4/6/77 [2]

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE PRESIDENT

FROM: LANDON BUTLER

DATE: APRIL 5, 1977

SUBJECT: MEETING WITH I. W. ABEL AND OTHERS ON APRIL 6,1977

The Industrial Union Department of the AFL-CIO is holding on April 5th and 6th an important conference on international trade and jobs. I. W. Abel, President of the Industrial Union Department, asked for this meeting with you to exchange thoughts concerning the international trade issue.

This meeting had already been scheduled when you asked late last week for a meeting with 15 or 16 labor leaders to discuss inflation and labor law reform. You will therefore have two meetings with labor leaders on April 6: a small meeting with I.W. Abel at 11:20am, and a larger luncheon meeting at noon.

The participants in the 11:20am meeting with I. W. Abel will be:

1. Jacob Clayman, Secretary-Treasurer
   Industrial Union Department, AFL-CIO
   (Clayman has been asked to serve as the Labor Sector Advisor for the Special Trade Representative.)

2. Peter Bommarito, President
   United Rubber, Cork, Linoleum and Plastic Workers of America

3. Floyd Smith, President
   International Association of Machinists and Aerospace Workers

4. Jack Scheinkman, Secretary-Treasurer
American Clothing and Textile Workers Union

5. David Fitzmaurice, President
International Union of Electrical, Radio and Machine Workers

6. Charles Pillard, President
International Brotherhood of Electrical Workers

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE PRESIDENT

FROM: LANDON BUTLER

DATE: APRIL 5, 1977

SUBJECT: LUNCHEON MEETING WITH LABOR LEADERS, APRIL 6, 1977

SUGGESTED AGENDA

1. You may want to open the meeting by reviewing some of the ways that your Administration and organized Labor have worked well together:

   --In response to Mr. Meany's request, you sent a State Department mission to Moscow to correct U.S. - Soviet cargo allocations.

   --You supported Labor's position on the Hatch Act Amendments.

   --You supported Voter Registration Reforms which exceeded the reforms called for by the AFL-CIO.

   --In our negoiations over the Situs Picketing Bill you agreed that you would sign a bill which was far stronger than the bill which President Ford vetoed; Secretary Marshall worked actively on the Hill for passage of a common situs picketing bill.

   --Jake Clayman, Secretary-Treasurer of the Industrial Union Department of the AFL-CIO, will be appointed Labor Sector Advisor to the Special Trade Representative.

   --Finally, you have assured Mr. Meany that you will work closely with him on the question of visas for Soviet Trade unionists.

2. You will then probably want to thank the AFL-CIO leadership for their decision to support in Congress the $50 rebate proposal.

3. At this point, you can open the meeting to a discussion of Labor Law Reform. Mr. Meany, or someone he designates, will be prepared to discuss for approximately 30 minutes the reasons for seeking changes in the labor laws. Attached is a Memo on this subject from Bill Johnston of Stu Eizenstat's office.

4. For the final half-hour, you could then outline in general terms your anti-inflation program, and seek their support. In response to Stu's request, some of the officials may have anti-inflation suggestions of their own.

   Charlie Schultze suggests that you ask Mr. Meany and/or others he designates to meet with Schultze, Mondale, and Eizenstat to go over the details of the program either Friday or early next week.

The list of the persons in attendance is attached.

cc: The Vice President
Hamilton Jordan

THE WHITE HOUSE

WASHINGTON

April 5, 1977

MEETING WITH SENATORS GLENN, RIBICOFF AND PERCY
Wednesday, April 6, 1977
9:20 a.m. (5 minutes)
Cabinet Room

From: Frank Moore f.m.

I. PURPOSE

To present the final report prepared by the Office of Technological Assessment on Nuclear Non-proliferation.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senators Glenn, Ribicoff and Percy have all been extremely active in nuclear power matters and have taken a personal interest in this report. Senators Ribicoff and Percy as ranking majority and minority members, respectively, of the Committee on Governmental Affairs and Senator Glenn as Chairman of the Subcommittee on Energy, Nuclear Proliferation, and Federal Services jointly requested the preparation of this report. The report is the work of a 15-member advisory panel and basicly assesses the dangers in the construction of nuclear power plants and reprocessing and breeder plants.

B. Participants: The President
Senator John Glenn (D-Ohio)
Senator Abraham Ribicoff (D-Conn.)
Senator Charles Percy (R-Ill.)

C. Press Plan: White House Photo Only.

III. TALKING POINTS

A. NSC is now preparing for your approval a message involving non-proliferation. The draft message will probably cover some of the points raised in the report which these Senators will present to you.

B. It may be advisable not to mention this draft message during your meeting.

THE WHITE HOUSE
WASHINGTON

April 6, 1977

Stu Eizenstat -

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

Rick Hutcheson

Re: Lock & Dam 26

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 WHITE HOUSE
WASHINGTON

4-5-77

Stu -

Get from Brock an option paper on Lock & Dam 26

J. C.

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THE WHITE HOUSE
WASHINGTON

4/6/77

Secretary Adams
Stu Eizenstat
Jack Watson
Jody Powell

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

Rick Hutcheson

Re: CEA Weekly Report

THE WHITE HOUSE
WASHINGTON

CC Adams
Watson
sty
Jody

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE CLS

SUBJECT: CEA Weekly Report

1. Humphrey-Hawkins. The EPG will consider the revised bill Monday. In the view of most members it still has problems. We will either suggest major modifications or a new bill. The Black Caucus was ready to blast the Administration for not yet responding to the bill, but I talked to Gus Hawkins and at least postponed the problem for a little while.

2. Energy. We are working with Schlesinger's staff, Treasury and OMB. CEA will do two things: (i) assess the overall economic impact of various energy alternatives; (ii) try to come up with some options which would pose smaller problems for the overall economy.

3. Urban Mass Transit. At the last Cabinet meeting you expressed reservations about the exceedingly expensive subways we are financing. I am attaching a brief note on this problem. If you don't have time now to look at it, you may want to glance at it later.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

cc Jack

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN.

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank

April 1, 1977

RE: Cabinet Summaries for Week of March 28 - April 1, 1977; Thoughts on the Format of Cabinet Meetings; Miscellaneous Items

Summaries

I attach summaries received from the following departments:

Agriculture	Justice
CEA	Labor
Defense	Treasury
Energy	United Nations
Interior	HUD
Commerce	

Format

We continue to receive comments on the appropriate format for and frequency of Cabinet meetings. No consensus has emerged on a course of action. Most Cabinet members like the presentation of one or more concepts at the Cabinet meetings. Some feel that meetings should continue to be held every week, but several want to move to meetings every other week. Those who prefer weekly meetings stress the value of the live discussion plus the symbolic importance of frequent meetings as a demonstration of "Cabinet Government." Those who favor meetings every other week point to the adequacy of the weekly summaries in reporting most Cabinet activities. Whether or not you decide to continue with the weekly Cabinet meetings, we recommend that no meeting be held May 9, when you will be at the International Summit meeting in London.

Your options are:

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	Agree	Disagree
Discuss a concept at every Cabinet meeting	✓	when needed
Continue weekly Cabinet meetings	✓	
Move to meetings every other week		
Hold no meeting May 9		✓ Fritz preside

Miscellaneous

For your information, Joe Califano will announce his immunization program at the Second National Immunization Conference on April 6.

We are attaching several additional memoranda: from Juanita on the Department of Commerce's new initiatives; from Harold on 747's and General Patton in response to your questions; and from Jim Schlesinger on nuclear materials.

