**4/21/77 [1]**

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Revised:
4/21/77
8:15 a.m.

THE PRESIDENT'S SCHEDULE

Thursday ~~April~~ 21, 1977

| | |
|---|---|
| 8:15 | Dr. Zbigniew Brzezinski - The Oval Office. |
| 8:45 | Mr. Frank Moore - The Oval Office. |
| 9:00 | Dr. Zbigniew Brzezinski and Mr. Stuart Eizenstat. The Oval Office. |
| 9:30 | Mr. Jody Powell - The Oval Office. |
| 10:00 (60 min.) | Congressional Meeting. (Mr. Frank Moore). The State Dining Room. |
| 11:15 (45 min.) | His Excellency Mario Alberto Nobre Lopes Soares, Prime Minister of Portugal. (Dr. Zbigniew Brzezinski). The Oval Office/Cabinet Room. |
| 12:15 | Lunch with Mr. Bert Lance - The Oval Office. |
| 1:30 (10 min.) | Drop-By Meeting with the Board of Directors of the American Society of Association Executives. (Ms. Midge Costanza) - The Family Theater. |
| 2:00 | Swearing-In Ceremony for Mr. Michael Pertschuk as a Federal Trade Commissioner; Mr. Harold M. Williams as a Member of the Securities and Exchange Commission; Mr. Vernon Weaver, Jr. as Administrator of the Small Business Administration; and Mr. Sidney Harman as Under Secretary of the Department of Commer The Rose Garden. |
| 3:45 (30 min.) | Newsweek Interview. (Mr. Jody Powell). The Oval Office. |
| 4:30 (10 min.) | Greet Close-Up Program Students. (Ms. Midge Costanza The Rose Garden. |

NPT —
Loan - IMF - Others
Human Rts. Award
Southern Africa
NATO - EC
Azores
Politics

PM Soares FM Medeiros
Amb Themido Ferreira

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 21, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Senate Action on the Tax Bill

The Senate today defeated the Bumpers-Kennedy motion to recommit the economic stimulus/tax bill to the Finance Committee with instructions to eliminate the business tax provisions. The vote was 20 in favor of our position and 74 against. The official vote sheet is attached.

Several factors contributed to the outcome. Russell Long and his Committee strongly supported keeping the provisions in, and this always carries great weight among other Senators. Second, most Republicans either wanted to embarrass you or strongly favored the provision increasing the investment tax credit, perhaps both. Third, the jobs tax credit approach has become very popular on the Hill as a "small business" amendment combining the two elements of helping small business and creating jobs. Fourth, we had earlier made too strong a case for helping businesses provide jobs through expansion. Fifth, Senators found it difficult to accept our argument that we needed the other parts of the stimulus package (countercyclical, CETA, public works jobs, etc.) which are job-oriented but we did not need these job tax credit provisions.

Also, the Senate adopted a Haskell amendment which increases the credit from 25% to 50%, increases the maximum amount of the credit per new employee from $1,050 to $2,100, and imposes a "cap" of $100,000 per employer-taxpayer (the Finance Committee bill contained no "cap"). This amendment would increase the cost of the jobs tax credit provision for FY 78 from $1.2 BILLION to $1.8 BILLION and for FY 79 from $800 MILLION to $1.2 BILLION. Whether the cost of the entire bill will be increased by similar amounts is uncertain since some taxpayers may opt for the jobs tax credit rather than the alternative provision -- the increased investment tax credit -- thus reducing anticipated costs of the ITC.

Among other things, this means that both the House and Senate bills contain business tax provisions, and the issue in the Conference Committee will be the form which the final compromise provision will take. In any event, any bill which reaches your desk will have such an item in it.

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We are now confronted with the choice of (1) letting the bill go forward or (2) requesting that the Leadership and Senator Long, the Floor Manager, suspend further action on the measure and place it back on the Calendar.

Proceeding with the bill keeps the permanent increase in the standard deduction feature alive and provides us with a vehicle for the countercyclical authorization amendment. However, it also opens up the probability that other objectionable amendments will be adopted and the final bill which comes out of the conference committee will be unacceptable to you because it contains a business tax provision.

Placing the bill back on the Calendar means we will have to find another vehicle for countercyclical and will lose at least temporarily the increased standard deduction.

WAS (LEG. DAY FEB 21) 77

(Date)

# Roll Call Vote

NO. 102

Legislative
~~Executive~~

SUBJECT BUMPERS-YOUNG MOTION TO RECOMMIT H.R. 3477

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January, 1977

U.S. GOVERNMENT PRINTING OFFICE 89-110-A

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13

19

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 21, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE FM

SUBJECT: MEETING WITH MUSKIE AND GIAIMO

Your meeting with Senator Edmund Muskie and Congressman Robert Giaimo was beneficial. The Speaker called the Steering and Policy Committee of the House into session and Giaimo lectured them for over an hour on holding the line for various reasons that you had mentioned.

The Steering and Policy Committee adopted a resolution urging the committee chairmen to stay within the overall limits, with the exception of the new agricultural cost and one other.

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THE WHITE HOUSE
SIGNATURE MUST BE SECURED

TO:

The Honorable Robert Strauss
Special Representative for Trade Negotiations
Washington, D.C. 20504

DATE 4/21/77
NUMBER 005742
TIME REC'D 5:58
RECEIVED BY [signature] April 21 77
DELIVERED BY [signature]
RICK HUTCHESON
RETURN RECEIPT ~~ROOM 54 IN O.E.O.B.~~

THE WHITE HOUSE
SIGNATURE MUST BE SECURED

TO:

The Honorable W. Michael Blumenthal
Secretary of the Treasury
Washington, D.C. 20520

DATE 4/21/77
NUMBER 005741
TIME REC'D 6:15
RECEIVED BY Jim DeLuca
DELIVERED BY C. H. Preston
RICK HUTCHESON
RETURN RECEIPT ~~ROOM 54 IN O.E.O.B.~~

THE WHITE HOUSE
WASHINGTON

cc VANCE
Blumenthal
Strauss
ZB
Brown

photocopy
mail

| ACTION | FYI | |
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| | ENROLLED BILL |
| | AGENCY REPORT |
| | CAB DECISION |
| | EXECUTIVE ORDER |

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

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| | FOR STAFFING |
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| | LOG IN/TO PRESIDENT TODAY |
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4/26

THE WHITE HOUSE
WASHINGTON

April 21, 1977

Tim Kraft
Jack Watson

For your information the attached note from the President has been sent.

Rick Hutcheson

Re: Size of Entourage to London

THE WHITE HOUSE

WASHINGTON

4-21-77

To Vance, Blumenthal, Strauss, Brzezinski, Brown

I want to hold to a minimum the entourage we take to London.

Let me have your list of suggested travellers Mon. at Cabinet meeting - or at least the total number.

I will approve final proposal.

Jimmy

Send

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THE WHITE HOUSE
WASHINGTON

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

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THE WHITE HOUSE
WASHINGTON

April 21, 1977

Jack Watson -

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

Rick Hutcheson

cc: Barry Jagoda
Stu Eizenstat
Jody Powell

Re: Federal Audio Visual Activities

THE WHITE HOUSE
WASHINGTON

Mr. President:

Eizenstat and Lipshutz concur.
Costanza concurs and suggests
use of the Kodak Bicentennial
Building for showing the movies.

Watson has no comment.

Rick (wds)

Put on Cabinet agenda for Mon
J

THE WHITE HOUSE

WASHINGTON

April 7, 1977

THE PRESIDENT HAS SEEN

MEMORANDUM FOR THE PRESIDENT

FROM: BARRY JAGODA B.J.

