 to 1968
Lawyer Reference Service, 1962 to 1968
Chairman, 1967 to 1968
Committee on Securities Regulation, 1964 to 1968
Antitrust Law Committee, 1965 to 1966
Pennsylvania Bar Association, 1957 to 1974
Committee on Constitution, 1962 to 1965
American Bar Association, 1957 to 1974
American Law Institute, 1965 to present
The Juristic Society, 1957 to present
President, 1966 to 1967
Lawyers' Club of Philadelphia, 1958 to 1969
Judicial Conference of the Third Circuit
Delegate, 1966 to present
International Institute for Strategic Studies, 1970 to present
Council on Foreign Relations, 1975 to present

Political:

Citizens for Dilworth, Delaware County, Pa. (1962 - Chairman

Civic, Charitable and Educational:

The Committee of Seventy, Philadelphia, 1965 to 1968
Overbrook School for the Blind
Member, Board of Managers, 1964 to 1969
Easter Seal Society (Philadelphia and surrounding counties)
Campaign Chairman, 1964 to 1965
Vice President, 1965 to 1966
President, 1966 to 1968
Philadelphia Zoological Society
Director, 1966 to 1969, 1972 to 1973
Project HOPE (Middle Atlantic Committee)
Counsel and member of Executive Committee, 1964 to 1968
Children's Hospital of Philadelphia
Member, Fund Raising Executive Committee, 1966 to 1968
Member, Board of Managers, 1973
Harvard Law School
Chairman, Fund Raising (Philadelphia), 1961 to 1965
World Affairs Council of Philadelphia
Director, 1973

Social, other:

League of Women Voters, Haverford Township
Men's Advisory Board, 1966 to 1968
Racquet Club of Philadelphia, 1952 to present
Member, Board of Governors, 1963 to 1968
Secretary, 1963 to 1967
Philadelphia Club, 1962 to present
Merion Golf Club, 1973 to present
Merion Cricket Club, 1928 to present
Harvard Club of Philadelphia, 1956 to present
Vice President, 1964 to 1967
President, 1967 to 1968
Dunes Club (Narragansett, Rhode Island), 1960 to present
Point Judith Country Club (Narragansett, Rhode Island), 1961 to present
Royal Golf Club de Belgique, 1969 to present

Awards:

Secretary of Defense Meritorious Civilian Service Medal, 1969 (Bronze Palm, 1972)
U.S. Arms Control and Disarmament Agency Superior Honor Award, 1977

7533

UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY
WASHINGTON

OFFICE OF
THE DIRECTOR

Recd
3-22-77
3:30PM.

March 21, 1977

MEMORANDUM FOR THE SECRETARY OF STATE

Subject: Appointment of Ambassador to the Conference of the Committee on Disarmament (CCD) in Geneva

As you may know, the United States Representative to the CCD has traditionally been an ACDA official with the rank of Ambassador. Currently, Mr. Howard Meyers, an FSO-1 on detail to ACDA, is representing the US at the spring session of the Conference on an acting basis. However, I suggest that Mr. Adrian S. Fisher be appointed to fill the vacant post.

Butch Fisher, a former Deputy Director of ACDA (1961-69) with considerable experience in negotiating multilateral arms control, is eminently qualified to represent the United States at upcoming CCD and UN deliberations on the subject. And he would be willing to make himself available to do it.

Given the prospect of increasing activity to implement the President's arms control program (CTB, conventional arms transfers, CW, non-proliferation) in various fora, including the UN Special Session on Disarmament, I would appreciate very much your submission of Mr. Fisher's name to the White House for appointment by the President as Ambassador to the CCD, with the advice and consent of the Senate. He is currently a cleared ACDA consultant, and any updating the White House may have to do for the ambassadorial appointment could undoubtedly be done quickly; so he could, if you agree, assume his duties in time for the summer session of the Conference.

Attached is more detail on Mr. Fisher's background.

Paul C. Warnke

Paul C. Warnke

Attachment:

As stated.

ADRIAN S. FISHER

Professor Fisher has had a prominent career as a lawyer and as a scholar, and his specialties have been negotiations (both in the public and the private sector) as well as international law. As an international lawyer he has been the Legal Adviser of the Department of State and was chosen by the American Law Institute to serve as the Chief Reporter for the Restatement of the Foreign Relations Law of the United States.

From 1961 to 1969 he was the Deputy Director of the United States Arms Control and Disarmament Agency and often served as the US Representative to the Eighteen Nation Disarmament Conference, the predecessor to the present Conference of the Committee on Disarmament. In these capacities he served as Averell Harriman's deputy in negotiating the nuclear test ban in Moscow in 1963, and he was key to the conclusion, in 1968, of the Treaty on the Non-Proliferation of Nuclear Weapons. In this latter connection, President Johnson, in his State of the Union message in January 1968, made an express reference to Fisher's services. Fisher was also in charge of preparing the initial SALT negotiating position for the Johnson Administration, and was slated to be one of the two Deputy Heads of the Delegation, along with Harold Brown.

Since 1969 he has been with the Georgetown University Law Center, serving as Dean from 1969 to 1975,and as the holder of the first endowed chair in the Law Center since that time. He is highly regarded in the international community due to his past service at Geneva and as a representative to the UN. His designation as the US representative to the CCD shows that President Carter places high importance on the multilateral, as well as the bilateral, aspects of arms control.

THE WHITE HOUSE
WASHINGTON

March 30, 1977

Stu Eizenstat-

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

Rick Hutcheson

cc: Jack Watson

Re: Consumer Legislative Issues

THE WHITE HOUSE
WASHINGTON

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ACTION	FYI	
		MONDALE
		COSTANZA
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		JORDAN
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		POWELL
	X	WATSON

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		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Lipshutz, Jordan and Costanza concur with Eizenstat.

Lipshutz and Costanza particularly endorse item #2. Lipshutz notes that "the average consumer has no recourse when the costs associated with testimony or court action are prohibited." Midge notes that "S. 270 will encourage private remedies and service individual complaintants better than ACA could. More people will benefit and many of the complaintants are tye type of people who could not otherwise afford to hire an attorney."

Watson, while agreeing with the substance of all five initiatives in Stu's memo, advises that you should not announce any consumer package until after Esther Peterson and the ACA are announced. Jack says there are other consumer measures in addition to the five Stu mentions which you might favor as part of a more ambitious consumer message. Jack's memo is attached.

Rick

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 25, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: Consumer Legislative Issues

Last month in a meeting with you in the Roosevelt Room, consumer leaders noted their support for five legislative proposals:

1. Agency for Consumer Advocacy (ACA)

2. Reimbursement for Citizen Participation in Agency and Court Proceedings.

3. Broadened standing for citizen challenges to government action.

4. Broadened class action rights.

5. Cooperative Bank assistance legislation.

This memorandum reviews these proposals.

1. Agency for Consumer Advocacy

You have already reviewed the decision memorandum on this issue which we submitted to you March 5. We are now working with congressional staffs on the introduction of bills in both houses. Ham, Esther Peterson, and Si Lazarus have tentatively decided to prepare a consumer participation message to the Congress, to be issued soon after the announcement of Esther's appointment as your Special Assistant for Consumer Affairs. The message will generally describe the Administration's position on the ACA, and announce your support for those additional proposals listed above which you decide to endorse.