Finally, in a memorandum to you earlier this week on the I.L.O. (attached), we may have misled you unintentionally about the thrust of your proposed statement on that subject. Ray points out that certain foreign countries do not take seriously our threats to leave the I.L.O. Hence, Juanita, Cy and Ray were asking you to reaffirm that we will leave the I.L.O. unless certain changes occur. Is your decision still to "hold?"

___ Yes ___ No

I'm prepared to leave ILO absent reforms

J

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THE WHITE HOUSE
WASHINGTON

April 6, 1977

Secretary Brown -

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

Rick Hutcheson

cc: Jack Watson
Z. Brzezinski

Re: Major General George S. Patton

THE WHITE HOUSE
WASHINGTON

Secy Brown

cc

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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	FOR INFORMATION
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	IMMEDIATE TURNAROUND

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	X	BRZEZINSKI
		BUTLER
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		GAMMILL
		HARDEN
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		HUTCHESON
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		KING

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

cc Harold
ok
J

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

March 28, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Major General George S. Patton

You asked for my comments on the letter from Mr. James W. Totten concerning her brother, Major General George S. Patton.

General Patton fell and fractured his right hip in September 1970. In April 1974 he was diagnosed as having avascular necrosis with significant degenerative arthritis in his right hip. In June 1974 he underwent a right total hip replacement. A Department of the Army Physical Evaluation Board, convened in December 1974, found General Patton unfit for further service.

Nevertheless, upon his request, General Patton was granted a waiver for continuation on active duty as an exception to medical retention standards. This initial waiver was granted in February 1975. General Patton's case was reviewed in July 1976 and his waiver for continued active duty was revalidated.

General Patton was promoted to the grade of brigadier general, Regular Army, in November 1973. Under law, General Patton must retire upon completion of 30 years' and 30 days' service or five years from the date of appointment to the grade of brigadier general, Regular Army. The Secretary of the Army's empowered to defer the retirement of any Regular Army brigadier general who is serving in a higher temporary grade, but not later than the date on which he becomes 60 years of age. The Army traditionally has declined to exercise this additional prerogative. General Patton's current mandatory retirement date is December 1978.

General Patton was considered for promotion to major general, Regular Army, by boards which convened in 1974, 1975 and 1976. He was not selected by any of these boards. Were he selected, he would have gained additional tenure to 35 years' and 30 days' service or five years from the date of appointment to the grade of major general, Regular Army.

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General Patton's physical condition should not have been a factor for the 1974 Board since his initial medical waiver was not granted and made a part of his official file until two months after the board adjourned. General Patton's medical problems may have been a consideration in his non-selection by the 1975 Board, but the record is silent as to the reasons he was not selected. The Chief of Staff of the Army specifically advised the members of the 1976 Board that there was nothing to bar the selection of an officer serving under waiver of physical disability so long as the officer's record supported the additional tenure to be derived by selection. The record supports a conclusion that General Patton simply was among those officers not considered by the selection board to merit additional tenure.

General Patton is eligible for consideration for promotion to the grade of major general, Regular Army, by the board which is projected to convene in late 1977 and, conceivably, by the board which is programmed to convene during 1978. Should he be selected, General Patton would gain additional tenure until 1982 or 1983. If not selected, he will be retired on 1 December 1978 under the mandatory retirement provisions of law.

As noted, General Patton already has been the subject of waivers of normal medical standards. I would not think it appropriate or desirable to take any action in anticipation of consideration by the next promotion board.

Harold Brown

THE WHITE HOUSE
WASHINGTON

April 6, 1977

Jack Watson -

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

I assume you will communicate the President's comments on ILO to appropriate Cabinet Officers.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Ham Jordan
Bob Lipshutz
Frank Moore
Jody Powell

THE WHITE HOUSE
WASHINGTON

Note to Jack—
I assume you will communicate
President's comment on ILO
to appropriate Cab. Officers.
RL

ACTION	FYI	
	/	MONDALE
		COSTANZA
	/	EIZENSTAT
	/	JORDAN
	/	LIPSHUTZ
	/	MOORE
	/	POWELL
	/	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
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		LANCE
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		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		STRAUSS
		WELLS
		VOORDE

cc Brock Adams

J

A Brief Note on Urban Mass Transit

The current federal subsidy program for mass transit has a built-in-bias which positively encourages communities:

(a) to choose subways over bus systems and other improvements even when it makes no economic sense;

(b) to invest too heavily in new capital and skimp on operations, maintenance, and service improvements.

The Federal subsidy program pays 80 percent of the capital cost of approved projects. City officials have every incentive, therefore, to choose systems which are very capital intensive but low on operating costs. This sets up a strong bias toward subways. Moreover, even in the case of bus systems, officials also have a bias to replace buses too soon rather than spend the operating funds to keep older buses in good repair.

One study of bus operations in Chicago and Cleveland concluded that, because of the heavy Federal subsidy to capital costs, transit officials were replacing buses far too soon. The study estimated that about 23 percent of the subsidy was wasted by the unnecessary costs of premature replacement.

An open-ended subsidy to operating costs is no answer. It simply invites inefficient operations and excessive wage increases. One proposal has been made for a radical revamping of Federal mass transit subsidies. Under this proposal the Federal government would replace the current grants with a fixed subsidy per passenger trip or a fixed percentage of passenger revenues. Such a subsidy would encourage expansion without biasing local decisions toward wasteful capital expenditures.

No approach is without problems. But you might want to have DOT study a number of alternative subsidy systems.

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THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 6, 1977

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze CLS

SUBJECT: Wholesale Prices in March

Wholesale prices rose 1.1 percent in March -- the largest increase of any month since October 1975. A big part of the rise was in prices of farm products, which jumped sharply for the second straight month (up 2.2 percent in February and 2.5 percent in March). But prices of all industrial commodities went up 0.8 percent, and for industrial commodities other than energy items the increase was 0.7 percent.

Industrial price increases occurred principally in metals (1.4 percent) and textiles and apparel (1.1 percent), and were widespread within these groups.

These figures will be released at 10:00 A.M. on Thursday, April 7.

The monthly figures jump around a good bit (in February, for example, industrial commodities excluding fuel rose only 0.2 percent). The March rise does not itself signal an acceleration of inflation. But the figures are not good news. The press and the financial markets will undoubtedly take the March increase as a bad sign. There is a possibility that some industries have raised their prices recently out of concern that even a voluntary anti-inflation program might limit their ability to raise prices later on. However, we have no concrete evidence of that.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

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I think we should react by saying:

- the farm price increases in February and March are heavily dominated by cold weather effects and coffee price rises;

- we do not believe that the underlying rate of inflation is accelerating;

- nevertheless, the recent figures do underscore the need to control inflation;

- we will shortly be presenting our anti-inflation program.

THE WHITE HOUSE

WASHINGTON

April 6, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Rick Hutcheson

SUBJECT: STATUS OF PRESIDENTIAL REQUESTS BY DEPARTMENT (PER YOUR REQUEST)

Rick - Good - Call them re due reports to me - Get firm dates

J C

p.s. 9/11 follow up at next Cabinet mtg

J

SCHULTZE AND POWELL:

1. Anti-inflation statement -- In Progress, (expected 4/12).

LANCE AND SCHULTZE:

1. What rules on overtime should be established to prevent circumventions of employment limits in government -- In Progress, (expected 4/9).