SUBJECT: Federal Audio Visual Activities

The Government has turned into a huge producer of films, TV shows, etc. It owns at least $2 billion worth of equipment and has 23,000 people working in this area. No one knows the annual expenditure; it has been estimated at $500 million. In 1976 the Agriculture Department alone made 94 films.

There is tremendous waste in this program. Many products are of low quality, and some are merely propaganda by agencies for their own programs. For example, the Social Security Administration is planning to spend $115,000 on a film on the benfits of social security, though it is unclear that this program needs to be promoted or who will see the film. The Agriculture Department is doing a film on killer bees, on location in French Guiana and elsewhere, "to counter the sensational approach in the media". And the Air Force has a massive film center in California that has operated for years at 15% capacity.

I have talked with several Cabinet members and with OMB staffers about assisting them in controlling these programs. For example, we could save money by consolidating facilities and eliminating unnecessary productions. And we could improve quality by giving grants to public television to make objective shows that will reach large numbers of people, instead of making propagandistic films that may wind up on library shelves. I would like to help the Cabinet in an on-going effort in this area.

# # # # # #

Approve ✓ Disapprove _____

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THE WHITE HOUSE

WASHINGTON

Hold for Jody

MEMORANDUM

**Date:** April 8, 1977

**FOR ACTION:**
Midge Costanza suggest use of Kathy Fletcher
Stu Eizenstat
Bob Lipshutz
Jody Powell
Jack Watson

**FOR INFORMATION:**

**FROM: Rick Hutcheson, Staff Secretary**

**SUBJECT:** Federal Audio Visual Activities

**YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:**

**TIME:** NOON

**DAY:** Monday

**DATE:** April 11, 1977

**ACTION REQUESTED:**

__X__ **Your comments**

**Other:**

**STAFF RESPONSE:**

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

***Please note other comments below:***

4/11

**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

| ACTION | FYI | |
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| X | | WATSON |

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| | ENROLLED BILL |
| | AGENCY REPORT |
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| | EXECUTIVE ORDER |

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

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THE WHITE HOUSE

WASHINGTON

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# # # # # #

Approve_____ Disapprove_____

THE WHITE HOUSE

WASHINGTON

Date: April 8, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza
Stu Eizenstat
Bob Lipshutz
Jody Powell
Jack Watson

FOR INFORMATION:

1977 APR 8 PM 4 32

FROM: Rick Hutcheson, Staff Secretary

**SUBJECT:** Federal Audio Visual Activities

**YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:**

**TIME:** NOON

**DAY:** Monday

**DATE:** April 11, 1977

**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.**

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

Date: April 8, 1977

MEMORANDUM

FOR ACTION:
Midge Costanza ✓
Stu Eizenstat
Bob Lipshutz
Jody Powell
Jack Watson

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Federal Audio Visual Activities

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: NOON

DAY: Monday

DATE: April 11, 1977

ACTION REQUESTED:

X Your comments

Other:

STAFF RESPONSE:

___ I concur. ___ No comment.

*Please note other comments below:*

Use of Kodak Bicentennial Bldg.,
which they would like to donate
to the Fed. Govt, might be a
great place to show Govt. movies.
See Greg Schneiders for more details
on this.

Midge

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THE WHITE HOUSE

WASHINGTON

Date: April 8, 1977

MEMORANDUM

FOR ACTION:
Midge Costanza
Stu Eizenstat
Bob Lipshutz
Jody Powell
Jack Watson

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Federal Audio Visual Activities

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: NOON

DAY: Monday

DATE: April 11, 1977

ACTION REQUESTED:

X Your comments

Other:

STAFF RESPONSE:

✓ I concur.

___ No comment.

*Please note other comments below:*

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Date: April 8, 1977

MEMORANDUM

FOR ACTION:
Midge Costanza
Stu Eizenstat
Bob Lipshutz
Jody Powell
Jack Watson

FOR INFORMATION:

xc Ca. Exec
Newsom

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Federal Audio Visual Activities

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: NOON

DAY: Monday

DATE: April 11, 1977

ACTION REQUESTED:

X Your comments

Other:

STAFF RESPONSE:

√ I concur. ___ No comment.

*Please note other comments below:*

Stu Eizenstat

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THE WHITE HOUSE
WASHINGTON

April 21, 1977

Hugh Carter -

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

Rick Hutcheson

cc: Bob Lipshutz
Jody Powell

Re: Gift Policy

THE WHITE HOUSE
WASHINGTON

| ACTION | FYI | |
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| | ENROLLED BILL |
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Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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| | IMMEDIATE TURNAROUND |

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THE PRESIDENT HAS SEEN.

Hugh
J

THE WHITE HOUSE

WASHINGTON

April 13, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER

SUBJECT: Gift Policy

The policy of not accepting gifts from the general public has resulted in the return of many hand-crafted gifts from the handicapped, aged, children and others.

In the instances brought to our attention, reactions have ranged from personal disappointment to feelings of rejection.

The First Lady is quite concerned about this, and has asked me to review this policy with you. She has seen and approved sending this memo.

We would like to know whether you wish to consider amending the Gift Policy to allow acceptance of personally hand-crafted gifts, the return of which might result in exceptional personal disappointment. The gifts would be donated to a worthy cause, and the donor so advised in a letter or card of thanks.

The practical drawback of such a change is the personnel required to open, evaluate, acknowledge and dispose of such gifts, as well as rewrap those being returned. (The present policy is that packages that do not appear to contain a book or record are returned unopened.) A change to this policy would require the retention of one or two persons that would otherwise be reassigned or terminated.

Options:

(1) Continue to return gifts unopened as before.

(2) Open, accept and donate personally hand-crafted gifts.

(3) Try Option 2 for one month and report number of personally hand-crafted gifts received.

Option # 3

J

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THE WHITE HOUSE

WASHINGTON

**Date:** April 14, 1977

MEMORANDUM

**FOR ACTION:**

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Frank Moore NC
Jody Powell
Jack Watson NC

**FOR INFORMATION:**

Bob Lipshutz

**FROM: Rick Hutcheson, Staff Secretary**

**SUBJECT:** Hugh Carter memo 4/13 re Gift Policy.

**YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:**

**TIME:** 10:00 A.M.

**DAY:** Saturday

**DATE:** April 16, 1977

**ACTION REQUESTED:**

X **Your comments**

**Other:**

**STAFF RESPONSE:**

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

***Please note other comments below:***

4/21

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

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THE WHITE HOUSE

WASHINGTON

April 13, 1977

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Option #_____

THE WHITE HOUSE

WASHINGTON

Date: April 14, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Frank Moore
Jody Powell
Jack Watson ✓

Bob Lipshutz

FOR INFORMATION:

1977 APR 14 AM 10 40

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Hugh Carter memo 4/13 re Gift Policy.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 10:00 A.M.

DAY: Saturday

DATE: April 16, 1977

**ACTION REQUESTED:**

X **___ Your comments**

**Other:**

**STAFF RESPONSE:**

**___ I concur.** **X 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

Date: April 14, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza
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**STAFF RESPONSE:**

**I concur.**

✓ **No comment.**

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THE WHITE HOUSE

WASHINGTON

M 242

MEMORANDUM

Date: April 14, 1977

FOR ACTION:

Midge Costanza
Stu Eizenstat ✓
Hamilton Jordan
Frank Moore
Jody Powell
Jack Watson

FOR INFORMATION: Bob Lipshutz

xc Carp Rubenstein

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Hugh Carter memo 4/13 re Gift Policy.