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2. Reimbursement for Citizen Participation in Agency and Court Proceedings

S. 270 (introduced by Senator Kennedy) and H. R. 3361 (introduced by Representative Rodino) would:

> (i) authorize $10 million annually for three years to pay expenses of citizen participants in agency proceedings, where such participation would promote fairer agency decisions;
>
> (ii) authorize federal courts to reimburse expenses of prevailing plaintiffs, in cases of public importance where the plaintiff's gain is far outweighed by the litigation costs.

In addition to consumer, environmental and public interest law groups, S. 270 has the support of the American Bar Association and several major unions (the UAW, the Retail Clerks, and the Oil, Chemical, and Atomic Workers). Certain industry and labor groups (the building trades) with a stake in the outcome of proceedings before environmental, energy, and consumer agencies, oppose S. 270. However, the business community generally is less antagonistic to the proposal than it is to the ACA.

Within the Administration, Justice, EPA, and FTC support the bill. DOT defers a position on the bill until the agencies currently experimenting with funding public participation in administrative proceedings can evaluate the results and make recommendations for effective legislation. The Administrative Conference of the United States believes that the procedural provisions in the bill are unduly burdensome. FPC and TVA oppose this legislation and the Nuclear Regulatory Commission does not support making funding available in its routine proceedings; the Administrative Office of the United States Courts opposes the judicial review provisions.

Supporters contend that permitting selective reimbursement of agency and court costs is an inexpensive, non-bureaucratic way to encourage participation by and on behalf of groups representing important public interests that would not otherwise be represented. They contend that funding citizen participants will not duplicate the ACA's functions, because the ACA is uniquely designed for intervention in very large proceedings (like FCC rate cases),

and because the value of encouraging citizen groups to participate directly cannot be served by the ACA. Opponents contend that such participation is unnecessary, will increase regulatory delays, and unduly burden the courts.

With respect to the agency reimbursement section of the bill, a pertinent background fact is that the Comptroller General has ruled that ten federal regulatory agencies already have inherent authority to use existing funds to assist impecunious public interest groups in their proceedings. Recently, for example, FEA decided to fund Consumers Union to participate in a major current proceeding involving alleged overcharges by oil companies. S. 270 will increase the amount available for such compensation and create a uniform reimbursement scheme (which the Comptroller General suggested Congress should enact).

One problem unresolved by the current bill is what agency should be assigned to pass on applications for reimbursement. Likely candidates are the Department of Justice and the ACA.

With respect to the court reimbursement section of the Bill, one possible problem is the fact that the authorization is without specific limitation, since it cannot be predicted how many plaintiffs will qualify for compensation in a given year. Proponents meet this argument by contending that the amount awarded under this section will probably be less than $3 million annually, and by pointing to the three-year sunset provision in the bill.

Your options are:

1. Oppose the bill in toto. _____

2. Support reimbursement only in agency proceedings. _____

3. Support reimbursement only in court proceedings. _____

4. Support the bill (authorizing your staff to work for technical improvements). (Recommended) ✓

3. Broadened Citizen Standing Rights

On the call-in program on CBS, you indicated your support for broadened citizen standing. Senator Kennedy introduced such legislation in the 94th Congress but it has not yet been reintroduced in the 95th. We plan to indicate in general terms the Administration's commitment to legislation broadening citizen standing rights. The Department of Justice will work with Congress to develop a sound bill and promote its enactment. We will also work with Justice to develop administrative standards for the Department to adopt voluntarily, without legislation, limiting the circumstances in which it will invoke the standing defense to court challenges.

Approve ✓ Disapprove _____

Comments _____

4. Broadened Class Action Rights

During the campaign and on the call-in program, you indicated your support for legislation to broaden class action rights beyond restrictions imposed by the Supreme Court in the Eisen, Snyder and Zahn cases. Representative Eckhardt of Texas has introduced an FTC Improvements Bill (H.R. 3816) which, among other things, authorizes private class action suits on behalf of persons damaged by violations of FTC rules. (FTC rules are very broad and will cover a substantial number of consumer offenses). However, the bill has a number of questionable provisions, such as a prohibition against White House involvement in FTC appointments, and FTC legislative and budgetary "bypass" of OMB and the President. OMB has requested agency views on the class action provision in the Eckhardt bill and we understand that Representative Koch and Eckhardt are planning to introduce a bill limited to class actions. The message would reiterate your support for class action legislation and work with Congressmen Koch and Eckhardt and Senators Magnuson and Kennedy to develop the best possible legislation.

Approve ✓ Disapprove _____

Comments Be moderate on this

Electrostatic Copy Made
for Preservation Purposes

5. Cooperative Bank Assistance Bill

H. R. 2777 (St. Germaine) would create a National Consumer Cooperative Bank, financed by a one billion dollar Treasury subscription staged over four consecutive years. The bank would also have authority to sell bonds. Modeled after the Farm Credit Administration, the legislation contemplates that the bank would eventually be owned by its consumer cooperative shareholders, after a period of perhaps twenty to thirty years. In addition to establishing an independent bank, the bill would establish a Cooperative Bank and Assistance Administration to make low interest loans to cooperatives with low income members. It would be composed of a five member board appointed by the President to administer a $250 million special revolving Self-Help Development Fund.

The bill has considerable strength in Congress, including the Chairman of both banking committees. However, without Administration backing, chances for passage are uncertain. It is supported mainly by the organized consumer movement and opposed by small business groups.

Proponents argue that consumer cooperatives can broaden consumer participation in the economy, can serve and revitalize urban neighborhoods abandoned by private business and help control retail prices through competition. They argue that consumer cooperatives are discriminated against in the commercial loan market.

Opponents object to the costs to the taxpayer and preferential access by the bank to capital markets. They also allege that numerous federal programs are already available to cooperatives, particularly in housing.

Your options are:

1. Support in toto. _____

2. Oppose the Cooperative Bank and Assistance Administration proposal, but support the Cooperative Bank proposal. _____

3. Oppose in toto. _____

4. Further Study (by interagency task force) (Recommended) ✓ I have doubts we need govt entities.

Electrostatic Copy Made
for Preservation Purposes

WATSON COMMENT

THE WHITE HOUSE

WASHINGTON

March 26, 1977

MEMORANDUM TO: THE PRESIDENT Jack

FROM: Jack Watson
Jane Frank

RE: Consumer Legislative Issues

While we support every initiative in Stu's memorandum, we believe that his suggestion to send up a consumer "participation" message limited to these initiatives is unwise. Our reasons are two:

1. It seems to us very awkward for you to announce your consumer package ahead of or simultaneously with the appointment of Esther Peterson as your consumer advisor. Surely she will want to have a hand in crafting it;

2. We respectfully suggest that the package is too small. Even confining the initiatives to consumer participation, there are at least five bills now pending in the Congress which have a good chance of passing and which you might endorse. Primary among them is the Consumer Controversies Resolution Act (to make limited federal funds available to states that develop expeditious, fair, inexpensive and effective consumer redress plans).