BLUMENTHAL, SCHULTZE, VANCE:

1. What can we do about the Bahama Banks -- In Progress.

BLUMENTHAL:

1. Go over tax reform principles, general goals, and procedures with EPG; then submit back to the President your 2/8 memo with any amendments and/or comments -- In Progress.

2. Give the President a brief memo on Oil Preference Legislation -- In Progress, (with Commerce and Labor; then to be discussed at EPG).

EIZENSTAT:

1. What can we do without legislation to maximize openness in government -- In Progress, (draft Executive Order expected 4/20).

2. The President will deliver an early environmental message -- if good -- In Progress, (expected 4/22, announcement expected 5/2).

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3. Prepare a draft message to Congress on the opportunity for regulatory reform and consult with the Cabinet -- In Progress, (expected 4/8).

4. Find out how many different econometric models we are using for international analysis, and whether the CIA needs to know -- In Progress, (expected 4/8).

5. Assess priority and proper functions of the Corps -- In Progress.

6. You should talk with Bob Strauss to determine what should be done regarding duty imposed by the U.S. concerning imports of men's suits-- In Progress, (expected 4/8).

7. Comment on the letter from Bob Edgar regarding position on protection of the wetlands -- In Progress, (expected 4/8).

FALLOWS:

1. Begin working on Notre Dame speech outline for May -- In Progress, (expected 5/10).

VICE PRESIDENT:

1. Check on the need for travel of Leo Cherne of PFIAB -- In Progress, (as part of the EOP Reorganization Study).

BROWN:

1. Let the President know the status of any beyond the first three 747 Command Planes already in operation -- Done.

BELL:

1. You know of the President's promise to make the Attorney General independent of White House control and influence. Please consult with your advisors and prepare draft legislation -- In Progress, (expected 4/8).

CALIFANO:

1. What can we do to a) have social security cards that cannot be forged easily; b) eliminate more than one card per person ; c) require positive identification of all welfare recipients when they qualify for benefits to avoid multiple payments to the same person; d) reduce the number of conventions -- In Progress, (expected 4/8).

SCHLESINGER:

1. Put these ideas plus your own into a letter from the President to the TVA Board, asking for their assessment of the proposal -- In Progress, (expected 4/8).

THE WHITE HOUSE

WASHINGTON

April 5, 1977

MEETING WITH SENATORS GLENN, RIBICOFF AND PERCY
Wednesday, April 6, 1977
9:20 a.m. (5 minutes)
Cabinet Room

From: Frank Moore f.m.

I. PURPOSE

To present the final report prepared by the Office of Technological Assessment on Nuclear Non-proliferation.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senators Glenn, Ribicoff and Percy have all been extremely active in nuclear power matters and have taken a personal interest in this report. Senators Ribicoff and Percy as ranking majority and minority members, respectively, of the Committee on Governmental Affairs and Senator Glenn as Chairman of the Subcommittee on Energy, Nuclear Proliferation, and Federal Services jointly requested the preparation of this report. The report is the work of a 15-member advisory panel and basicly assesses the dangers in the construction of nuclear power plants and reprocessing and breeder plants.

B. Participants: The President
Senator John Glenn (D-Ohio)
Senator Abraham Ribicoff (D-Conn.)
Senator Charles Percy (R-Ill.)

C. Press Plan: White House Photo Only.

III. TALKING POINTS

A. NSC is now preparing for your approval a message involving non-proliferation. The draft message will probably cover some of the points raised in the report which these Senators will present to you.

B. It may be advisable not to mention this draft message during your meeting.

EYES ONLY

THE WHITE HOUSE
WASHINGTON

April 6, 1977

Midge Costanza
Stu Eizenstat
Ham Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Re: Weekly Cabinet Reports

The attached were returned in the President's outbox and are forwarded to you for your personal information.

Rick Hutcheson

Summaries Attached:
Commerce, Agriculture, HUD, HEW, DOT, United Nations, Justice, Labor, Treasury, Interior, Energy, Defense and Commerce (re Trade Adjustment Assistance).

THE WHITE HOUSE
WASHINGTON

eyes only

ACTION	FYI	
		MONDALE
	X	COSTANZA
	X	EIZENSTAT
	X	JORDAN
	X	LIPSHUTZ
	X	MOORE
	X	POWELL
	X	WATSON

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		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		STRAUSS
		WELLS
		VOORDE

THE PRESIDENT HAS SEEN.

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

March 25, 1977

"FYI"

1977 Mar 25 PM 4 45

REPORT TO THE PRESIDENT

SUBJECT: Department of Commerce New Initiatives

As part of our continuing long-range policy and program development process in the Department, we are seeking both to eliminate unnecessary activities and to initiate, where appropriate, a few new efforts. As a first step, we have focused on the three new initiatives outlined below.

• Regulatory Reform. One of society's most pressing current needs is a more rational process of regulation, especially with respect to the environment. The Department of Commerce currently is examining (1) the impacts of sets of regulations on industry, the economy, and consumers; (2) processes whereby more economic reality can be interjected into the regulatory process; (3) ways to improve the quality and credibility of technical information used in developing regulations; (4) ways to transfer Federal regulatory responsibilities to states and to coordinate interdependent regulatory authorities; and (5) ways to allow a greater role for economic or market incentives and thereby improve the flexibility, efficiency, and equity of the regulatory system. In particular, the Department is investigating a mixed strategy of regulation coupled with fees and credits which would induce industries to speed up their technological developments and to move more quickly toward mandated objectives.

• Trade Adjustment Assistance. In conjunction with the EPG, we have been reviewing the ways in which trade adjustment assistance can be made more effective. To the extent that we can do this, it will enable us to avoid or reduce trade restrictions. The options for improving adjustment assistance

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fall into three broad categories:

-- Improvement of the delivery system, by focusing adjustment assistance in a single high-level coordinator.

-- Improvement and consolidation of existing programs, principally in the Departments of Labor and Commerce. These improvements could be accomplished administratively or through minor legislative changes.

-- Major new legislative proposals such as the creation of a trade adjustment bank or additional investment tax credits.

We can do a much better job on trade adjustment assistance, but there are significant difficulties with all of these options. We are analyzing these problems carefully. I would therefore caution you not to expect trade adjustment assistance to serve as the complete means for dealing with import relief cases.

• Productivity Studies. The Department is initiating several studies on productivity and economic growth in the U.S., starting with an assessment of previous analyses to delineate the causal variables underlying productivity growth and to determine the significance of each variable. In particular, the relationships of technology and capital to productivity will be examined. Attention also will be directed to the human development aspects of productivity, as evidenced in recent years through industry and government experimental programs.

Juanita M. Kreps

Juanita M. Kreps

THE WHITE HOUSE
WASHINGTON

April 6, 1977

Secretary Bergland -

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

Rick Hutcheson

Re: Loans

cc: Jack Watson

THE WHITE HOUSE
WASHINGTON

cc Sec Bergland

cc Bob

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

THE PRESIDENT HAS SEEN.

April 1, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Weekly Report

BLACKS. My meeting with the deans of the black land grant colleges, this week, was the first direct communication between a Secretary of Agriculture and the deans since the program was instituted in 1890. We discussed the ways they can help the Department with their unique expertise in nutrition research and small farm management. They are impressed with the Administration's interest and will be a valuable, but unfortunately new resource.