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X **Your comments**

**Other:**

**STAFF RESPONSE:**

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✓ **No comment.**

***Please note other comments below:***

Stu Eizenstat Stu

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THE WHITE HOUSE
WASHINGTON

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

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THE WHITE HOUSE
WASHINGTON

April 21, 1977

Frank Press -

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

Rick Hutcheson

cc: Z. Brzezinski
Stu Eizenstat

Re: U.S. Science & Technology in Support of Lesser Developed Countries

THE WHITE HOUSE
WASHINGTON

Mr. President:

Stu concurs with Press.

NSC comments that the group proposed by Press should be chaired by someone in the field, not a figurehead.

Press says he has discussed his idea with Lucy Benson at State, and that she concurs.

Rick

ok with me -
get Cy's
opinion
FJ

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE

WASHINGTON

April 14, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Press FP

SUBJECT: U.S. Science and Technology in Support of Lesser Developed Countries

U.S. science and technology is widely admired and could provide the basis for a major new thrust in support of the development aims of many nations in the non-industrialized world. Scientists and engineers in universities, industry, and government can provide classroom and on-the-job training in such areas as agriculture, nutrition, water supply, natural resource development, and health care in a program that involves primarily people rather than transferring capital goods or cash. The financial burden would be a small fraction of our foreign aid program. I am exploring this with other agencies through the Federal Coordinating Council for Science, Engineering, and Technology, which I chair, and I will report back to you.

One major opportunity to address the problem is the UN Conference on Science and Technology for Development now scheduled for 1979. World-wide preparations are underway to develop inputs for this Conference. As the world's most technologically advanced nation, I suggest that the U.S. participation in the Conference should be positive and constructive. In particular, the Department of State should consider establishing a temporary group, with adequate resources, to develop and coordinate a significant U.S. participation, with leadership provided by a prestigious individual such as Father Ted Hesburgh, Ambassador Sol Linowitz or former Congressman James Symington. I would plan to work with the agencies involved as an indication of your interest.

I believe our early attention to this Conference and other means of helping underdeveloped nations through technology transfer will provide significant dividends in our relationships with this important segment of the world.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

**Date:** April 14, 1977

MEMORANDUM

**FOR ACTION:**
The Vice President
Stu Eizenstat Counsel
Jack Watson - attached
Zbigniew Brzezinski group should be chaired by domestic as the goal, not a

**FOR INFORMATION:**

**FROM: Rick Hutcheson, Staff Secretary**

**SUBJECT:** Frank Press memo 4/14 re U.S. Science and Technology in Support of Lesser Developed Countries.

**YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:**

**TIME:** 2:00 P.M.

**DAY:** Saturday

**DATE:** April 16, 1977

**ACTION REQUESTED:**

__x__ **Your comments**

**Other:**

**STAFF RESPONSE:**

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

***Please note other comments below:***

4/14

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THE WHITE HOUSE
WASHINGTON

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

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Date: April 14, 1977

MEMORANDUM

FOR ACTION:
The Vice President
Stu Eizenstat
Jack Watson
Zbigniew Brzezinski

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Frank Press memo 4/14 re U.S. Science and Technology in Support of Lesser Developed Countries.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

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DATE: April 16, 1977

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__x__ Your comments

Other:

STAFF RESPONSE:

____ I concur. ____ No comment.

*Please note other comments below:*

We should get the views of the State Department on this. Frank may want to do so himself, or we will be happy to.

J. Watson
J. Frank

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THE WHITE HOUSE

WASHINGTON

April 14, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Press FP

SUBJECT: U.S. Science and Technology in Support of Lesser Developed Countries

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I believe our early attention to this Conference and other means of helping underdeveloped nations through technology transfer will provide significant dividends in our relationships with this important segment of the world.

FOR INFORMATION:

The Vice President
Stu Eizenstat
Jack Watson
Zbigniew Brzezinski

RECEIVED

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FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Frank Press memo 4/14 re U.S. Science and Technology in Support of Lesser Developed Countries.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 2:00 P.M.

DAY: Saturday

DATE: April 16, 1977

ACTION REQUESTED:

__x__ Your comments

Other:

We sent this to you on Friday. Jane

STAFF RESPONSE:

__√__ I concur. ____ No comment.

*Please note other comments below:*

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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

April 21, 1977

Hamilton Jordan -

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

**Rick Hutcheson**

Re: General Counsel -
Dept. of Treasury -
Robert Mundheim

THE WHITE HOUSE
WASHINGTON

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 20, 1977

MEMORANDUM FOR PRESIDENT CARTER

FROM: HAMILTON JORDAN H.J.

SUBJECT: GENERAL COUNSEL,
DEPARTMENT OF THE TREASURY

In the attached memorandum Secretary Blumenthal recommends Robert Mundheim for General Counsel of the Treasury Department.

As Mike notes, Mundheim is willing to accept the position and Mike is eager to have him at Treasury. Our information on him is favorable.

I recommend you approve Mundheim as General Counsel.

APPROVE ✓

DISAPPROVE _____

OTHER _____

Attachment

**Electrostatic Copy Made for Preservation Purposes**

THE SECRETARY OF THE TREASURY
WASHINGTON

April 18, 1977

MEMORANDUM FOR THE HONORABLE HAMILTON JORDAN
ASSISTANT TO THE PRESIDENT

Subject: General Counsel, Department of the Treasury

I recommend that the President nominate Robert H. Mundheim to be General Counsel, Department of the Treasury. His resume is attached.

Mr. Mundheim is a Professor of Law and Financial Institutions at the University of Pennsylvania Law School and Professor of Finance at the Wharton School of Business Administration. He is a well recognized expert in the area of securities regulations (both domestic and foreign), market regulations and financial legislation. He has organized and successfully administered a new center for the study of financial institutions at the University of Pennsylvania and has demonstrated a knack for administration as well as legal preeminence. I understand he was--or perhaps your records show he still is--the first choice of Mr. Williams to fill the remaining vacant position on the SEC. He has, however, decided he would prefer the General Counsel job and will accept it if offered.

We have checked him broadly in the academic and financial communities, and he has the highest references. He is a registered Democrat and is known to some members of the Congress as he has testified on various financial subjects, mostly of a technical nature.

Mike

W. Michael Blumenthal

Attachment

ROBERT H. MUNDHEIM

Fred Carr Professor of Law and Financial Institutions, University of Pennsylvania Law School and Professor of Finance, Wharton School. Director, University of Pennsylvania Law School Center for Study of Financial Institutions. (1965-present)

Visiting Professor of Law, UCLA Law School 1977-78; visiting Professor of Law, Harvard Law School 1968-69. Consultant, American Law Institute Federal Securities Code Project; Chairman Subcommittee on Securities Markets of the ABA Committee on Securities Regulation; Vice Chairman of Board, Investors Responsibility Research Center; Director, Weeden & Co., Inc.

Lectured at University of Konstanz, Konstanz, Germany; conducted seminar on securities regulation at Japan Securities Research Institute, Tokyo Japan; lectured on capital market regulations, IBMEC, Rio de Janiero, Brazil. Organized internationally based faculty of scholars concerned with securities regulation.

Recent publications:

(1) w/N. Leech, The Outside Director of the Public Corporation.

(2) Comment on The Social Responsibility of Insurance Companies as Investors.

(3) w/A. Fleischer, Jr., Inquiry Into the Responsibility to Disclose Market Information.

(4) w/A. Fleischer, Jr. (and others) editors Annual Institute of Securities Regulations, Volumes 1-7.

Born: February 24, 1933, Hamburg, Germany

Married: Guna Smitchens

Children: Susan (9), Peter (7)

Education: B.A. Harvard, 1954
LLB Harvard Law School 1957
Frederick Sheldon Travelling Fellow 1957-58

Work: Shearman & Sterling, N.Y.C. 1958-1961

U.S. Air Force, 1961-1962

Special Counsel on Investment Company Act Matters, SEC 1962-63

Visiting Professor of Law, Duke Law School, 1964

University of Pennsylvania Law School, 1965-present.