In our view the preferable course would be to move ahead immediately on the ACA and, after Esther is on board, to prepare a very ambitious consumer package. Subject to Esther's review, the dimensions of the package, as we see them, are:

1. Preventing consumer disputes--by simplifying laws and regulations;

2. Promoting inexpensive and accessible alternatives to the costly adversary process in the courtroom--by beefing up "consumer hot lines," the use of business grievance machinery, small claims courts, conciliation, mediation, arbitration, etc.;

3. Making essential legal services available by supporting full funding for the Legal Services Corporation and calling on the organized bar to serve more of the public;

4. Endorsing a number of substantive initiatives in addition to the proposals in Stu's memorandum. These include the Consumer Fraud Act (establishing criminal penalties for certain unconscionable consumer frauds); FTC amendments (to beef up enforcement); the Consumer Controversies Resolution Act; and the Pyramid Sales Act (establishing criminal penalties for selling pyramid sales schemes).

Such a package could be brought together within several weeks, and would be viewed as a very bold yet achievable initiative.

THE WHITE HOUSE

WASHINGTON

March 25, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: Consumer Legislative Issues

Last month in a meeting with you in the Roosevelt Room, consumer leaders noted their support for five legislative proposals:

1. Agency for Consumer Advocacy (ACA)

2. Reimbursement for Citizen Participation in Agency and Court Proceedings.

3. Broadened standing for citizen challenges to government action.

4. Broadened class action rights.

5. Cooperative Bank assistance legislation.

This memorandum reviews these proposals.

1. Agency for Consumer Advocacy

You have already reviewed the decision memorandum on this issue which we submitted to you March 5. We are now working with congressional staffs on the introduction of bills in both houses. Ham, Esther Peterson, and Si Lazarus have tentatively decided to prepare a consumer participation message to the Congress, to be issued soon after the announcement of Esther's appointment as your Special Assistant for Consumer Affairs. The message will generally describe the Administration's position on the ACA, and announce your support for those additional proposals listed above which you decide to endorse.

2. Reimbursement for Citizen Participation in Agency and Court Proceedings

S. 270 (introduced by Senator Kennedy) and H. R. 3361 (introduced by Representative Rodino) would:

> (i) authorize $10 million annually for three years to pay expenses of citizen participants in agency proceedings, where such participation would promote fairer agency decisions;
>
> (ii) authorize federal courts to reimburse expenses of prevailing plaintiffs, in cases of public importance where the plaintiff's gain is far outweighed by the litigation costs.

In addition to consumer, environmental and public interest law groups, S. 270 has the support of the American Bar Association and several major unions (the UAW, the Retail Clerks, and the Oil, Chemical, and Atomic Workers). Certain industry and labor groups (the building trades) with a stake in the outcome of proceedings before environmental, energy, and consumer agencies, oppose S. 270. However, the business community generally is less antagonistic to the proposal than it is to the ACA.

Within the Administration, Justice, EPA, and FTC support the bill. DOT defers a position on the bill until the agencies currently experimenting with funding public participation in administrative proceedings can evaluate the results and make recommendations for effective legislation. The Administrative Conference of the United States believes that the procedural provisions in the bill are unduly burdensome. FPC and TVA oppose this legislation and the Nuclear Regulatory Commission does not support making funding available in its routine proceedings; the Administrative Office of the United States Courts opposes the judicial review provisions.

Supporters contend that permitting selective reimbursement of agency and court costs is an inexpensive, non-bureaucratic way to encourage participation by and on behalf of groups representing important public interests that would not otherwise be represented. They contend that funding citizen participants will not duplicate the ACA's functions, because the ACA is uniquely designed for intervention in very large proceedings (like FCC rate cases),

and because the value of encouraging citizen groups to participate directly cannot be served by the ACA. Opponents contend that such participation is unnecessary, will increase regulatory delays, and unduly burden the courts.

With respect to the agency reimbursement section of the bill, a pertinent background fact is that the Comptroller General has ruled that ten federal regulatory agencies already have inherent authority to use existing funds to assist impecunious public interest groups in their proceedings. Recently, for example, FEA decided to fund Consumers Union to participate in a major current proceeding involving alleged overcharges by oil companies. S. 270 will increase the amount available for such compensation and create a uniform reimbursement scheme (which the Comptroller General suggested Congress should enact).

One problem unresolved by the current bill is what agency should be assigned to pass on applications for reimbursement. Likely candidates are the Department of Justice and the ACA.

With respect to the court reimbursement section of the Bill, one possible problem is the fact that the authorization is without specific limitation, since it cannot be predicted how many plaintiffs will qualify for compensation in a given year. Proponents meet this argument by contending that the amount awarded under this section will probably be less than $3 million annually, and by pointing to the three-year sunset provision in the bill.

Your options are:

1. Oppose the bill in toto. _____

2. Support reimbursement only in agency proceedings. _____

3. Support reimbursement only in court proceedings. _____

4. Support the bill (authorizing your staff to work for technical improvements). (Recommended) ✓

3. Broadened Citizen Standing Rights

On the call-in program on CBS, you indicated your support for broadened citizen standing. Senator Kennedy introduced such legislation in the 94th Congress but it has not yet been reintroduced in the 95th. We plan to indicate in general terms the Administration's commitment to legislation broadening citizen standing rights. The Department of Justice will work with Congress to develop a sound bill and promote its enactment. We will also work with Justice to develop administrative standards for the Department to adopt voluntarily, without legislation, limiting the circumstances in which it will invoke the standing defense to court challenges.

Approve ✓ Disapprove _____

Comments _____

_____

4. Broadened Class Action Rights

During the campaign and on the call-in program, you indicated your support for legislation to broaden class action rights beyond restrictions imposed by the Supreme Court in the Eisen, Snyder and Zahn cases. Representative Eckhardt of Texas has introduced an FTC Improvements Bill (H.R. 3816) which, among other things, authorizes private class action suits on behalf of persons damaged by violations of FTC rules. (FTC rules are very broad and will cover a substantial number of consumer offenses). However, the bill has a number of questionable provisions, such as a prohibition against White House involvement in FTC appointments, and FTC legislative and budgetary "bypass" of OMB and the President. OMB has requested agency views on the class action provision in the Eckhardt bill and we understand that Representative Koch and Eckhardt are planning to introduce a bill limited to class actions. The message would reiterate your support for class action legislation and work with Congressmen Koch and Eckhardt and Senators Magnuson and Kennedy to develop the best possible legislation.

Approve ✓ Disapprove _____

Comments Be moderate on this

_____

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The bill has considerable strength in Congress, including the Chairman of both banking committees. However, without Administration backing, chances for passage are uncertain. It is supported mainly by the organized consumer movement and opposed by small business groups.

Proponents argue that consumer cooperatives can broaden consumer participation in the economy, can serve and revitalize urban neighborhoods abandoned by private business and help control retail prices through competition. They argue that consumer cooperatives are discriminated against in the commercial loan market.

Opponents object to the costs to the taxpayer and preferential access by the bank to capital markets. They also allege that numerous federal programs are already available to cooperatives, particularly in housing.