EPG. In developing agenda recommendations for the Economic Policy Group it is my understanding that items should include only those which involve a wide spectrum of activities with other agencies, affect the domestic inflation rate, or deal with matters of international trade/tariff policy. Other less broad matters would go directly to the appropriate agency. If EPG tries to do too much, I am afraid they will become a bottleneck instead of an expediter.

PBB. USDA representatives returned from Michigan hearings on PBB contamination of cattle with suprisingly few scars. USDA, at least, is not being condemned for the accident and the consequences. However, I have directed staff to develop new procedures to limit the effects of what will certainly become more frequent accidents and seek better means to deal with the problem.

LOANS. Of the $2.22 billion estimated 1978 budget outlay for USDA's legislative program, $1.7 billion represents secured commodity loans. This gives an unrealistic picture of estimated costs and leaves us open to legitimate congressional criticism. We should find an alternate, more businesslike, method for our calculations. In a capital budget system, only a small percentage -- set aside for bad loans -- would be considered outlays.

I agree

BOB BERGLAND

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THE PRESIDENT HAS SEEN.

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

April 1, 1977

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

Sale of Douglass Glen Gardens. I have arranged for the sale of Douglass Glen Gardens, a 152-unit apartment complex in Washington, D. C., to the nonprofit Frederick Douglass Corporation. HUD had acquired this project through foreclosure. The negotiated sale will enable the Corporation to restore an entire 14-acre area, originally known as Cedar Hill, which includes the last residence of Frederick Douglass.

Section 202 Invitations. The Section 202 invitation to apply for fund reservations is being published in the Federal Register today. Applications for reservations from prospective sponsors will be accepted by the Central Office through May 31. Issuing the invitation now, together with Central Office review of applications, will enable us to reserve the entire $750 million of Section 202 loan authority prior to the end of the fiscal year.

Hazard Insurance. Within the past year premiums for hazard insurance on HUD's multifamily projects have increased enormously without apparent consideration of a specific project's condition, location or clientele. This increase appears to have affected the entire multifamily real estate industry, including inner city properties. In some cases, premiums have increased by up to 150 percent, with a 50 percent reduction in coverage. Some owners of HUD-insured projects now are unable to obtain suitable hazard insurance

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at reasonable rates and, in some instances, are unable to obtain any coverage. HUD's Housing staff has been meeting with representatives of the Federal Insurance Administration and shortly will meet with representatives of the Federal National Mortgage Association, Institute of Real Estate Managers, and the National Council of Housing Managers to develop a solution to this situation and, at the same time, to address the severe inner city insurance problem.

Proposal for HUD-Administered Program to Encourage Energy Conservation Retrofit. HUD is developing options involving incentives for installation of energy conservation measures in existing housing for consideration by James Schlesinger's energy staff. The options being developed include property improvement loans, tax credits, and grants to low income homeowners.

Water Conservation in Drought Areas. HUD's field offices have been instructed to encourage water conservation measures in arid and drought areas whenever appropriate. In sections of the country where water is scarce, HUD offices are to encourage the use of desert landscaping requiring minimum amounts of water. HUD offices also are to assure strict compliance by Public Housing Authorities with water conservation measures, including the use of individual utility meters where they are cost effective.

States Receiving Drought Assistance through FDAA. The President's March 31 emergency declaration authorizing drought assistance for Iowa and Washington brings the total number of states now eligible for such assistance to 16. The Federal Disaster Assistance Administration has issued mission assignments to the Department of Agriculture, which is now providing livestock feed assistance to some 70,000 farms and ranches. To date, USDA has provided 2.2 billion pounds of feed and 11.4 million tons of hay. The program is expected to save more than 8 million breeding cattle from being slaughtered. The cost of the assistance, which is provided from the President's Disaster Relief Fund, may reach $100 million by the time the emergencies end.

Toledo, Ohio. On March 7, 1977, Toledo officials met with HUD staff to discuss the impact of recent City actions regarding proposed low and moderate income housing

sites on the City's Community Development Block Grant program and its Workable Program Recertification. At that time, we advised the City that failure to take appropriate measures by April 1, 1977 to make sites available for additional low and moderate income housing and to provide housing in accordance with the goals and locations described in the City's Housing Assistance Plan, would result in the reduction of funding under the Block Grant program. The City also was advised that review of the Workable Program would be held in abeyance pending further Council action.

On March 24, the Toledo City Council voted five to four to overturn a previous negative vote, thus allowing sewer extensions to the two sites planned for low and moderate income housing.

Media and Public Response to Solar Energy Grants. On Monday, HUD and ERDA announced a joint program to pay half the cost of installing solar hot water heating units in 10,000 single family residences in 10 states. A joint news briefing was held at HUD. Our press and program offices received more than 200 telephone queries for further information from the media, public officials in the 10 states, and the public.

Public Forum. HUD's Consumer Affairs Office will hold a public forum next Tuesday to discuss tenant participation in the management and operation of Public Housing Agencies. This forum will provide an opportunity for consumers to participate in the development of a HUD regulation governing the major issues involved.

Speaking Engagement. On Wednesday, I spoke briefly to chief executive officers of the National Association of Mutual Savings Banks. My theme was that we must turn more of our efforts toward providing housing opportunities to our "vulnerable" population groups -- Native Americans, Blacks, Spanish-surnamed and disabled persons. Because savings banks are heavily concentrated in the large metropolitan areas of the Northeast and Central Atlantic States where the urban crisis is centered, the savings banks must join HUD in a new urban partnership to help meet the housing credit needs of these older communities.

Pat Roberts Harris

Patricia Roberts Harris

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

April 1, 1977

MEMORANDUM FOR: The President

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THE PRESIDENT HAS SEEN.

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

April 1, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on important activities within the Department of Health, Education, and Welfare.

PUBLIC EVENTS

- Visit to Center for Disease Control. On Tuesday, April 5, I will visit the Center as part of my commitment to visit all of HEW's major regional facilities. I will give a speech strongly supporting the work of CDC, and I hope to be able to announce the new director, Dr. William Foege, who is presently at the Center.

- Childhood Immunizations. As you know, on Wednesday I will announce your new initiative to raise the level of childhood immunizations. This announcement will take place during the National Conference on Immunization Policy at the National Institutes of Health. We will then begin an intensive campaign involving the media, federal, state, and local officials and private organizations so that we can change the intolerably low level of immunization against childhood diseases.

- Handicapped Demonstration. On Tuesday, representatives of this nation's handicapped will demonstrate in Washington and at other sites. The White House and HEW will be targets of the demonstration. The handicapped seek my signature on the "504" regulations-- the elaborate set of regulations prohibiting discrimination on the basis of handicap for recipients of federal funds. These regulations cover employment, education and health and are, as you know, very sweeping. I will meet with representatives of the handicapped on Monday, the day before the demonstration. If I return from Atlanta in time, I will also

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try to meet with a delegation on Tuesday. I further plan to sit down with the handicapped on Thursday to hear their views on the regulations, which Secretary Mathews refused to sign before leaving office. The regulations, with some modifications, will be signed before the White House Conference on the Handicapped, which is scheduled for late May. However the particular issues are resolved, these regulations will be very controversial.

- o Public Service Employment Program. I have offered to work with Ray Marshall in the implementation of the proposed expansion of the CETA Public Service Employment Program which is now pending before Congress. I have designated Arabella Martinez, Assistant Secretary for Human Development, to represent HEW. Under Ms. Martinez's guidance, the HEW agencies are now preparing to initiate nationwide outreach and technical assistance activities to encourage their grantees to collaborate with CETA sponsors in the development of job creation programs.