THE WHITE HOUSE
WASHINGTON

April 21, 1977

Hamilton Jordan -

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

Rick Hutcheson

Re: Governor Boren
Oklahoma - Senate 1978

THE WHITE HOUSE
WASHINGTON

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Hamm -
See me
J

April 13, 1977

MEMORANDUM FOR THE PRESIDENT

THROUGH: HAMILTON JORDAN HJ

FROM: JAMES B. KING JBK

SUBJECT: Governor Boren, Oklahoma; Senate 1978

Chris Delaporte, our person in Oklahoma, says that only Governor Boren can defeat the incumbent United States Senator Dewey Bartlett. Therefore, he feels you should encourage Boren to run for the Senate so that "he can help you here in Washington".

As best I can see, Boren's reservation in running is that he is almost certain to be re-elected as Governor of Oklahoma when he runs again. He has serious concern as to what would happen to him if he were to run for the Senate and lose.

Your oblique suggestion that he would be of value to you no matter what the outcome of the Senate election might well guarantee his entry into this important race.

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

April 21, 1977

The Vice President
Hamilton Jordan

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

Rick Hutcheson

Re: Comments on new Federal Election Law

THE WHITE HOUSE
WASHINGTON

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cc Fritz, Ham
J

THE PRESIDENT HAS SEEN.

March 30, 1977

MEMORANDUM TO: President Carter

I was not aware you were going to come out with a new federal election law and I may be a little late in making any comments at all on the recommendations that you have sent to Congress with respect to this subject. I am somewhat hesitant to say anything critical because of Vice President Mondale's interest in this subject, so I give you this only so that you might fully understand what has gone on before and where this proposal will lead.

The original scheme of the Constitution was that the states, subject to constitutional limitations, would determine the qualification of the electors in each state who would vote for the members of Congress. Thus, in Article I, Section 2, it was provided in part: "The House of Representatives shall be composed of members chosen every second year by the people of the several states, and the electors in each state shall have the qualifications requisite for electors of the most numerous branch of the state legislature." Also in the Seventeenth Amendment to the Constitution this same language is used with respect to the election of the senators.

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However, Section 4 of Article I provided: "(1) Elections, How Held. The times, places and manner of holding elections for senators and representatives, shall be prescribed in each state by the legislature thereof; but the congress may at any time by law make or alter such regulations, except as to the places of choosing senators."

Historically the courts have dealt, as did the Constitution, with qualifications as a separate subject from times, places and manner of holding elections. The time was the date and the time of day; places was actually the location of the polling place; and the manner was the type of ballot and the process of voting.

However, when the 1965 and 1970 federal election laws were passed, the Supreme Court held that the Congress had the right to prescribe not only the time, places and manner of holding elections but the qualifications of the electors in each state, in congressional and presidential elections. The court was greatly divided and it was only by a hair that they failed to extend the authority of congress over the qualifications for electors in state or local elections.

The case in which this was decided was Oregon v. Mitchell, 400 U.S. 112. It was decided in 1970 and Justice Black wrote the opinion of the court, although there were many dissents.

I feel certain that the present Supreme Court will go no further and would probably not go as far as this decision.

The proposal that has been submitted is a second or third step in creating another bureau, the Bureau of Elections or whatever it is called, and eventually will have a large budget, innumerable regulations and considerable personnel to implement and monitor the system. This may be desirable as the avowed purposes of the proposal are good, but it should be done with the awareness that it will further complicate a system, that is not too bad, and eventually eliminate the local control of elections. It really makes no sense to have two complete systems and this was the reason I am sure that the framers of the Constitution sought to take advantage of the local capability in holding elections.

Once the qualifications are agreed upon, I think it makes sense for the whole election process from beginning to end to be conducted by the state process.

The Supreme Court has also held that it is constitutionally permissible for the states to require a short period of time, at least 30 days, of registration before elections in order to prevent fraud and to make the elections manageable.

Thus, you are apt to have a problem in holding both state and federal elections at the same time of having persons unqualified in state elections that qualified in federal elections, or vice versa.

As the framers of the Constitution foresaw, there would be different situations in the states which would support different rules and regulations. For instance, in the south where we had many people who could not read and write and in states along the coast where you have an influx of emigrants and illegal aliens which present a different problem. Changes in housing patterns, seasonal movements to resort areas, etc. require flexibility. However, a lot can be said for having one authority, identical qualifications, manner, place and time of holding elections. This is where I believe we are heading, piece by piece.

With the plan to permit registration on election day, aside from the management problem, which can be overcome, it does present some problems as to fraud or mistakes. I think this system would work much better where you have local control and management of qualifications and polling as the local people are more apt to know of frauds or mistakes and have a direct interest in their revelation in local elections. Where it would become a problem is when considered on a nationwide basis. Ordinarily a candidate is not permitted to complain in a contest of matters which he was aware of or could have discovered before the election where he does not raise the question before the election. But defects, mistakes and frauds occurring in the process of the election, he is entitled to raise and en-

titled to a short period of time to discover. Where your problem might come is in a close election affording an apparently defeated candidate an opportunity to check the qualifications of voters who registered on the date of the election. Where we have six million illegal aliens in the country, I would think there would be a likelihood of a substantial vote of unqualified electors. The financial problem of checking these voters nationwide would really be a problem, particularly in a system of direct election. One of the advantages of the electoral system is that you can usually contain the contest to one state, but in a direct election you may have to recheck the whole election and thereby hold up the decision for some time. All of these are surmountable problems I suppose but they should be gone into carefully because nearly everything that can occur is likely to occur sooner or later. There is already a body of law in each state respecting elections and election contests that has worked satisfactorily and we are headed toward a federal system, a new body of law and additional burdens on the federal judiciary.

If we should go to registration on election day, it probably would be better to do away with the electoral college as it would eliminate the temptation of voting in key states where the electoral vote is in doubt and of the movement of federal employees into such states. For instance, you

could move HEW to New York or transfer 50,000 employees to a state and control the outcome in a close election.

It is my understanding that this proposal is not likely to pass without a considerable fight and probably with considerable delay. I would like to make these few points for your consideration as the need for changes or flexibility develop in the legislative process.

(1) The preferable system is for the states to set the qualifications as provided in the Constitution subject to the limitations of the Constitution. These can and have been enforced by the courts, mainly the federal courts. Whatever limitations the courts establish as constitutional limitations or requirements apply equally to state and national elections.

(2) Local people are very often more interested in local races than they are in national races and fraud is more apt to be detected at an election where there are local candidates. An example is your contest for the senate. Joe Hurst was prosecuted with others by the federal courts for fraud in the election but this was only discovered because you had an interest in the local election.

(3) The electoral process tends to contain election contests and you would seldom get in the position of having to recount or check the qualifications of voters nationwide. The reverse would be true in direct elections.

(4) In a direct election there is less temptation to vote unqualified persons in the election for national candidates.

(5) In an election nationwide where registration on election day is permitted, there is a danger of contests that might delay the final decision too long. There would have to be provisions for questioning qualifications of voters after the election or the courts would provide a remedy which would give a reasonable time. There is a possibility that a federal court in one district might have jurisdiction of the process all over the United States where there is one unified plan and central control of the election process nationwide.

(6) In an election process developed by the congress it would be very much tilted toward re-electing incumbents and a process developed in the states would more likely be tilted the other way.

Finally, if the process can be changed to attain the goals of the legislation which has been sent to the congress without the development of a federal commission and bureau and the resulting employment of personnel to implement and supervise the elections and take advantage of the existing local systems it would be most desirable.