Your options are:

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4. Further Study (by interagency task force) (Recommended) ✓ I have doubts re need govt entities

THE WHITE HOUSE

WASHINGTON

March 26, 1977

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FROM: Jack Watson
Jane Frank

RE: Consumer Legislative Issues

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Such a package could be brought together within several weeks, and would be viewed as a very bold yet achievable initiative.

THE WHITE HOUSE

WASHINGTON

Date: March 26, 1977

MEMORANDUM

FOR ACTION:

Jack Watson — comment
Hamilton Jordan — concur
Midge Costanza — concur
Vice President
Bob Lipshutz
Bert Lance

FOR INFORMATION:

Frank Moooree
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Eizenstat Memo on Consumer Legislative Issues

IMMEDIATE TURNAROUND

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: Noon

DAY: Sunday

DATE: March 27

ACTION REQUESTED:

_X_ **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

March 25, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: Consumer Legislative Issues

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3. Support reimbursement only in court proceedings. _____

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Approve _____ Disapprove _____

Comments _____

_____

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Approve _____ Disapprove _____

Comments _____

_____

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Your options are:

1. Support in toto. _____

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3. Oppose in toto. _____

4. Further Study (by interagency task force) (Recommended) _____

THE WHITE HOUSE

WASHINGTON

Date: March 26, 1977

MEMORANDUM

FOR ACTION:

Jack Watson Hamilton Jordan
Midge Costanza
Vice President
Bob Lipshutz
Bert Lance

FOR INFORMATION:

Frank Moore
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Eizenstat Memo on Consumer Legislative Issues

IMMEDIATE TURNAROUND

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: Noon

DAY: Sunday

DATE: March 27

ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

_/_ I concur. ___ No comment.

Please note other comments below:

I believe that S. 270 will encourage private remedies and service individual complaintants better than ACA could. More people will benefit and many of the complaintants are the type of people who could not otherwise afford to hire an attorney.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED

THE WHITE HOUSE

WASHINGTON

Date: March 26, 1977

MEMORANDUM

FOR ACTION:

Jack Watson
Hamilton Jordan
Midge Costanza
Vice President
Bob Lipshutz
Bert Lance

FOR INFORMATION:

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DAY: Sunday

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ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

____ I concur. ____ No comment.

Please note other comments below:

MC

I recommend that the President support all five proposals, item #2 in particular. The average consumer has no recourse when the costs associated with testimony or court action is prohibitive.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED

THE WHITE HOUSE

WASHINGTON

To Rick
From N.J. 3/26

Date: March 26, 1977

MEMORANDUM

FOR ACTION:

Jack Watson Hamilton Jordan
Midge Costanza
Vice President
Bob Lipshutz
Bert Lance

FOR INFORMATION:

Frank Moore
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Eizenstat Memo on Consumer Legislative Issues

IMMEDIATE TURNAROUND

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

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DAY: Sunday

DATE: March 27

ACTION REQUESTED:

__X__ Your comments

Other:

STAFF RESPONSE:

__X__ I concur. ____ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED

RH

THE WHITE HOUSE

WASHINGTON

Date: March 26, 1977

MEMORANDUM

FOR ACTION:

Jack Watson ✓ Hamilton Jordan
Midge Costanza
Vice President
Bob Lipshutz
Bert Lance

FOR INFORMATION:

Frank Moooee
Jody Powell

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SUBJECT:

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TIME: Noon

DAY: Sunday

DATE: March 27

ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

____ I concur. ____ No comment.

Please note other comments below:

see attached

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED

THE WHITE HOUSE

WASHINGTON

March 30, 1977

To Congressman Jim Wright

I appreciate your comments about the benefits of a solar-electric satellite system, and look forward to hearing more about the meeting this afternoon.

Thank you for letting me know of your interest in this NASA project concept, and your willingness to support efforts to obtain funding for such a project.

Sincerely,

Jimmy

The Honorable Jim Wright
Office of the Majority Leader
U.S. House of Representatives
Washington, D.C. 20515

P.S. I look forward to c
report from Schlesinger &
Lance after their briefing -
J

Signed 3/31

THE WHITE HOUSE
WASHINGTON

original to Frank

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
X		MOORE
		POWELL
		WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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

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

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

		KRAFT
		LANCE
		LINDER
	X	MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		STRAUSS
		WELLS
		VOORDE

THE WHITE HOUSE
WASHINGTON

March 31, 1977

Frank Moore -

The attached letter to Congressman Wright is forwarded to you for delivery.

Rick Hutcheson

cc: Bunny Mitchell

WHITE HOUSE
WASHINGTON

March 30, 1977

To John Robling

Thank you for your kind words. I appreciate your thoughtfulness.

Sincerely,

Jimmy

Mr. John S. Robling
Vice President
Encyclopaedia Britannica
425 North Michigan Avenue
Chicago, Illinois 60611

ps I learn a lot from Britannica.

J

PP-1

ENCYCLOPÆDIA BRITANNICA

425 NORTH MICHIGAN AVENUE · CHICAGO, ILLINOIS 60611

Executive Offices

March 25, 1977

Dear Mr. President:

This is to thank you for your hospitality in receiving the "1977 Teacher of the Year." It was a wonderful occasion to celebrate the contribution of teaching and education to the nation. I am pleased that your presentation to Mrs. Lee was so widely covered by the press as to bring it to the attention of millions of citizens.

As one of the three sponsors of this program, I wish to again thank you and to express our appreciation for everything you have done.

Very respectfully,

John S. Robling

John S. Robling
Vice President

JSR/mlj

The Honorable Jimmy Carter
President of the United States
The White House
Washington, D. C. 20500

U

WHITE HOUSE
WASHINGTON

rch 30, 1977

To Eileen Watts

I deeply appreciate your thoughtful message. Thanks for letting me hear from you.

Sincerely,

Jimmy

Mrs. Eileen M. Watts
Apartment 8
26636 Ryan Road
Warren, Michigan 48091

PS: I can understand your feelings - You have my love -

J

Feb. 26, 1977

Dear President Carter -

I truly hope my letter will come to your attention. It is not a important letter. I only hope it will reach you at a time when my whole world has fallen apart.

Today is the first anniversary of my husbands death. We had married forty four years and were very close. My beloved, was also my best friend.

My husband was not a great man, but he was great in being a man. He was a machanic, one of the best, by trade.

I'm learning hard into my grief today. I guess I'm also learning to live, like President Carter too are a great man. Sincerely,

Eileen Watts

WHITE HOUSE
WASHINGTON

March 30, 1977

To Tom Donovan

Thank you for your thoughtful letter. I appreciate your prayers and send you my warm good wishes.

Sincerely,

Jimmy

Mr. Tom Donovan
c/o Lt. Commander Robert Donovan
HHD 793 MP Battalion
APO New York 09696

P.S. Amy appreciates your good wishes -

J

3/14/77

Dear President Carter,

My name is Tom Donovan. I live in Nürnburg Germany with my family. We're stationed here because my father is in the Army.

I wrote you to tell you that, as far as I'm concerned, your going to be the best presedent we've had in 100 years! If I could have I would have called and told you this personally on your radio talk show but since we live in Europe it doesn't include us!