- o Architectural Barriers Act Citation. The Architectural and Transportation Barriers Compliance Board, which I chair, has issued its first citation under the new enforcement regulations against the Departments of Interior and Transportation. The March 22 citation was issued because of a failure to provide access for physically handicapped persons to the lower level train platforms at Union Station. A hearing is now being scheduled before an administrative law judge on the citation.

CONGRESSIONAL ACTIVITIES

- o Cost Containment. We have been continually briefing members of the Domestic Council and OMB on the hospital cost containment proposal we are developing for you. As you know, Congressman Rogers and Congressman Rostenkowski have agreed jointly to sponsor your proposal in the House. Your health message, which will include the cost containment proposal, is scheduled for April 18. Hearings in

the House are already firmly scheduled for the week of April 25.

o DNA Legislation. I will testify next week before Senator Kennedy's Health Subcommittee on the Administration's bill to control DNA research.

Joseph A. Califano, Jr.

THE PRESIDENT HAS SEEN.

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

April 1, 1977

MEMORANDUM FOR THE PRESIDENT

THROUGH: Mr. Jack Watson

SUBJECT: DOT Issues for Presidential Review

This memorandum describes significant issues now pending at the Department of Transportation and updates several issues raised in previous memoranda.

Locks and Dam 26 — ACTION

The Senate Public Works Committee has again demanded that DOT testify on April 20 on Locks and Dam 26. I previously declined to testify April 1, because I was testifying before the Senate Commerce Committee on Aviation Regulatory Reform.

The Lock and Dam 26 controversy will cause the issue of the Administration position on waterway user charges to be forcefully raised, and I must either comment that the Administration has a position or it has not been decided.

In your present budget, you have retained the Ford Administration proposal that $80 million would be raised this year through waterway user charges. The only proposal presently on Capitol Hill is the bill that was previously presented as the Corps of Engineers' proposal to place segment tolls on the waterways. This proposal has maximum opposition to it. The OMB, DOT, and the Corps of Engineers have spent years studying this, and all have position papers. I would suggest that OMB could bring together DOT and the Corps of Engineers to work out a proposal, if you desire it to be done immediately.

I am prepared to testify on the economic effects of a single 1200 foot lock. DOT staff has met with the Corps of Engineers' staff to review the engineering aspects of whether the dam can be repaired or must be replaced. This cannot be completed by April 20, and I would so inform the Committee.

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Because of your personal interest in the Locks and Dam 26 issue and the demand that I testify April 20, I need to know the following:

1. Should I testify on the economic effects of Locks & Dam 26 which would involve a 1200 foot lock which would remove the bottleneck but would not lower the channel. This will be treated as a symbolic issue, but would not have a major economic effect on the various modes of transportation competing with the waterways.

2. Do you want to have a waterway user charge policy announced by having OMB, DOT and the Corps of Engineers try to develop a position by April 20?

3. Is it satisfactory with you if I indicate that DOT and the Corps of Engineers are still studying the engineering problems to determine whether the dam should be replaced or repaired, and from that the amount of cost?

This is a major project because the present cost estimates by the Corps of Engineers for either replacement or repair are over $400 million.

Airline Regulatory Reform — INFORMATION

On Friday, April 1, I testified before the Senate Commerce, Science and Transportation Committee in support of your message on the Cannon/Kennedy aviation regulatory reform legislation. I believe the testimony went well, but passage of a final bill is very difficult and will require intensive negotiations with the Committee.

I will discuss the problems of developing policy and legislative strategy with Bert Lance. After our conversation, I will indicate to you a concern I have regarding the manner in which this should be developed.

Bilateral Negotiations — INFORMATION

The current negotiating session with the United Kingdom began here in Washington on Monday, March 28. Air route rights and government regulation of capacity remain the key issues for discussion. The capacity management we discussed with you is on the table, and the British appear to be making a good faith effort to review U.S. proposals and to develop constructive compromise proposals of their own.

Ambassador Alan Boyd has now transmitted the U.S. route request to the United Kingdom negotiators. This request proposed a continuation of the existing liberal system of route rights for U.S. carriers, together with the addition of some new U.S. cities as transatlantic gateways to London. British flag airlines would receive, under this proposal, rights which would generally correspond to U.S. rights. The U.S. proposal was received by the U.K. with "a deep sense of disappointment." The U.K. continues to reaffirm its objective of obtaining a better market share for its carriers relative to the U.S.

International Meetings — INFORMATION

On April 7, I will be meeting with Ambassador Togo of Japan, Mr. Takeuchi, former Ambassador to the United States and now Special Adviser to the Minister of Foreign Affairs. They are likely to raise the question of our bilateral aviation agreement with Japan which is due to expire this year. In addition, they may comment on the implementation of the 200-mile fishing limit.

I am also meeting with Mr. Edmund Dell, the U.K. Secretary of State for Trade on April 26. It is likely that Mr. Dell will raise the issues of the Bermuda aviation agreement and Concorde.

Atlanta International Airport — INFORMATION

Despite advice to the contrary from FAA, Atlanta International Airport has prepared inadequate environmental documentation, which does not meet requirements under the National Environmental Policy Act, with respect to a proposed Federal grant for a new terminal at the airport. The airport has already announced it will award a construction contract for the terminal next Tuesday, April 5. Because FAA is not approving the inadequate environmental documentation and, therefore, cannot approve the construction grant at this time, it is possible that Mayor Jackson may call you about this matter. You should be aware that remedying the substantial defects in the environmental analysis will take considerable effort on the part of the airport management.

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Michael Blumenthal to The President Re: Cargo Preference Legislation (7 pp.)/ attached to memo from Rick Hutcheson to Stu Eizenstat	4/6/77	A
letter	From The President to Chairman Hua Kuo Feng (1page) attached to memo from Rick Hutcheson to Jody Powell	4/6/77	A
letter	From Andrew Young to The President Re: Weekly Summary of US Mission to the UN Activities for Period 3/24/77-3/31/77 (1 page) / attached to memo from Rick Hutcheson to Cabinet members	4/1/77	A
memo w/att	From Alan S. Boyd to The President Re: Civil Air Negotiations (6pp.) / attached to note from Rick Hutcheson to The President	4/6/77	A

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THE PRESIDENT HAS SEEN.

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

April 1, 1977

Re: Principal activities of the Department of Justice for the week of March 28 through April 1

1. Events

On Monday, March 28, 1977, Judge Wade H. McCree was sworn in by Chief Justice Burger as the 36th Solicitor General of the United States. The Attorney General presided over the ceremony before Departmental employees in the Great Hall.

On Friday, April 1, 1977, the Attorney General spoke at the annual Law Day ceremonies of the University of South Carolina in Columbia, South Carolina. Senator Thurmond introduced Judge Bell. The Attorney General spoke about the importance of the integrity of the Department of Justice, emphasizing the Office of Professional Responsibility and the Public Integrity Section of the Criminal Division.

2. Weekly Meetings of Cabinet

The Secretary of the Cabinet has asked for the Attorney General's opinion on Cabinet meetings being held only once every two weeks. While the Attorney General originally was somewhat skeptical about the effectiveness and efficiency of weekly meetings of the Cabinet, he has almost decided that weekly meetings should continue.