CHK/b

THE WHITE HOUSE
WASHINGTON

send Stu a copy of the appropriate documents from Andrus

| ACTION | FYI | |
|---|---|---|
| | | MONDALE |
| | | COSTANZA |
| X | | EIZENSTAT |
| | | JORDAN |
| | | LIPSHUTZ |
| | | MOORE |
| | | POWELL |
| | X | 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 |
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| | | FALLOWS |
| | | FIRST LADY |
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| | | SCHLESINGER |
| | | SCHNEIDERS |
| | | SCHULTZE |
| | | SIEGEL |
| | | SMITH |
| | | STRAUSS |
| | | WELLS |
| | | VOORDE |

THE WHITE HOUSE
WASHINGTON

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

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|---|---|
| X | FOR STAFFING |
| | FOR INFORMATION |
| | 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 |
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| | | VOORDE |

THE WHITE HOUSE
WASHINGTON

April 21, 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: Secretary Andrus Water Policy Reform Proposals

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

INFORMATION

20 April 1977

TO: THE PRESIDENT

FROM: RICK HUTCHESON

SUBJECT: Memos Not Submitted

1. ANDRUS MEMO recommending a number of water policy reform proposals. "Much attention has been given to the review of individual projects, but I feel we must not lose sight of the ultimately more important goal of reforming the system under which water projects are developed... The enclosed paper provides a basis from which specific proposals may be drawn."

   Proposals (in a 10-page memo) include:

   --quantification of Indian and federal water rights
   --cost sharing increases
   --water conservation reforms

   Stu comments that the proposed reforms generally go in the right direction, and that some of his ideas were used in Monday's water projects announcement. However, the proposals could be strengthened with further input from other agencies; and Congress should be consulted in developing specific proposals.

   RECOMMEND that Stu continue to study the proposals, and report back to you.

   _____approve _____disapprove

2. HENRY OWEN note of congratulations on your rebate decision.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

**Date:** April 14, 1977

MEMORANDUM

**FOR ACTION:**

The Vice President
Midge Costanza Bob Lipshutz
Stu Eizenstat - advised Bert Lance
Hamilton Jordan - concurs - attached
Frank Moore - attached
Jack Watson

**FOR INFORMATION:** Jody Powell

**FROM: Rick Hutcheson, Staff Secretary**

**SUBJECT:** Letter to the President from Secretary Andrus 4/13 re Water policy reform Proposals.

**YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:**

**TIME:** 5:00 P.M.

**DAY:** Saturday

**DATE:** April 16, 1977

**ACTION REQUESTED:**

_X_ **Your comments**

**Other:**

**STAFF RESPONSE:**

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

***Please note other comments below:***

Not Submitted

**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)

United States Department of the Interior
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

APR 13 1977

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

In addition to my recommendations on specific water projects, I am providing for your consideration a number of water policy reform proposals. Much attention has been given to the review of individual projects, but I feel we must not lose sight of the ultimately more important goal of reforming the system under which water projects are developed. Many of these proposals are not new; indeed, they have been under consideration for some time. What they have lacked is implementation.

The concern about drought conditions in many parts of the country and the attention focused on the water projects review provides an ideal catalyst to bring about water reform. We ought not to lose the opportunity, and we should be prepared to offer some concrete proposals to Congress to be considered along with the recommendations on the projects themselves. While many of the proposals in the enclosed paper will require further staffing, there are some, namely cost sharing and updating of the principles, standards and procedures, which might be proposed in concert with the project recommendations. There may be no better time in which to achieve these reforms.

Some of the proposals I have listed may prove highly controversial; others may not provide enough change. Quantification of Indian and Federally reserved water rights will bring great consternation to many parts of the West, yet over-appropriation of water and probable litigation will require quantification in the not too distant future. It may be a task worth starting now.

Cost sharing increases will not be enthusiastically received by anyone, yet they may be the key to the avoidance of marginal projects in the future. Such increases may be acceptable now to many in Congress who may be looking for ways to avoid the "pork barrel" image.

Water conservation reforms are long overdue. Average rates of consumption in America are extremely high when compared to other industrialized nations, and many of our more arid regions consume greater amounts, per capita, then other less-arid regions. The fostering of a new water conservation ethic should be an integral part of Federal water policy, and the current drought may provide the backdrop against which these reforms will be accepted.

The enclosed paper provides a basis from which specific proposals may be drawn. We are prepared to develop them further with your staff and the other affected agencies.

Respectfully submitted,

CECIL D. ANDRUS
SECRETARY

Enclosure

U.S. DEPARTMENT OF THE INTERIOR

# Water Policy Reform Proposals

April 1977


The Need for Water Policy Reforms ..... 1

Project Formulation Reforms ..... 2

Recommendations ..... 3

Institutional Reforms ..... 4

Proposals ..... 4

Water Conservation Reforms ..... 6

Proposals - Conservation ..... 7

Cost-Sharing Reforms ..... 7

Recommendations

## The Need for Water Policy Reforms

Many regions of the Nation have overcommitted their water resources. Projects to store and deliver water have proliferated without regard to changing national water-use needs. The existing system must be revised to make the decision making process for water resources allocations more responsive to current and future national needs.

Large numbers of projects are currently under construction, more are awaiting funding to start construction, and even more are on the drawing boards. Current appropriations for projects under construction are approximately $11 billion, with $20 billion needed to complete scheduled construction. There is also a construction backlog of about $14 billion, consisting of authorized but still unfunded projects.

With such expenditures at stake, the issue must be addressed by the Executive Branch because:

-- without reform, the trend to overallocate water will continue, thus precluding desirable future options;

-- it may be shortsighted to assist in committing water to traditional uses for long periods, in that future changes to higher value uses may be desirable, reflecting changing public values and social, and economic needs;

-- many projects do not appear to have benefits commensurate with their costs, or require beneficiaries to repay their appropriate shares of the costs;

-- increased awareness of the environmental impacts of water projects requires a more balanced approach in water policy formulation;

-- the high cost of water development projects places significant pressure on the Federal budget, making the goal of balancing the budget more difficult to achieve.

In the course of my review of water projects, a number of needs for water policy reform became evident. I have developed a list of possible reform proposals, many of which have been previously advanced but not implemented. I believe that the drought and the controversy over individual projects have together created an atmosphere in which major reforms can be achieved. I, therefore, provide you with a number of reform proposals which might accompany, in whole or in part, your recommendations on the projects themselves.

Project Formulation Reforms

In many cases the development of marginal and inefficient water projects can be traced directly to inadequate procedures under which projects are formulated. Projects reviewed during the review process were formulated under guidelines that have since been replaced by new procedures approved by the President in 1973 in the adoption of the Principles and Standards (P&S) and procedures for water-related resource planning, prepared under P.L. 89-80. However, the general framework that produced many of the unnecessary projects dealt with in our review still remains.

Recommendations

-- recommend that the P&S be revised to eliminate "grandfathering" and expanded to cover all Federal water resource projects, including grant and loan programs, and all Federal agencies with direct investments in water resource development;

-- recommend that the P&S be revised to include water conservation as an equal objective with national economic development and environmental quality;

-- recommend that an interagency projects review board be established to evaluate project proposals prior to authorization and to recommend development priorities;

-- recommend that all Federal water resource projects in the planning phase and not yet authorized be reviewed to ensure that they meet current economic, environmental and safety standards. Plans not meeting minimum standards will be recommended for termination. Authorized feasibility or survey studies for projects not meeting minimum standards will be recommended for deauthorization.

-- recommend for deauthorization "backlogged" projects (eight years or older) that have not yet been funded by the Congress;

-- recommend that the discount rate as determined by the Secretary of the Treasury remain in effect for a period of three years.

