4/29/77

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Peter Bourne to The President (1 page) enclosed in Hutcheson to Bourne 4/29/77 Re: International Health Issues Opened, 11/17/09 MR-07-333, BAE	4/28/77	A
memo w/ attach.	From Jack Watson to The President (11 pp.) enclosed in Hutcheson to Watson and Eizenstat 4/29/77 Re: U.S.-U.K. Civil Air Service Negotiations OPENED 1/18/13	4/28/77	A
memo w/ attach.	From Brzezinski to The President (2 pp.) enclosed in Hutcheson to Brzezinski 4/29/77 Re: Meeting with Helmut Schmidt Opened, 11/17/09, MR-07-333 BAE	4/26/77	A
memo	From Tate to The President (2 pp.) enclosed in Hutcheson to Moore and Schlesinger Re; Department of Energy Bill 5 pp. open 8/6/93	4/27/77	C

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.-Pres. Handwriting File 4/29/77 Box 21

RESTRICTION CODES

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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April 28

MR. PRESIDENT:

If Schmidt wanted to meet you at dawn in the Tower of London, Vance and Zbig would advise that it is "highly desirable".

What they do not take into consideration is:

--you will get little solid rest Thursday night after a trans-Atlantic flight; at 3 am London time, you"ll still feel like 9 o'clock Washington time.

--you have a full day Friday, and Friday night will be the first chance to catch up on a half-way decent night's sleep. 8 o'clock is early enough to begin what is a long, gruelling day that doesn't get you back to quarters until 11 at night.

--if you extend the visit with Schmidt, I'd imagine it's a safe bet that State and NSC will soon insist that we "have to" extend the visits with France and Italy---in an already tight schedule that has little room at this date for rearrangement.

--you will be seeing Schmidt here in mid-July.

TK

Thanks -
F

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NLJC-07-333
BY BAE NARA DATE 6/19/09

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

April 26, 1977

MEMORANDUM FOR: THE PRESIDENT

THROUGH: TIM KRAFT

FROM: ZBIGNIEW BRZEZINSKI ZB.

SUBJECT: Your Meeting with Helmut Schmidt

As you know, Helmut Schmidt wanted to try to have a second meeting with you on May 10. When he was advised that this would mean dropping the Dutch, Luxembourger and Norwegian entirely from your schedule, Schmidt declined saying he felt he shouldn't preempt their opportunity to meet with you.

The second proposal by the German Embassy was that you might expand your May 7 morning meeting which is now scheduled for 8:00 to 9:00 to make it run from 7:30 to 9:00.

I discussed this with Cy Vance and we both believe it would be desirable if you could do that. We recognize it makes a long day but we also believe that it would be highly desirable for you to have as much time as possible with Schmidt. He has clearly made an effort to try to get as much time as possible and it would be in the best interests of all if you could do so.

APPROVE ✓ DISAPPROVE _____

See attached

~~CONFIDENTIAL~~

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Per 5/23/08, State ltr.
NLC-07-333
BY BMZ NARA, DATE 6/19/09

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THE WHITE HOUSE
WASHINGTON

April 29, 1977

~~CONFIDENTIAL~~

Frank Moore
Jim Schlesinger

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

Rick Hutcheson

Re: Senator Ribicoff and the DoE Bill

DETERMINED TO BE ADMINISTRATIVE
MARKING BY Jay DATE 4/16/84

THE WHITE HOUSE
WASHINGTON

April 28, 1977

TO: THE PRESIDENT ✓
DR. JAMES SCHLESINGER

FROM: FRANK MOORE

A copy of the attached memorandum from Dan Tate regarding Senator Ribicoff and the DoE Bill is referred for your information.

I can't believe the Senator would act this way!
J

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THE WHITE HOUSE

WASHINGTON

April 27, 1977

MEMORANDUM FOR FRANK MOORE THE PRESIDENT HAS SEEN.

FROM: DAN TATE

SUBJECT: Senator Ribicoff and the DoE Bill

Senator Ribicoff is outraged and indignant. His side of the story follows. I am sure there is another side.

The Chairman fully intended to shepard the DoE legislation through his Committee and, in the process, give the President virtually everything he wants. He planned to finish Committee action by Wednesday of this week.

Ribicoff is of the opinion that Dr. Schlesinger learned of a couple of Committee staff-proposed provisions which were not to his liking and arranged to have the Chairman down for a meeting with the President on Monday. Ribicoff left the meeting with the clear impression that agreement had been reached on all but one point and, with respect to it, there was still some negotiating room. He was fairly content at this juncture.