Guess what, I was born in Augusta Georgia. So I guess we're sort of neighbors (He, He)

I thought you where brilliant on your talk show! We heard it here too, live! Which made me very happy! We also say the inogrial parade, speech etc live. I taped you! I wouldn't have missed it!

From the first time I heard about you, which was about 1 year on ½ ago I've followed your campain, and, I stayed up all night watching the results come in on election day! And I can tell you right now that I was over-joyed to say the least to hear that you had won! I knew you could do it.

I hope I'm not boring you! But I really want you to know how I feel.

I want you to know that I'm having mass said for you. (I'm Roman Catholic) I hope my constant prayer will make the burden of daily pressures easier to bore!

If I'm being rude excuse me but I wish to ask you a question.

Does your policy of keeping in touch with the people include 15 year olds? Because I'd love it if you could write me back! If you can find the time my address is

Tom Donovan % LTC Robert Donovan
HHD 793 MP Battalion
APO New York 09696

Thanks alot!

your loyal friend/fan
Tom

PS; Give my love to Conny and the whole family!

God Bless You!

HOUSE

WASHINGTON

March 30, 1977

To Eva Ballinger

I appreciate your words of support and confidence. Thanks!

Sincerely,

Jimmy

Mrs. Eva Ballinger
Apartment 2
37 South Johnson Avenue
Indianapolis, Indiana 46219

Stick with me!

J

Feb. 20, 1977

pp-9

Dear President Carter:

Please accept my deep appreciation for your stand on human rights. Since this is a basic principle of our government, it is heartwarming to have you really leading out.

I pray God will bless you as you continue to lead our country in the path of true peace.

Sincerely yours,

Mrs. Eva Ballinger

THE WHITE HOUSE
WASHINGTON

March 30, 1977

Stu Eizenstat
Jack Watson

The attached is forwarded to you for your information.

Rick Hutcheson

Re: Schultze memo 3/29 re Attached Summary of the CEA's first darf on the Anti-inflation policy.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 29, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze CLS

In line with our discussion this morning I am attaching a summary of the CEA first draft on the anti-inflation policy.

There are a number of areas where it needs to be made more specific. It has been seen by other members of the Economic Policy Group, but their suggested revisions and additions are still to come.



ELEMENTS OF A COMPREHENSIVE ANTI-INFLATION STRATEGY

SUMMARY

A program to reduce the present rate of inflation and to prevent any future acceleration is a top priority of this Administration. Reducing inflation is important for its own sake. Indeed the majority of the U.S. public views inflation as our most serious economic problem. But it is also an essential ingredient in reaching other goals, particularly a high and sustained level of employment:

- measures to expand the economy and to create more jobs will be discredited in the event of any acceleration of inflation, even if that acceleration is not caused by excessive stimulus.

- while the Federal Reserve may be expected to supply the money needed to accommodate recovery, it will not continue indefinitely to finance the current rate of inflation, much less any step-up in the inflation rate.

- the attitudes of both consumers and business firms are strongly influenced by inflation; a declining rate of inflation will strengthen buying plans and investment programs; a rising rate would weaken them.

The Immediate Inflation Outlook and Feasible Long Run Targets

Clearly, the inflation problem is not curing itself. The underlying rate of inflation has been stuck close to 6 percent since mid-1975. Consumer prices rose 4.8 percent during 1976, compared to 12.2 percent and 7.0 percent in 1974 and 1975. But the 1976 performance was not nearly as good as it looks -- excluding food, it was 6 percent.

Unfortunately, the inflation news will look worse in the near future. Recent declines in farm prices will not continue. Energy prices have risen sharply in recent months. An anti-inflationary initiative is especially urgent in this situation.

The relations among wages, prices, productivity, and profits do not point to an improved inflation performance. The annual rate of increase in employment costs appear to have stabilized in the vicinity of 8 percent, and thus bears a normal historical relation to an inflation rate of 5-1/2 to 6 percent. Productivity growth since 1968 or 1969 has slackened considerably, and by more than can be explained by the recession itself. Business profit margins, on the average, have widened of late, after being substantially squeezed in the 1969 to 1974 period. Adjusted for capacity utilization, the cost-price structure is not far out of line with the average for the post World War II period, although there is a wide dispersion among industries.

Taking all of these factors into account, the current underlying rate of inflation is not likely to decelerate in the absence of specific governmental policy. Moreover, as higher utilization is attained, the risks of an acceleration will grow -- no matter how well the course of recovery is managed.

Goals

Policies to reduce inflation must be built upon a coherent overall strategy under which government actions are coordinated with those of the private sector on a voluntary and cooperative basis.

Over the next several years, a 5-1/2 to 6 percent real growth rate can be sustained without resulting in significant bottlenecks or capacity problems -- except perhaps in energy. A reasonable goal for dampening the basic inflation rate should aim at a reduction somewhat in excess of one-half percent annually over the next several years. More specifically the average rate of increase in the non-food, non-energy components of the CPI should be brought down to 5 to 5-1/2 percent a year from now and to about 4 percent by the end of 1979. Over the period, the realization of a 2 point slowdown in the inflation rate will require a commensurate slowdown of about 2 points in the annual rate of increase of hourly compensation. A pick up in the current disappointing rate of long run productivity growth would enable us to do even better both in slowing inflation and raising real wages. Efforts described below, will be required to safeguard against a major adverse impact from food and fuel prices.

Rejected Options

For reasons spelled out more fully in the main body of this paper, there are some approaches to inflation control which we have rejected:

1. Wage and Price Controls: They cannot be fairly administered; the longer they are in force the greater the inefficiencies they impose; and their depressing effect on investment and risk-taking is likely to be severe.

2. Numerical Guidelines: While a general statement about the average relationship between prices, wages, and productivity growth needed to achieve any given inflation target has significant educational value, it cannot be used as a rule in specific cases. Especially in view of the sharp changes in wages, prices and productivity since 1973, numerical guideposts are not the answer to the current situation.

3. Maintaining a High Level of Unemployment and Idle Capacity: The human and social costs of this approach are prohibitive. It costs roughly $100 billion of real output and income to lower the inflation rate by 1 percentage point through restrictive policies. Moreover, in the long run it is likely to be self-defeating. By depressing business investment for long periods of time, it virtually ensures that any subsequent recovery will very quickly run into shortages, bottlenecks, and renewed inflation.

4. Break Up Large Firms and Unions Through a Radical Strengthening of Anti-Trust and Related Laws: This "pulverisation" approach is unrealistic. Large firms and less-than-ideal competition are more the result of economies of scale and technology than of conspiracies to restrain trade. Unions, by themselves, are not a major causative factor in inflation, and serve many social goals. "Pulverisation" would lower living standards and initiate a fierce political struggle. Vigorous enforcement of the anti-trust laws must be a component of an anti-inflation strategy -- but it cannot be the chief one.

Basic Strategy

An effective program to reduce inflation must cover a broad spectrum, and yet must be kept within a coherent overall structure. In addition, the program must rest on a partnership of government, business, labor, and other private groups. The government must show its determination to fight the battle against inflation vigorously and effectively on all fronts, including the willingness to take on politically difficult tasks; it can then reasonably expect private groups to pitch in.