Institutional Reforms

In the studies conducted by the review teams, it was found that existing water right institutions often hindered effective long-term planning. There are uncertainties associated with future non-Indian Federal rights under the doctrine of "reserved rights" as well as uncertainties in the amount of water to which Indian tribes are entitled. The "use or lose" syndrome created by State water law and administrative doctrines has led to Federal projects which may be constructed prematurely primarily to permit a State to capture water supplies before another State is able to acquire them. It has also caused some users to consume water from Federally-financed projects in a profligate manner in order to maintain imbedded rights. Wasteful use of ground water due to inadequate controls has sometimes led to demands for Federal water projects to supply surface water to areas where excessive or unregulated ground water mining has occured.

Moreover, transfer of water supplied by Federal projects from less valuable to more valuable uses are inhibited by inflexible concepts of water administration.

Proposals

-- The expenditure of large Federal sums should be conditioned by the acceptance of institutional reforms on the part of recipient jurisdictions, including adoption of adequate water management and water conservation principles.

-- I recommend that steps be taken to determine Indian water rights and reduce uncertainty as to these rights. Such steps include efforts to clarify definitions applied to Indian water rights and quantify existing tribal water rights. This effort should be carried out in close consultation with the tribal groups, the Congress and the affected States

-- That steps be taken promptly to resolve the issue of other Federal water rights under the doctrine of "reserved rights" and to reduce uncertainty as to future Federal action. Such steps could include further negotiations with States on Federal rights and a commitment by the Administration to prepare legislation to resolve the matter.

Once an identification of Federally reserved rights is obtained, discussions should begin, jointly with the 17 Western States, to properly allocate water resources. An attempt should be made to apportion these resources in such a way as to obtain the maximum beneficial return to the Nation, within actual supply limitations

-- In the course of Executive Branch reorganization, the consolidation of water development agencies must be considered in order to effect economics of scale and to preclude the "shopping around" approach of project sponsors to agencies providing similar programs.

Water Conservation Reforms

Americans have been profligate users of water. In the western and central parts of the Nation, demand for fresh water threatens to exceed developed supplies. In some areas we are seriously depleting ground water acquifers which will take centuries to recharge. Periodic drought such as we are facing at present compounds the problem. In spite of these critical resource considerations, the Nation continues to consume more water than is needed to meet its real requirements. The process of developing new projects and the water doctrines have combined to create a "use or lose" syndrome, which, when coupled with generous Federal financing, has led to a water development system which does not adequately consider the conservation of this precious resource. Federal financing and an archaic water law system which rewards early development, no matter what the use, has been a disincentive to water conservation. As a result, the per capita water consumption in many areas of the arid and semiarid West exceeds the national average. I do not believe we can afford to continue such habits and am convinced that the Federal Government will have to take the lead in fostering water conservation. While I do not believe we can impose upon the entire Nation a new water conservation ethic in a short time, the Federal Government should use its influence and its programs to bring about needed changes.

Proposals - Conservation

-- Existing water service contracts should be renegotiated where possible so that the water charges reflect both the cost of operation, maintenance and replacement, and an appropriate return to capital, and are structured to promote efficient use.

-- Flows from irrigation should be treated in accordance with the Federal Water Pollution Control Act (P.L. 92-500), to encourage reuse of water for irrigation.

-- Increased technical assistance and, where necessary, financial assistance should be provided to accelerate improvement of the efficiency of farm, municipal, and industrial water delivery systems.

-- Federal financial and technical assistance for water supply and waste treatment facilities should be contingent upon achievement of distribution system efficiency standards and the installation of meters. Retrofitting of meters should be a condition for Federal assistance for supplemental water supply facilities.

-- Water efficiency requirements for Federally-funded housing programs should be established as a condition to obtaining individual Federally-financed or insured mortgages.

-- Water efficiency requirements for irrigation uses should be established as a condition to obtaining Federal agricultural assistance.

Cost-Sharing Reforms

One area of considerable concern surfaced by the review of water projects involved the issue of cost-sharing.

It was found that project beneficiaries often do not pay an appropriate share of project development costs. There can be no doubt that the availability of Federal money, provided under very favorable conditions, has led to the construction of projects that would not have been built if inclusion of significant amounts of non-Federal money were a prerequisite to Federal financing.

The National Water Commission, in a report published in 1973, stated the problem this way:

> "Present cost-sharing policies tempt Federal water project beneficiaries to request projects that they would not be willing to pay for if their own money were involved. This leads to unwise development. For example, large Federal cost shares of flood control, drainage, and shoreline or hurricane protection projects have encouraged unwise economic developments in areas prone to periodic flooding and hurricane hazards. In some cases, large windfall gains have accrued to landowners and valuable open space and wetland areas have been destroyed. Likewise, availability of interest-free financing for irrigation projects has led to the construction of projects and facilities far in advance of need, and to the reclamation of lands at per acre costs far in excess of the value of the land after the project is completed."

In an effort to remedy some of these deficiencies, I recommend that you propose an immediate increase in non-Federal cost-sharing. Specific increases were recommended in late 1975 by the Water Resources Council,

but the previous Administration did not put forth any legislative proposals to have the increases enacted into law. I believe cost-sharing increases will eliminate in the future many of the problems we now face with economically and environmentally marginal projects. Several specific levels have been considered, but given the limited time for studying new cost-sharing levels, I urge that you propose the adoption of the WRC-recommended levels now, with the provision that higher levels be instituted in three years. Attached is a table depicting the current non-Federal cost-sharing rates, the WRC-recommended rates, and higher levels reflecting minimum rates for each category based on the current national average of 30 percent state or local participation.

COST-SHARING PROPOSALS

| Purpose Category | Current 1/ (%) | WRC Proposed (%) | 3 year Proposed (%) |
|---|---|---|---|
| Urban flood damage reduction | 20 | 24 | 30 |
| Rural flood damage reduction | 11 | 16 | 30 |
| Drainage | 46 | 55 | 55 |
| Agricultural water supply-irrigation | 19 | 25 | 30 |
| Erosion and runoff control | 34 | 39 | 50 |
| Aquacultural production | 8 | 16 | 30 |
| M&I water supply | 64 | 100 | 100 |
| Water quality management-point source 2/ | 64 | 59 | 75 |
| Water quality management-non-point source | 3 | 13 | 30 |
| Recreation - general | 19 | 29 | 30 |
| Fishing and hunting | 19 | 24 | 30 |
| Boating - berthed and launched | 38 | 40 | 50 |
| Natural areas | 4 | 0 | 30 |
| Ecological systems | 26 | 0 | 30 |
| Navigation | 7 | 10 | 30 |
| Hydroelectric power | 64 | 100 | 100 |
| Area redevelopment | 60 | 60 | 60 |
| National Average | 30 | 41 | 46 |

1/ The current non-Federal cost-sharing rates are mean effective composite rates for both programs and projects and are weighed by the allocated costs of all programs and projects in the data base of 4,796 projects and programs for fiscal year 1974. The composite rate is a combination of the implementation cost-share and the operation, maintenance and replacement cost-share adjusted for a discount rate of 6% and a project life not to exceed 50 years.

2/ Includes EPA construction grants.

THE WHITE HOUSE

WASHINGTON

April 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT

SUBJECT SECRETARY ANDRUS' WATER POLICY RECOMMENDATIONS

Secretary Andrus proposes reforms which generally go in the right direction. We are extracting many of his ideas for a proposed portion of the water project announcement on Monday. However, it would be premature to adopt them in full and in every detail. In each instance the proposals could be strengthened with further input from other agencies. I also think it is important to consult with the Congress in developing specific proposals.