3. Organized Crime

Benjamin Civiletti, Assistant Attorney General for the Criminal Division, has been reviewing the need for improved coordination in the efforts against organized crime. With the assistance of the new Organized Crime Section Chief, who was named last fall, Civiletti is inquiring into the policies

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and procedures used in this field in order to design a clear set of national priorities. Too much effort in the past has been diffused because of allocation of resources to small cases and because of a lack of focus upon the priorities of the national effort against organized crime. As part of this study, Civiletti is determining the most effective manner in which to use organized crime strike forces.

Criminal Code: In an effort to mediate, the Attorney General met with several members of Congress who will play a key role in handling the legislation to revise the entire federal criminal code. The Attorney General is working with Senators Kennedy and McClellan and Congressman Rodino to resolve differences over the controversial provisions in the previous S. 1 draft.

Foreign Intelligence Electronic Surveillance Bill: A working group of intelligence community representatives which is chaired by the Attorney General is continuing to make progress on drafting legislation to establish a judicial warrant procedure for foreign intelligence electronic surveillance.

Court Reform: The Office for Improvements in the Administration of Justice is now preparing three proposed bills dealing with court reform for submission to Congress. The first bill would allow United States Magistrates to try additional criminal cases other than felonies and would give them, for the first time, jurisdiction to dispose of certain types of civil actions. The second bill would reduce the "diversity jurisdiction" of the district courts by preventing plaintiffs from bringing civil actions in the federal courts in which they reside rather than in their state courts. The third bill would enable the federal courts to establish priorities for the handling of civil cases brought under various federal statutes.

4. Senate Intelligence Committee-Budget Hearings

The Attorney General testified in executive session before the Senate Intelligence Committee, Subcommittee on Budget Authorization. The Attorney General explained the general policy and procedural guidelines which govern the authorization of these activities. He indicated concern about two problems:

(1) The volume of intelligence matters in the Attorney General's office. The Attorney General suggested as one possible solution the creation of

an office for an Assistant Attorney General for Intelligence, to whom the Attorney General would delegate the authority to approve specific intelligence operations.

(2) The scope of the Attorney General's legal authority to approve domestic security investigations employing broad surveillance techniques. The question is presently under study by the Attorney General.

5. Gordon Liddy Petition for Executive Clemency

The Attorney General has transmitted to the Counsel to the President his recommendation concerning the petition for commutation of sentence filed by Mr. Liddy. The Attorney General has recommended that Mr. Liddy's twenty-year sentence be commuted to eight years. A formal recommendation will be submitted to the President after discussions between the Attorney General and the Counsel to the President.

6. Northwest Indian Fishing Rights Litigation

The Department of Justice, Interior and Commerce have activated a task force to attempt to reach a negotiated settlement of the controversy which involves a conflict between fishing rights granted to Indians by treaty and authority of the State of Washington to regulate fishing within its boundaries. The controversy has been characterized by Washington State Officials and members of the Washington Congressional delegation as the single most important issue in the State. The task force which has been activiated will work in conjunction with the Washington Congressional delegation and State officials.

7. National Association of Regional Councils v. Train

On Friday, April 1, 1977, attorneys from the Department of Justice argued the appeal before the United States Court of Appeals for the District of Columbia. At issue is whether a United States District Court may order a Federal agency to expend funds after the expiration of the time during which such funds were made available by Congress. The District Court had ordered EPA to expend approximately $137,000,000 in previously unobligated funds under the Federal Water Pollution Control Act. The funds had been impounded by the Nixon Administration. Approximately 70 Senators have urged that the appeal be dismissed. OMB previously argued that the appeal should be taken and is currently reevaluating its position. If OMB revises its position and asks that the appeal be dismissed, the Department will do so prior to the time the Court of Appeals renders its decision.

THE PRESIDENT HAS SEEN.

"FYI"

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

April 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall

SUBJECT: Major Departmental Activities for March 26-April 1

TRANSFER OF MINE ENFORCEMENT AND SAFETY ADMINISTRATION (MESA)

Representatives of the Labor Department testified before the relevant House Education and Labor subcommittee in support of legislation that would strengthen mine safety enforcement and transfer MESA from the Interior Department to the Labor Department. This April 1 testimony reflected the Administration's position.

PAPERWORK REDUCTION REPORT

In response to a directive from your office, the Labor Department's plan for the reduction of paperwork was sent to the Office of Management and Budget on March 31.

EMPLOYMENT AND TRAINING

The proposed new Youth Employment and Training bill was originally scheduled to be sent to Congress on April 1. Its submission has been delayed until April 4 because of difficulty in reaching consensus among the relevant Congressional committees, federal agencies and unions. The points in dispute are technical--rather than substantive--in nature. The Congress and the White House Domestic Policy staff supported this delay.

ERISA (EMPLOYEE RETIREMENT INCOME SECURITY ACT)

Nevada Culinary Workers Pension Fund

This week we filed suit against the trustees of the Southern Nevada Culinary and Bartenders Pension Fund. Also included in the suit was Morris A. Shenker, a real estate developer. More than 50-percent of the Fund's assets were loaned to four real estate companies controlled by Shenker. These loans--and an additional commitment of $10 million over the next 18 months--were made despite evidence that

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the borrowers could not repay the laons. Senator Cannon is concerned that the suit could affect the vitality of the union. At his request, we held a special non-judicial hearing for representatives of the Fund. However, the facts of the case and the outcome of the hearing give us little choice but to proceed in court. (Al Bramlet, who was head of the Nevada AFL-CIO until his recent well-publicized murder, was chairman of the Pension Fund's trustees).

Ohio Teamsters Pension Fund

On March 31, we filed suit against the trustees of the Ohio Highway Drivers Welfare Fund. One of the abuses that triggered the suit was payments of more than $500,000 a year to the Fund's administrator. William Presser, one of the trustees of the Ohio Fund, was also an original trustee of the Teamsters Central States Pension Fund.

INTERNATIONAL LABOR AFFAIRS

This week the Labor Department and the State Department are holding a conference in New Delhi for labor attaches stationed in Asia and North Africa. Under Secretary Robert Brown and Deputy Under Secretary Howard Samuel are participating for the Labor Department.

FEDERAL SUPPLEMENTAL BENEFITS

Next week you may receive for signature the bill extending Federal Supplemental Benefits for unemployment insurance. Conferees have finished work this week, and the conference vote is expected early next week.

FYI

THE PRESIDENT HAS SEEN.

THE SECRETARY OF THE TREASURY

WASHINGTON 20220

April 1, 1977

MEMORANDUM TO THE PRESIDENT

SUBJECT: Highlights of Treasury Activities

Treasury continues to work on getting the authorization for the countercyclical program enacted in the Senate, as the House subcommittee continues to study the matter. Also, we were successful in persuading Congressman Maddox to withdraw his amendment cutting out all countercyclical money for the budget resolution for FY'78.

Congress this week approved a one month extension of the continuing resolution which will enable Treasury to make General Revenue Sharing payments by April 5. The action was necessary because the Senate does not plan to complete action on the FY'77 supplemental appropriations bill in time to meet the statutory deadline for payments to be made to state and local governments.

The House Banking Committee voted this week to allow Treasury to invest tax and loan accounts in securities or certificates of deposit and to allow these accounts to be deposited in savings and loan associations. No date has yet been scheduled for floor action.

Prime Minister Andreotti was unable to win full agreement from the Italian unions on all of the items proposed by the IMF as conditions for the $520 million standby agreement. Treasury Minister Stammati therefore flew to Washington to negotiate a revised package. We expect that final agreement will be reached within a couple of days. The IMF fully recognizes the political realities of the Italian situation, but will remain as firm as possible on the economics of the deal.