The need for this partnership must be made clear to the American people. They must be made to recognize that the President cannot impose a solution to inflation nor can he be blamed for adverse results that might stem from intransigence of private groups. In particular, the inflation process must be explained clearly to undo the nonsense that emanated out of Washington in recent years which tried to sell high unemployment (achieved by hawkish fiscal-monetary policies) as the panacea for inflation.

Policy measures can most usefully be organized around the two major themes -- the first providing preventive medicine against possible intensification of inflation, and the second helping to remedy the current syndrome of momentum inflation.

I. Reducing or offsetting the pressures, shocks and disruptions which initiate inflationary pressures. This includes correcting government actions that tend to cause disruptions and cushioning the impact of disruptive events in the private economy, both at home and abroad.

II. Dampening the current rate of inflation and promoting the return to price stability. It is in this area particularly, that the cooperation of business and labor leaders is essential.

PART I REDUCING PRESSURES, SHOCKS AND DISRUPTION

There are five major elements to this part of the anti-inflation program:

First, monetary and fiscal policies that provide for stable and sustained economic expansion but avoid inflationary excesses.

Second, the establishment of an early warning system to anticipate potential inflationary problems within individual sections of the economy.

Third, development of proposals to stimulate capacity expansion in basic materials.

Fourth, a review of U.S. policy toward commodity reserve programs.

Fifth, reform of regulatory procedures and redirection or elimination of regulation where it no longer serves legitimate national needs.

Each of these elements is discussed briefly below:

1. Monetary and Fiscal Policies

The administration should commit itself to the steady pursuit of an announced path of real output expansion, with a carefully planned fiscal policy and a coordinated effort to obtain Federal Reserve cooperation on monetary policy. Under the fiscal plans, as the economy expands, current budget deficits will steadily decline; budgetary resources will be conserved to make a budget balance at high employment feasible.

The roller-coaster nature of economic policy created many of the problems of recent years with respect to capacity shortages and unstable investment incentives. The private economy can adjust to changing future needs when those needs can be reasonably anticipated. But it cannot perform effectively under stop-and-go economic policies.

2. Early Warning System

A. The Council on Wage and Price Stability (COWPS) should be asked to supervise the development of a detailed forecast of inflation trends,

within the framework of the government's overall economic forecast, and to propose to the EPG, for ultimate consideration by the President, such actions that can be taken to deal with emerging problems. The COWPS efforts would focus on industries which

(a) are large;

(b) have a history of price sensitivity; (which obviously includes energy and agricultural commodities);

(c) have a meaningful concept of capacity;

(d) have a limited range of substitutes;

(e) have major upcoming wage settlements.

B. Estimates of future increases in capacity should be prepared for important industries.

C. "Worst case" scenarios should be investigated for commodities, like food, whose supply is inherently unstable, so that consideration could be given to "insurance" measures against the worst case developing.

D. COWPS should expand and improve its current studies of incentives for obstacles to the expansion of capacity in basic materials industries, and go beyond the studies to recommend actions that can remove obstacles.

E. International market developments should be carefully monitored. This is now done in various places throughout government. It needs to be pulled together and integrated with review of domestic industries and a consideration of indicated actions.

3. Commodity Reserves and Reducing Extreme Fluctuations in Commodity Prices.

Three sets of actions should be taken to prevent commodity inflation;

(i) The U.S. should approach international negotiations looking toward commodity stabilization agreements with an open mind, and be willing to enter into negotiations aimed at that purpose.

(ii) For the present, the existent U.S. strategic stockpile should be made available when necessary to prevent actual supply disruptions.

(iii) A detailed review should be undertaken of the advantages and disadvantages of using the strategic stockpile, and augmenting it when necessary, for prices stabilization purposes.

Sharp fluctuations in raw materials prices impose an inflationary bias. When raw commodity prices surge upward, the prices of goods which use those raw materials move up in response; when raw commodity prices fall, the prices of finished goods are not as likely to fall. As a

consequence, even when the long term trend of raw materials prices is not inflationary, sharp fluctuation around trend can, on balance, be inflationary. For some commodities -- grains, and a limited number of raw materials -- stabilization measures could be a useful part of an overall anti-inflation policy. For others, building stockpiles in slack periods can be helpful. Our stockpiles were of great value in 1973-74, when a major portion of U.S. consumption of many materials was met by stockpile sales. Many of these stocks have been exhausted. The value of the present stockpile is about $7 billion. Any major actions on commodity reserves needs to be integrated with U.S. policy on North-South commodity discussions.

A substantial reserve of food and feed grains is a necessity both from the perspective of an anti-inflation policy and as an adjunct to an effective program of export sales. It should be made clear that grain reserve policy will be used to reduce the size of fluctuations in grain prices from year to year, and not to raise or lower the long term trend of grain prices.

Grain reserves can be accumulated during periods of heavy production and low prices through the usual operation of the CCC loan program. The conditions for release of the commodity from storage must be developed in terms of triggering prices that meet the legitimate concerns of farmers, provide effective protection for consumers, and hold down budgetary costs. Most proposals incorporate a triggering price which is 150 to 200 percent above the support price. These proposals also imply that a level of total wheat and corn carry-over of about three billion bushels would meet most potential market needs. The amount of government reserves consistent with theis target would vary, depending upon the limitations against substitution with private holdings.

To adapt to long-term changes in supply and demand conditions in the world grain market, the lower and upper price bounds, which set in motion accumulation and release of stocks would themselves be flexible. If stocks threaten to go over long-term reserve objectives, support prices would be reduced and vice versa.

4. Incentives for Increased Investment and Capacity

The rate of expansion of capacity -- especially in the basic materials industries -- must be stepped up to head off problems of shortages that might otherwise recur in 1979-80. The administration has already acted to strengthen confidence in sustained economic expansion -- the key element in business' willingness to increase capacity. And there is evidence discussed earlier, that the base price-cost structure and profitability of many of the materials industries has improved. Additional action to promote adequate capacity should proceed along several lines:

(i) Faster promulgation of regulations and speedier processing of license applications should be achieved to reduce the delays and disincentives caused by regulatory procedures. (MORE ACTION?)

(ii) Following the initial step of a temporary addition to the investment tax credit, the major structural tax reform program of the administration will be designed to strengthen investment incentives. A thorough study will be made of the possibilities for effective government aids to investors for specific highly targeted expansion of facilities that are of especially high social priority.

(iii) The recycling of materials will be promoted, both to conserve raw materials and to reduce capital and energy requirements per unit of output. In particular, tax laws and transportation regulations must be reformed to eliminate features that currently discriminate against recycled materials.

5. Government Regulation

There are two distinct types of public regulation:

(i) traditional rate-setting regulation by independent regulatory agencies and state bodies; and (ii) health, safety, and environmental regulation, generally through agencies within the Executive Branch.

Traditional Rate Setting Agencies

The administration will press for enactment of legislation aimed towards reduced regulation of airlines. Reducing regulatory restrictions on fares and entry could ultimately reduce air fares by $1.5 to $2.0 billion a year.