Date: April 14, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Midge Costanza  Bob Lipshutz
Stu Eizenstat  Bert Lance
Hamilton Jordan
Frank Moore ✓
Jack Watson

FOR INFORMATION: Jody Powell

Leg. Frank has seen

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Letter to the President from Secretary Andrus 4/13 re Water policy reform Proposals.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 5:00 P.M.

DAY: Saturday

DATE: April 16, 1977

ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

____ I concur.  ____ No comment.

*Please note other comments below:*

It is my understanding that the President is committed to conferring w/ appropriate committee chairmen in the House and Senate before any new criteria are established.

Les Francis, for Frank Moore

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)

Date: April 14, 1977

MEMORANDUM

FOR ACTION:

The Vice President
'idge Costanza  Bob Lipshutz
Stu Eizenstat  Bert Lance
Hamilton Jordan
Frank Moore
Jack Watson

FOR INFORMATION: Jody Powell

L.B.

Mac —
Please Comment —
Ted

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Letter to the President from Secretary Andrus 4/13 re Water policy reform Proposals.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 5:00 P.M.

DAY: Saturday

DATE: April 16, 1977

ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

___ I concur.  ___ No comment.

*Please note other comments below:*

The proposals look positive + reasonable. Without commenting on the merit of the substance, I do want to comment on the merit of the timing -- The timing is right. If we do our jobs right over the next few mos on Energy, we will have made significant inroads in raising the American consciousness on the whole question of conservation. I think it would further reinforce our position in taking bold initiatives long overdue, if Energy could be quickly followed by a reasonable, long-term national program on water policy —

Sieget

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)

Date: April 14, 1977

MEMORANDUM

247

FOR ACTION:
The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Frank Moore
Jack Watson
Bob Lipshutz
Bert Lance

FOR INFORMATION: Jody Powell

cc (Carl Schlimer Fletcher)

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Letter to the President from Secretary Andrus 4/13 re Water policy reform Proposals.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 5:00 P.M.

DAY: Saturday

DATE: April 16, 1977

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)

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

April 13, 1977

MEMORANDUM FOR RICK HUTCHESON

FROM: Charles Warren, Chairman

We would appreciate your assistance in getting this memorandum to the President on an expedited basis. Our information is that a decision may be forthcoming shortly on the matter addressed in the memorandum.

Thank you for your cooperation.

xc: Kitty
xc: Rick Neuheisel 4/13/77

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

77 APR 12 PM 6 32

April 12, 1977

CONFIDENTIAL

MEMORANDUM FOR: The Vice President
Stu Eizenstat
Hamilton Jordan
Bert Lance

FROM: Charles Warren, Chairman
Marion Edey
Gus Speth

SUBJECT: Water Resource Projects

We understand that you are presently preparing recommendations to the President regarding funding of the water resource projects now under review. As the environmental assessment of these projects was in large measure the product of our analysis, we are submitting for your consideration our recommendations based principally on this analysis. We appreciate that other considerations are involved in the final decisions but hope that you will carefully measure our recommendations.

Tab A contains the CEQ recommendations. These are based on information provided by the construction agencies as well as on comments obtained from other federal and state agencies, interested parties and members of the public.

Tab B contains additional information on the projects compiled jointly with OMB. (To be provided subsequently.)

Tab C contains our estimate of the degree of environmental and citizen group opposition to the projects under review.

In our judgment, a number of the projects could be funded without great harm and this would enlarge the base of Congressional support for the President's position. However, in their selection, we urge you to consider the following:

- Many of the projects under review are among the most wasteful and environmentally destructive items in the federal budget, and are a symbol of the President's efforts to be fiscally responsible and protective of the environment.

- The President's efforts to cut federal spending for these water projects has already won him enthusiastic support from citizen groups around the country. He has only begun to tap the much broader public support he can expect when the true costs and benefits of these projects become more widely known.

We believe it is important, wherever possible, for the President's position on these projects to reflect general policies that will be emphasized in the effort to reform and reshape federal water resource programs. These policies should include: (1) greater economic efficiency, including use of a more realistic discount rate for future benefits and increased non-federal cost sharing to reduce federal subsidies for irrigated agriculture, water-based transportation, and other direct beneficiaries; (2) greater attention to environmental values, including protection of significant wetlands and free-flowing streams, flood plain management alternatives to achieve flood damage reduction, preservation of productive agricultural and forest lands, maintenance and improvement of water quality, and protection of endangered species, park and wilderness areas, and significant historic and archeologic sites; (3) adequate consideration for safety in project design and operation; and (4) express identification of interests significantly benefited in order to verify a general public purpose.

Please let us know if the Council can provide additional assistance in this effort.

TAB A

# CEQ WATER PROJECT RECOMMENDATIONS

## Corps of Engineers

1. Tennessee-Tombigbee Waterway, Alabama and Mississippi

Recommend termination, coupled with expansion of other federal assistance efforts to the region to reduce unemployment, upgrade agriculture, and improve transportation, health care, and education.

The project fails to meet current economic criteria, subsidizes barge operators, and destroys vast amounts of productive land and fish and wildlife habitat. 75% of the tonnage on the waterway will be coal, most of it shipped to the Gulf for export at a time coal is needed for domestic consumption. Facilities to move the coal by rail already exist. Chief employment benefits do not go to the poor local residents who need jobs most.

2. Cache River Basin, Arkansas

Recommend termination of project with Corps assistance in development of project alternatives including a flood way-flood plain management plan and purchase (outright or through easements) of suitable flood-prone land for wildlife habitat.

Project is justified on highly questionable benefits, destroys substantial fish and wildlife habitat; feasible flood plain management alternatives to river channelization exist.

3. Tensas Basin, Arkansas and Louisiana

Approve for FY 78 funding conditional upon intensive study of alternatives to further channelization of Tensas River, to be reflected in final environmental impact statement.

Project has a number of features, some of which are complete or nearly so; planning is not completed yet on this portion.

4. Richard B. Russell Dam, Georgia and South Carolina

Recommend termination, accompanied by BOR study of potential for recreational development of river and adjacent lands without the dam.

Project benefits, particularly for recreation, appear overstated; reservoir would inundate last undeveloped reach of Savannah River; dam safety questions remain.

Fulton, Illinois

Approve for completion. Project fails economic criteria at current rates, but is small and has little adverse environmental impact.

6. Grove Lake, Kansas

Recommend termination.

Project fails all economic criteria; reservoir would inundate stream, wildlife habitat, archeologic sites, and prime farmland.

7. Hillsdale Lake, Kansas

Recommend termination and federal assistance in investigation of other municipal water supply options.

Project has marginal economic justification which is insufficient to offset losses of farmland and wildlife habitat; most water supply benefits are projected for future rather than current needs.

8. Dayton, Kentucky

No position. Small project with some environmental problems; possible flood plain management alternatives.

9. Yatesville, Kentucky

Recommend termination. Suggest investigation of expanded public recreational uses on existing project lands and nearby reservoirs.

Project is not economically justified at current rates; includes questionable recreation benefits; requires major relocations of people; and may have substantial water quality problems.

10. Atchafalaya River and Bayous Chene, Boeuf and Black, Louisiana

Recommend termination of Bayou portion of project and maintenance existing navigation channels.

Bayou portions of project would destroy or degrade several thousand acres of wetland, including habitat for endangered species and nursery for commercial fisheries; most project benefits would go to two large companies building floating oil exploration rigs.

11. Bayou Bodcau, Louisiana

No position. Project benefits are narrowly distributed; project is well underway.

12. Red River Waterway, Louisiana

Recommend termination. Propose other federal assistance programs to address regional employment, transportation, agricultural needs.