The Administration scored three major victories this week in Congress concerning our proposed funding for the international financial institutions. The House Budget Committee accepted our full request for $2.6 billion for appropriations in FY'78. The House Banking and Currency Committee (Reuss) and the Senate Foreign Relatons Subcommittee (Humphrey) both voted our full authorization requests of $5.1 billion. We are now working with the Senate Budget Committee (Muskie). Reuss has requested that you issue a public statement in support of the authorization, within the next few days, and I recommend that you do so.

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Both the Reuss and Humphrey Committees voted to repeal the Harkin amendment, which since early 1976 has required the United States to vote "no" on all loans to human rights violators in the Inter-American and African banks. Both voted instead for the Reuss amendment, which grew out of your meeting with the Congressional leadership on March 9. The more flexible amendment instructs us to use our "voice and vote" to promote human rights in the international financial institutions and report semi-annually on our progress. The final outcome of this issue remains unclear, however.

The Black Caucus, led by Parren Mitchell, added $150 million for the African Development Fund to our IFI authorization request. We support the proposal, on the proviso that funding be delayed until FY 1979 to permit time for an international replenishment from all donor countries to be negotiated. We have suggested that Ambassador Young lead the U.S. delegation to the annual meeting of the African Bank in early May, to maximize the political effect of our move.

Top Spanish Finance Ministry officials visited Washington this week to discuss their economic situation with us and with the IMF. Spain is suffering 20% inflation and a $4 billion balance of payments deficit. Pending their elections in June and promulgation of a new constitution, the Spanish feel they cannot adopt new stabilization measures--but they feel that financing for their deficits will be adequate until new measures can be adopted in 1979.

On the reporting burden reductions program, Treasury informed OMB this week that, excluding IRS and Revenue Sharing, Treasury already has surpassed the original 5 percent goal with a 7.2 percent reduction as of March 25. The Secretary has established a final goal of 10 percent by September 30, 1977.

The following message to the President was dictated from California by Secretary Blumenthal on Thursday, March 31:

"Along with substantial support for your beginning economic program and for the stimulus package, I find in California that the greatest concern among many people is that the inflation rate will rise. Underlying this fear is the expectation that budget deficits will continue to be large. Whether or not such a relationship between inflation and deficits is logical, that is the way many people look at it.

The recent action by the House Budget Committee, which implies deficits for FY 1977 and 1978 larger than the $68 billion and $57.4 billion contained in our budget proposal, has aggravated these concerns.

I have been pointing out to all and sundry that your conservative approach to budgeting, and your determination to reduce deficits and move toward balance by FY 1981, means you will be taking strong actions to prevent increases in the FY 1977 and 1978 deficits. I have also been emphasizing that the budget underruns for the first 5 months of FY 1977--some $10-11 billion--almost certainly cannot be made up with extra spending in the remaining 7 months of the fiscal year, and that we will as a result probably have a smaller deficit than originally projected. I am stressing that financial observers are wrong in projecting the eventual deficit as a sum of our original estimate and the additions made by the House Budget Committee.

Given that many people attach great importance to the deficit, and believe there is a direct connection between deficits and inflation, you might wish at an early opportunity to indicate reservations about the House Budget Committee's action and to state that the shortfalls in spending may well lead to a smaller, rather than larger, deficit than originally anticipated. In the same vein, you might announce that you are directing Bert Lance, myself, and your other economic advisors to plan the budgets for the next several years against firm and decreasing budget deficit limitations."

Tony

Anthony M. Solomon
Acting Secretary

THE PRESIDENT HAS SEEN.

THE SECRETARY OF THE INTERIOR

WASHINGTON

April 1, 1977

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of March 28

The industrial owners of the old growth redwoods refused to grant us a moratorium. Justice advises that we do not have basis for an injunction, so we are helping Rep. Phil Burton expedite his bill. Our recommendation will be supportive, but not as sweeping because of the cost. Burton knows this and is agreeable, but asks that we do not disclose our plan until he holds his hearings. It will be resolved satisfactorily.

Speaking of Mr. Burton, he didn't exactly tell it "straight" on the Land and Water Conservation Fund. The request for FY 77 was $340 million. We increased this to $600 million in FY 78, but opposed his move to increase that to $900 million. We could use the money for worthwhile projects, but your deficit would be increased by $300 million and OMB agreed with my position. If Burton pushes it through we can use it, but it would then be Congress who increased not the Administration.

The Senate released our two Assistant Secretaries that have been held hostage.

Drought legislation is in good shape. Jack Watson and I got Jackson, Udall, and Meeds in agreement.

The MESA (Mining Enforcement and Safety Administration) strengthening and transfer has been resolved. (See attached excerpts from testimony.)

I hope I will see the Energy Message in time to comment if I see a problem between production and environment.

Time on the Hill this week was 4 hours with 3 hours of preparation.

Cecil D. Andrus

CECIL D. ANDRUS

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THE WHITE HOUSE
WASHINGTON

3/30/77
12:10 pm

MEMORANDUM TO: Cecil Andrus ✓
Bert Lance
Ray Marshall

FROM: Jack Watson
Jane Frank

RE: Transfer of Mining Enforcement and Safety Administration (MESA) from Interior to Labor

The President's comments on memoranda submitted to him on this subject were as follows:

"I consider it a campaign promise to support the xfer. Get Bert and/or others to try to remove objectionable features. OK for Cecil to testify as to his own belief."

March 31, 1977

page -2- of my testimony
Ed

Thomas J. Shepich, Deputy Administrator, MESA

Edward M. Green, Special Assistant to the

Administrator, MESA

Though I want to spend most of my time this morning addressing the substance of the bill, I know everyone is very interested in the MESA transfer issue.

The President decided yesterday to support transfer. He informed me that he feels he has a commitment to do so. Knowing my strong belief that MESA should be retained in Interior, he authorized me to express my own views.

I support the President's decision.

I would also urge you to not think of the MESA transfer question as the major issue. If you transfer MESA without at the same time strengthening the substantive provisions of the law, you will be doing a very great disservice to the miners of America.

THIS DOCUMENT HAS BEEN.

THE WHITE HOUSE

WASHINGTON

April 1, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM SCHLESINGER

SUBJECT: Weekly Activities Report

Department of Energy

- Early next week we should have a draft of the comprehensive energy plan to you for your review. Elements of the plan continue to be refined. We are working closely with Treasury, CEA, OMB etc. in terms of getting a totally integrated package particularly with regard to the fiscal and general macroeconomic impact;

- Testimony before Jack Brooks' Subcommittee on DOE organization went quite well. The tone was good. Obviously some Members are concerned about (and have been continuously lobbied) on the inclusion of the FPC. But even that problem appears to be less formidable than it might have been;

- Markup in the Senate of S. 826 could well begin the week of 18 April. In the House, Jack Brooks is somewhat unpredictable, but markup of H.R. 4263 could occur as early as the week of 25 April. Floor action would not take place until early May. We must envisage some constraints in the legislation on FPC adjudicatory procedures as they are introduced into the DOE;

- The impact of the comprehensive energy plan may well be to disrupt these schedules. Several groups plan to hold reorganization hostage to achieve specific policy goals. However, I believe momentum behind reorganization is sufficiently strong to overcome these obstacles;

- Rumbles continue to occur from overseas, Japan and Taiwan, for example, and at home from the nuclear industry regarding your prospective plans on reprocessing. Allied Chemical is taking full page ads. We must anticipate that the Government may be forced to negotiate a price for the plant at Barnwell. Also, foreign as well as domestic pressures may require that the United States Government buy back spent fuel. I shall discuss these matters further with you when you wish.