The next most promising area for regulatory reform is the territory of the ICC. Estimates of the cost of entry restrictions, value-of-service procuring, and the regulation of investment by the ICC are usually in the range of $2 to $9 billion per annum. One estimate puts the potential reduction in common carriage fares on trucks and railroads at 20 percent.

Another promising area for reform concerns federal policy toward the insurance industry, which is exempted from antitrust statutes so long as it is regulated by state boards. State regulation, in turn, often inhibits price competition. A considerable reduction in premium charges could be anticipated if this policy were reformed to promote healthy price competition.

Environment, Health and Safety

A major reduction in the costs of environmental, health and safety regulations could be obtained by redirecting the approach:

(i) substitution penalties and performance standards for more detailed and rigid prescriptions for achieving a given result. The performance-standards approach seems most promising in OSHA's regulation of health and safety standards of the workplace;

(ii) simplifying regulations and promulgating them with less delay to reduce the costly uncertainty surrounding business planning;

(iii) redirecting effort to develop effective enforcement mechanisms by reducing the emphasis on detailed specification of how to meet the standards;

(iv) ensuring that the economic impact of major regulations is given due weight before the regulations are formulated. To achieve this end, the Economic Policy Group will establish an interagency committee to review the economic impact assessments that are currently required from each regulatory agency within the Executive Branch before issuing any regulations which have major economic consequences.

Part II: DAMPENING THE CURRENT RATE OF INFLATION

This part of the anti-inflationary program would consist of six major components.

First, establishing a dialogue among business, labor and the government; extending down to the level of individual industries, in order to explore means of accelerating productivity, avoiding supply shortages and moderating price and cost increases;

Second, pursuing a freer international trade system as a means of restraining inflation;

Third, improving the functioning of labor markets;

Fourth, using procurement policy as a restraining influence on inflation;

Fifth, cooperating with State and local governments to promote at all levels concerted policies that curb inflation;

Sixth, a series of programs dealing with problems in specific industries.

1. Establishing a Dialogue with Individual Industries

Any success in dampening an ongoing inflation must rely heavily upon the voluntary cooperation and actions of the private sector. There are a substantial number of issues which have a significant element of both public and private concerns. These go beyond prices and wage decisions to include productivity growth, skill shortages, work rules, the adequacy of capacity, impact of Federal regulations, trade policy, and tax issues.

Some of the issues are clearly economywide. All private decision-makers should be asked to behave in ways that facilitate the national goals of prosperity and price stability in which they all have a stake. Businessmen should recognize the public interest in their adopting a high-volume, high-investment, moderate margin strategy. Labor should know that the big potential for higher real incomes for American working families lies in more jobs and more productive jobs, not in wage increases so large as to force price hikes. People should test the responsibility of their proposed actions by asking themselves: "What would happen if everybody behaved that way?"

At the same time, a coherent discussion of industry problems and their implications for inflation must take place at the level of individual industries when the concerns are different, the inflation has different causes, and hence where different corrective measures will be required.

A. Wage Policy

The primary focus of effort should be aimed at preventing distortions in the wage structure which create inflationary pressures in future wage decisions. Recognition must be made of the need for variation in wage changes to reflect prior imbalances, and compensation increases must be assessed in light of work rule changes and measures which improve job security. As average price and wage increases are gradually moderated consistent with the inflation goals set forth earlier, the specific circumstances in each industry need to be taken into account.

1. The COWPS should prepare a review, for internal use only, of the most significant individual upcoming wage settlements. These reviews would provide a background on recent wage trends, competitive position of the industry, labor market conditions, productivity growth, and the potential for specific actions to improve productivity.

2. In those cases when individual settlements are perceived to have significant implications for future inflation trends, government representatives should seek informal discussions with both parties to discuss alternative less inflationary approaches. These alternatives might include changes in the size or composition of the basic wage package, or offsetting agreements to increase productivity.

3. COWPS should issue a final public report on the settlement, after the termination of the negotiations which examines its implications for future settlements. This would minimize inaccurate public reporting of the settlement and provide specific information about wage cost increases relevant to any subsequent action to raise prices.

B. Price Policy

The structure of the review for pricing decisions would parallel that for wages. The focus of the analysis would be on gross profit margins (depreciation, profit, and interest) of the industry. Wide variations in productivity, growth, and cost increases across industries preclude any general focus on prices. Just as for wages, there must be an allowance for special cases. Profit margins must be viewed within a historical perspective that recognizes previous cyclical variability, changing capital-output ratios, and future capacity requirements.

1. COWPS should prepare a review, for internal use only, of economic conditions when significant price actions are anticipated.

2. For those industries where significant inflationary pressures exist, government representatives should meet with the firms to discuss alternatives to price increases. These would include other cooperative means of avoiding potential bottlenecks, actions to speed up new capacity creation, and other issues which may contribute to reducing costs or expanding supply.

3. For industries which have major price increases or the potential for continuing future inflation problems, COWPS should publish a report which provides a public explanation of the problems in the industry and the inflation implications.

C. Provisions of Information

1. The COWPS would notify individual firms of a request for prior notice of price changes on the basis of general criteria which would include (1) large firms in concentrated industries, (2) likely candidates for shortages, and (3) markets where import restrictions may be a significant issue.

2. The COWPS should be appraised of the prospective magnitude of prior action at the time of notification and of the magnitude of wage increases immediately upon conclusion of the negotiations.

3. For a few industries of continuing concern because of supply problems a system of regular voluntary reporting would be desirable.

2. Trade Policy

International competition can frequently be the most effective means of insuring restraint on prices and costs and promoting increases in efficiency. In addition, tariff and quota protection for our least efficient industries comes at the expense of lost sales and employment in the other industries.

A. The current adjustment program for industries which lose sales to imports should be substantially strengthened. At the present time, for example, the provision of governmental financial assistance to individual firms -- either to enable them to compete more successfully against foreign competition or to convert to other lines of business -- is available only on relatively hard commercial terms.

B. Where feasible, greater emphasis should be placed upon deficiency payments rather than trade restrictions which increase the costs to consumers in excess of the benefits to the protected industry.

C. We should continue in multilateral trade negotiations to pursue reductions in tariffs and non-tariff barriers to trade.

3. Labor Markets

As the economy moves towards fuller employment, structural problems in the labor market could become of increased inflationary concern and will increase resistance to further reductions in unemployment. The effectiveness of current programs which are directed toward the problems of the low-skilled and disadvantaged will be enhanced by overall economic growth. But there is an equal need to develop programs specifically aimed at inflationary rigidities.

Structural barriers will not become a significant inflationary problem for some time, but efforts to develop a program must begin now. Such a program should increase the emphasis on anticipating future bottlenecks in high-skill occupations and improving the adjustment process by which labor moves from occupation of surplus to those where shortages exist.

4. Federal Procurement Policies

As the economy's largest single purchaser, the Federal Government can exert a direct restraining influence on inflation through its procurement policies.

- A program currently exists within OMB to implement the proposals of the National Commission on Procurement Policies. That program should proceed as rapidly as good management will allow.