Project fails economic criteria at current discount rate; non-federal contribution is minimal; project would destroy or degrade over 13,000 acres of wetlands and wildlife habitat, 40,000 acres of agricultural and forest land, 48 miles of natural stream.

13. Mississippi River - Gulf Outlet, Louisiana

Support FY 78 appropriation on condition that funds be used for further planning and design of repair or replacement alternative at site of existing Inner Harbor Navigation Canal.

Navigation improvement is needed, but currently preferred site would destroy over 5000 acres of wetlands and degrade six state-designated scenic waterways.

14. Tallahalla Creek Inlet, Mississippi

No position. Largest claimed benefits are recreational; fails current economic criteria; moderate adverse environmental impacts.

15. Meramec Park Dam, Missouri

Recommend termination, followed by joint Corps-BOR study of a combination recreation-flood plain management alternative to provide flood control and recreation benefits without a dam.

Project would flood more land than it would protect, and would inundate a river valley of high scenic, recreational, and agriclutural value, adversely affecting two endangered species of bats and other wildlife.

16. Lukfata Lake, Oklahoma

Recommend termination, coupled with further study by the Corps of alternatives to meet legitimate area water supply and flood control needs.

Project marginally meets current economic criteria; most water supply benefits would go to a few catfish farms; reservoir would inundate significant fish and wildlife habitat and could have substantial water quality problems.

17. Applegate Lake, Oregon

Recommend termination of project, then joint investigation by Corps and SCS of flood plain and watershed management alternatives.

Project fails current economic criteria; 55% of claimed flood control benefits are for protection of future flood plain development; reservoir would inundate high quality trout stream and habitat of an endangered salamander.

18. Tyrone, Pennsylvania

No position. Project is underway but fails current economic criteria; adverse environmental impacts are moderate.

19. La Farge Lake, Wisconsin

Recommend termination, followed by BOR or National Park Service study of potential development of reservoir site as a park or recreation area, and Corps assistance to local communities in developing flood plain management alternatives.

Project construction is currently suspended due to controversy over water quality problems, impacts on endangered species and a natural area. The project fails current economic criteria.

Bureau of Reclamation

1. Central Arizona Project, Arizona

Recommend termination and assist State in an investigation of alternative water supply systems, water conservation practices and reform of groundwater law.

Project is justified on questionable benefits; destroys substantial wildlife habitat and stream systems; increases salinity problems; and will force Indians off their lands. It does not solve Arizona's continuing large overdraft of groundwater and may build up expectations for water that the over-allocated Colorado River cannot deliver.

2. Auburn-Folsom South Unit, California

Recommend suspension of construction funding on Auburn Dam pending a full independent review of dam safety issues.

Project is justified on unresolved irrigation benefits; an active earthquake fault may underlie dam site; and inundates fish and wildlife habitat.

3. Dallas Creek Project, Colorado

No position. Project fails current economic criteria; reservoir would inundate some stream and wildlife habitat; project would increase salinity in Colorado River.

4. Dolores Project, Colorado

Recommend project completion. Project fails economic criteria at current discount rates, but will augment low stream flows, improving aquatic habitat.

5. Fruitland Mesa Project, Colorado

Recommend termination.

Project fails all economic criteria; subsidizes 70 farmers ($1.2 million per landowner); would inundate streams and wildlife habitat; would cause increased salinity in Colorado River.

6. Narrows Unit, Colorado

Recommend termination.

Project fails economic criteria at current discount rates; historical and archaelogical sites would be destroyed; much agricultural and wildlife land would be regularly inundated and loss of freshwater flows downstream would harm habitat for whooping cranes; unresolved safety issues remain.

7. Savery-Pot Hook Project, Colorado-Wyoming

Recommend termination.

Project fails all economic criteria; would convert rangeland to irrigated croplands; destroys 10 miles of river; increases salinity problems in the Colorado River.

All the above projects on the Colorado River are small but their cumulative effect in river salinity could be a major problem.

8. Garrison Diversion Unit, North Dakota

Recommend termination of authorized project, and study by BuRec and SCS of potentially irrigable lands within the Missouri and James river drainages from the existing McClusky canal. Agriculture agencies should also be directed to provide expanded federal assistance to dry-land farmers across the state in response to the current drought.

Project as designed would require 220,000 acres of productive land for project features and wildlife mitigation, to irrigate 250,000 acres that are already productive; the project would damage or destroy 13 wildlife refuges, and irrigation return flows and exotic fish species problems could violate the Boundary Waters treaty with Canada.

9. Oahe Unit, South Dakota

Recommend termination of project, followed by BuRec restudy of a possible smaller-scale irrigation project along the Missouri River, and increased Department of Agriculture assistance to South Dakota farmers.

Project would require 90,000 acres of productive land; would destroy 23,000 acres of prairie wetlands; could violate state water quality standards; is now opposed by a majority of the members of the local sponsoring board.

10. Bonneville Unit, Central Utah Project, Utah

Recommend termination.

Project is justified on questionable benefits for irrigation and M&I water; would exceed authorized appropriation ceiling; would inundate 22,000 acres of rangeland and cropland; would destroy substantial stream and marsh ecosystems; would aggravate existing salinity problem in the Colorado River.

11. Lyman Project, Wyoming

No position pending completion of the Colorado River Storage Project programmatic environmental impact statement.

Project fails all economic criteria; would destroy wetland and big game habitat; would inundate 25 miles of cold water streams.

Tennessee Valley Authority

1. Bear Creek Project, Alabama and Mississippi

No position. Project is partially built, however TVA should investigate non-structural flood control measures.

The project is justified on questionable benefits; destroys fish and wildlife habitat; and displaces 50 families.

2. Duck River Project (Columbia Dam), Tennessee

Recommend termination of project, accompanied by study of non-structural flood plain management for the region.

The project fails current economic criteria at both authorized and current discount rates; project benefits are questionable (37% enhanced employment); destroys 29,000 acres of productive agricultural land and critical stream habitat; encourages flood plain development.

TAB C

## DEGREE OF ENVIRONMENTAL OPPOSITION TO WATER RESOURCE PROJECTS

The breadth and intensity of citizen opposition to the water projects under review vary greatly. Unfortunately, some of the projects most strenuously promoted by water developers are also the hardest to justify economically and the most strongly opposed by conservationists. Our estimate of the degree of opposition to each project is given below:

### Most Intense Opposition Nationwide

Garrison Diversion (North Dakota)
Tennessee Tombigbee Waterway (Mississippi/Alabama)
Central Arizona Project

### Strong Opposition Nationwide

Cache River Basin (Arkansas)
Oahe Diversion (South Dakota)
Central Utah Project
R.B. Russell Dam (Georgia)
Meramec Park Dam (Missouri)
Narrows Dam (Colorado)
Auburn Dam (California)
Atchafalaya River and Bayous (Buff, Black, and Chene; Louisiana)

### Moderate Opposition

Red River Waterway (Louisiana)
Columbia Dam on the Duck River (Tennessee)
Lukfata Lake (Oklahoma)
Series of Projects on the Upper Colorado River Basin:
(Dallas Creek, Delores, Savory-Pot Hook, Fruitland Mesa, Lyman, which are each small but would have very bad cumulative impact)
Applegate Dam (Oregon)
Hillsdale Lake (Kansas)
Yatesville Dam (Kentucky)
Tensas Basin Project (Arkansas/Louisiana)
Mississippi River Gulf Outlet (Louisiana)

Mild Opposition

Grove Lake (Kansas)
Bayou Bodcau (Louisiana)
Tallahalla Creek (Mississippi)
Bear Creek (Tennessee)

Don't Care

Fulton (Illinois)
Dayton (Kentucky)
Tyrone Levee