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Public Participation in Energy Policy

° Results of public comments, suggestions and recommendations are being condensed for final reporting. Total number of written responses received to date is 26,000.

Federal Energy Administration

° Final draft completed on the joint Federal Power Commission/FEA Interim Report on the impacts of the Western drought on Regional electricity generation;

° Public hearings were conducted in Washington, D. C., Anchorage and San Francisco on price and allocation issues involving Alaskan North Slope Crude Oil which is scheduled for production this fall.

Energy Research and Development Administration

° Survey completed at a Deepwater, New Jersey, facility used to process uranium in the 1940s as part of ERDA's 40 site program to determine if radioactive hazards exist;

° Up to 10,000 homeowners in ten Eastern States will be given the opportunity to participate in a joint ERDA/HUD program designed to stimulate the commercial market for solar hot water heaters;

° A successful demonstration was conducted of a technique to increase productivity in nuclear power plants by savings in startup time when a reactor is routinely shut down for inspection;

° Eight countries (Austria, Canada, Denmark, Germany, Italy, Netherlands, Sweden and United Kingdom) have joined the United States in signing four new International Energy Agency Agreements for cooperative energy conservation R&D.

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

1 April 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense (Week of 26 March - 1 April 1977)

Committee Action -- DoD Budget:

The House Budget Committee completed its markup of the First Concurrent Resolution, reducing the Defense function $4.1B in Budget authority. Jim Wright lost two close votes in seeking to avoid some of these cuts. He has indicated that the issue will be taken to the floor of the House, where prospects for adding back some of the funds supporting our budget amendments look more promising.

In the Senate, the Budget Committee began its markup. The Committee is beginning with a breakdown which considers a reduction of about $4B in the Defense functions. We are working to sustain our budget as submitted. We are rather less pessimistic on the Senate Budget Committee outcome. Their recommendation will not be at the requested level but the reduction is likely to be substantially less than that made by the House Budget Committee.

The House Armed Services Committee finished its markup of the Authorization Bill last night. I understand they ended up within a reasonable range of our budget but that they changed the mix a good deal.

Discharge Review Program: On March 28 I announced the program for review of Vietnam-era discharges. Detailed application procedures will be announced early next week and we are currently refining public information plans to assure details of the program reach those who are eligible. Media treatment of the program announcement has been balanced to favorable. Reception by the Congress has been more acceptable than anticipated, particularly in the Armed Services Committees. Criticism has been mainly at the staff level of the Veterans Affairs Committees, with the House staff suggesting that the program goes too far, the Senate staff that it does not go far enough.

Base Closure Actions: Following review by Charles Duncan, the Air Force on March 30 announced its final decision to close three bases: Craig AFB, Alabama; Kincheloe AFB, Michigan; and Webb AFB, Texas. Annual savings which will result from these actions will total at least $75 million.

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Cooperation Between Federal/State and Local Governments: In a March 28 memorandum, Charles Duncan directed the Military Departments and other DoD components to assure compliance with your guidance on including state and local officials in the planning and development of Defense policies and programs.

Water Conservation: Charles Duncan has instructed the Service Secretaries to assure that strict water conservation measures are adopted at bases in drought-affected areas, and that our installation commanders cooperate with state and local officials in water conservation plans established for local communities and industry.

Senate Hearings on Senior Grade Reductions: Senator Nunn's manpower subcommittee is calling only one witness associated with the DoD -- Admiral Rickover -- to testify on proposed legislation to reduce flag officers by 20% over the next five years. Charles Duncan has called the Senator and is sending him a letter advising that we are examining the total grade structure, civilian and military, and will be taking appropriate action ourselves to deal with the problem of grade creep.

Canary Islands Crash Assistance: In response to a State Department request, DoD has been providing assistance throughout the past week. C-130 aircraft from Rhein Main AFB delivered 675 body bags, and a medical assistance team from the European Command has been on the scene since March 28. A C-141 MEDEVAC plane moved fifty-five U.S. survivors to New Jersey, Texas and California. Eight survivors are at the U.S. Army Hospital Fort Dix, New Jersey and twelve of the seriously burned are in the Brooke Army Burn Center in San Antonio, Texas.

SEQUOIA Sale: In accordance with your instructions, I have directed the Secretary of the Navy to proceed with deactivation and sale of the SEQUOIA.

NATO Airborne Warning and Control System (AWACS): On March 31, the UK announced that full-scale development of the UK NIMROD Airborne Early Warning aircraft will proceed "in light of the continued uncertainty about the procurement of the AWACS system by NATO." I believe it was made completely clear to UK MOD Mulley at the March 25 meeting in Brussels that the Alliance had decided to procure AWACS. The UK decision to choose NIMROD despite the NATO consensus for AWACS was regrettably governed by domestic political pressures. While this is a distinct set-back to a program we firmly believe to be both politically and militarily important, we will press the search for an Alliance solution providing the greatest degree of military effectiveness and Alliance cooperation. NIMROD and AWACS are potentially interoperable, and we will work to incorporate them in an overall NATO AEW system.

Harold Brown

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

cc Sec
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April 1, 1977 "FYI"

REPORT TO THE PRESIDENT

Subject: Trade Adjustment Assistance

In this week's memo I want to emphasize a single critical issue--trade adjustment assistance. I would suggest that the Government-wide need for cooperation in reviewing and implementing expanded adjustment assistance is an appropriate subject for discussion at Monday's Cabinet meeting.

The programs for providing adjustment assistance to import-impacted industry, communities, and workers have largely been a failure in the past. Given your decision to grant only limited voluntary border relief to the shoe industry, it is extremely important from a political and economic point of view that Government assistance be rationalized, improved and expanded.

A key to improving our performance is to establish a single lead agency within Government to coordinate and review assistance efforts. Your announcement today charged the Department of Commerce, in cooperation with the Department of Labor and the Special Trade Representative, with that responsibility. Let me emphasize, however, that such a program can succeed only with the active participation and cooperation of other departments and agencies.

You indicated in your statement on the footwear relief case that you would like a review of adjustment assistance within the next 90 days. This review should include an account of:

-- means by which Government can encourage revitalization of trade-impacted industries through modernization and improved marketing and promotion;

-- opportunities for improving the administration and organization of adjustment assistance;

-- impediments to effective assistance that can be remedied by revising existing law;

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-- exploration of new legislative initiatives; and

-- expanded funding necessary to implement these efforts.

The most intensive review will occur in the Departments of Commerce and Labor where current responsibility for administering trade adjustment assistance lies. But it should also include other departments which traditionally have not channeled funds to import-impacted areas, including State, Treasury, Housing and Urban Development, Agriculture, Transportation, the Council of Economic Advisers and the Small Business Administration.

At the Cabinet meeting you may wish to ask these agencies to review existing programs and areas where they might expand their participation in adjustment assistance, with the understanding that I will be in touch with them shortly on the details of the review process.

As we conduct this review of adjustment assistance, I feel we also should examine the broader issue of Government policies with respect to economic dislocations: community and worker dislocation resulting from declining industry; broad economic conversion which could be undertaken as defense expenditures are reduced, for example.

Juanita

Juanita M. Kreps