- It should be made clear, as it was in the sixties, that the Federal Government will insist on procuring (and compensating contractors on cost-plus arrangements) only at the lowest price quoted by any available supplier. This can be a potent warning to any supplying firm (e.g., metals producers) that wants to lead its industry's price upward.

- A now dormant program could be revived to disseminate the consumer information compiled for Federal procurement purposes.

5. Federal-State-Local Cooperation

The governors and mayors should be enlisted in the anti-inflation effort in a variety of ways:

(i) They should be asked to apply the same cost-reducing standards to their own regulatory, procurement, and labor relations activities.

(ii) After a comprehensive review of Federal grant-in-aid programs, amendments and changes in operating procedures should be designed to remove restrictions which weaken incentives to find the lowest cost alternative for meeting specific goals.

(iii) State and local governments should be urged to rely on taxes that do not adversely affect prices and costs, rather than sales taxes, for future revenue increases.

(iv) Revenue-sharing and other grant formulas could be restructured to give States and cities added incentives not to raise -- and indeed to lower -- sales and excise taxes.

6. Special Industry Problems

In individual cases industries may have special problems which are not appropriately met by programs designed to respond to more general concerns. Two industries, construction and health care, have unique market structures which require such special efforts.

A. Construction

The construction industry has had a history of instability with respect to collective bargaining agreements. This instability can be traced to the fragmented nature of the industry which leads to wide disparities in wage rates among crafts and geographical areas. These disparities provide the basis for leapfrogging-type behavior of individual labor contracts.

The average rate of wage increase has not been a major problem in recent years because of extremely high unemployment and competition from non-union contractors. However, the reopening of substantial wage disparities and continued problems with restrictive work practices provide the basis for another round of cost inflation as construction activity accelerates.

A voluntary version of the Construction Industry Stabilization Board should be reestablished along the lines envisaged in the 1975 Common Situs Bill which was vetoed by President Ford. Such a program was very successful in the 1971-74 period.

B. Medical Care

Medical care costs are increasing at over twice the rate of overall inflation. The lack of an effective restraint on price increases results from the extensive insurance coverage of medical costs and the general mystique that surrounds the industry. This lack of restraint has led to extreme inefficiencies and underutilization of existing facilities.

HEW has proposed in the 1978 budget, and is now developing the details of a cost containment program which limits the increase in total hospital costs per admission. This program will require Congressional approval.

In summary, the program outlined above is designed to implement concretely the general approach of attacking inflation comprehensively, across-the-board with all the tools that the Federal Government can use equitably and efficiently. For the first time, inflation will be attacked by means that promote growth and jobs, rather than by bleeding the economy.

None of the actions spelled out above, taken alone, can have a significant impact on inflation. But, in combination, they can make enough difference to get the inflation rate unstuck and start a process of deceleration. The program can improve the climate of attitudes and expectations and dislodge the present pessimism about the inflation outlook.

Beyond the specific elements in the present program, the general strategy involves a commitment by the Administration to keep developing constructive and anti-inflationary measures. One area of particularly large potential for the future is the possible restructuring of Federal taxes to reduce costs and hence prices. For example, if Medicare (whose benefits have no relationship to past employment history) were financed through general income tax revenues rather than through employment taxes, economywide labor costs would be significantly reduced. Other areas of opportunity will open up as the anti-inflationary objective is generally applied to all Federal activities. For example, in the area of consumer protection, it points to the need for approaches that help the consumer shop more effectively and get more for his money. In short, this program is the beginning of a continuing effort to demonstrate that lower unemployment and lower inflation can be simultaneously and consistently pursued by the Carter Administration.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson Jack March 30, 1977

RE: Memoranda on the Shoe Import Question

In accordance with your request, Bob Strauss has prepared the attached memorandum outlining the "third option" which he proposed at the EPG meeting on Monday. There is still considerable disagreement among the group as to whether option three should follow a course of voluntary restraints or of orderly marketing agreements. Mike Blumenthal, Henry Owen, Charlie Schultze, Zbig, Warren Christopher, and Dick Cooper all emphatically favor voluntary restraints; Bob Strauss, the Vice President, Bert Lance, Juanita Kreps, Ray Marshall and Stu prefer orderly marketing agreements.

Mike Blumenthal is in California and plans to talk by telephone with Bob Strauss tomorrow morning between 9 and 10. I think it would be wise for you to meet briefly with the principal advisors on this issue before reaching a final decision. Although the issue has been considerably narrowed, the differences between the voluntary restraint and orderly marketing agreement approaches have critical domestic and international implications.

I am also attaching short memoranda from Stu, Henry and Dick Cooper. Everyone agrees that one more brief meeting with you on the subject would be advisable.

Attachment

Please fwd to the President - JW

THE PRESIDENT HAS SEEN.

"PRIORITY"

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

MAR 30 1977

1977 MAR 31 AM 9 41

MEMORANDUM FOR: THE PRESIDENT

FROM: SECRETARY OF LABOR Ray Marshall

SUBJECT: Possible Negotiated Agreements With Foreign Shoe Suppliers

It was my understanding at Monday's EPG meeting that, before resorting to quotas or other unilateral restraints, we would first press for substantial short-term relief for the shoe industry in negotiations with supplying countries. The so-called "voluntary restraint agreements" being urged upon you are inadequate in meeting the agreed goal.

The other negotiated possibility, "Orderly Marketing Agreements," would be acceptable only if they had a restraining effect comparable to the tariff rate quota option discussed by the EPG at Monday's meeting. In order to achieve such an acceptable level of foreign export restraint, the U. S. would have to take a firm negotiating posture. We should convey, privately if necessary, a definite fall-back position for unilateral action with substantial bite.

It is vital that Congress, the affected industry and its workers, as well as other governments understand -- even if privately -- that you are committed to providing a meaningful breathing space for the footwear industry until the new integrated trade adjustment assistance system can come on stream.

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for Preservation Purposes

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THE WHITE HOUSE
WASHINGTON

March 30, 1977

Stu Eizenstat

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

Rick Hutcheson

Re: Nonrubber Footwear Import Relief Case

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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

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

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

		KRAFT
		LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		STRAUSS
		WELLS
		VOORDE

THE PRESIDENT HAS SEEN

Stu - I understand - Also, I had no information or advice in advance of the EPG meeting - T

THE WHITE HOUSE

WASHINGTON

March 30, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: Your Note on Our Memorandum of March 29 on the Nonrubber Footwear Import Relief Case "This is a week late"

My memorandum of March 29 was written at your request after the EPG meeting on March 28 at which time you asked me to present our views on this matter before you made a decision. Thus the memorandum came to you the day after I understood you to have requested it. Moreover, the EPG's memo on this matter did not get to us until shortly before the March 28 EPG meeting. That memo presented only two options.

Our memorandum covers an option listed as Option (3) (orderly marketing agreements) that Mr. Strauss developed (not in written form) only on the day of the March 28 EPG meeting and therefore no comment could have been made on it beforehand. Indeed it was this point which you directed Mr. Strauss to write up in the form of a statement by March 30. My memorandum was intended to discuss Option 3 from our perspective even before you got Mr. Strauss' draft statement. We met this timetable.

The decision date for the shoe import matter is April 9.

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