The Chairman believes that immediately after the White House meeting, Dr. Schlesinger began contacting Senators Jackson, Percy, and other Committee members to stir up opposition to the Chairman at the mark-up on Tuesday, and Schlesinger did this without apprising Ribicoff of the disagreement beforehand. As a result, the Chairman walked into the Tuesday session and was undercut by Jackson, Percy, and others at the behest of Schlesinger. He was about to be rolled and called off the mark-up to avoid the embarrassment.

Now, instead of expediting Committee consideration of the DoE bill, Ribicoff is going to drag his feet, make the Administration work for everything it gets, and create as much havoc as possible. He pledged that he would fight our comprehensive energy package in the Finance Committee where he has tremendous clout and generally make life miserable for us on anything that has to do with energy.

Ribicoff does not deny that there is some difference of opinion on the DoE bill, but he maintains that as far as he is concerned, these are good faith differences which could have been worked out to the President's satisfaction.

His wrath is thus far only directed to Dr. Schlesinger, not at the President. He feels that Dr. Schlesinger has not conducted himself in an honorable manner and says that he never wants anything to do with Schlesinger again.

The bottom line is that Ribicoff believes that Schlesinger tried to roll him because of reconcilable differences of opinion. He is determined to show everyone that this cannot be done easily or without a great deal of blood being spilled now and in retribution in the future.

THE WHITE HOUSE
WASHINGTON

April 29, 1977

Hugh Carter

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

Rick Hutcheson

Re Mail Backlog

THE WHITE HOUSE

WASHINGTON

April 28, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER

SUBJECT: Mail Backlog/Your Note of 4/22/77
With Washington Star Article Attached

1. Backlog in general comprises letters equal to approximately three days' receipts of incoming mail, but this does not mean that all mail received is answered or dispatched within three days. Some mail may be answered in one or two days, but other letters which may require some research to verify facts or obtain information for a proper response may be held up for a week or more.

Additionally, we have been considering mail referred to White House staff offices as being dispatched from our Correspondence operation, and not in our backlog figures. There undoubtedly is a time lag in many of these letters being answered, but we know of no significant bottleneck in any of the staff offices at this time.

Similarly, mail referred to Agencies is taken out of our backlog as soon as it is dispatched. Most of the Agencies appear to be following the nine day response rule, but there is some slippage out of the 40,000 letters a week referred to Agencies. We are now in our second week of a concerted Agency liaison/followup program which involves personal visits by a White House staff member to all of the major Agencies to enhance the process.

2. Regarding the letter from Mrs. Helen Collins about the "buck stops here" desk plaque, this letter was processed during the week ending April 2nd. That week started with a backlog of 141,000 and ended with approximately 76,000, meaning that 65,000 old letters were processed that week, including Mrs. Collins'. That was also the week in which we had record incoming receipts of almost 93,000 pieces, meaning that we processed a total of 158,000. The card used in response was consistent with our instructions to the analysts at that time, which were to use that card for suggestions of this nature, which do not lend themselves to a substantive reply. Since the reduction of backlog, we have moved much more towards more individualized letters.

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3. The original letters from Mr. Lemon with his comments on the Post Office had been promptly sent to the U.S. Postal Service. Their two page answer was dated April 20, and probably reached Mr. Lemon the day his letter to the Washington Star was published.

As stated above, we have instigated an aggressive, continuing followup-coordination program with the Executive Secretariats of the Agencies to which we refer mail.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on the mail situation:

INCOMING	WEEK ENDING 4/22	WEEK ENDING 4/29
Presidential	65,623	62,956
First Lady	2,233	2,617
Amy	2,381	1,700
Other First Family	208	229
Total	70,445	67,502

BACKLOG	WEEK ENDING 4/22	WEEK ENDING 4/29
Presidential	29,000	25,000
First Lady	3,000	2,000
Amy	5,000	4,000
Other	500	1,500
Transition	2,000	500
Total	39,500	33,000

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

	WEEK ENDING 4/22	WEEK ENDING 4/29
Agency Referrals	53%	64%
WH Correspondence	25%	21%
Direct File	7%	6%
White House Staff	11%	6%
Other	4%	3%
Total	100%	100%

See Notes on following pages.

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cc: Senior Staff

cc Hugh

NOTES: Mail - Week Ending 4/29/77

1. Overall backlog decreased from 39,500 to 33,000. We are still recovering from the loss of typing support the previous week, and should be back to normal by the end of next week.

2. Incoming receipts of Presidential and First Family mail totaled 67,502 slightly below the average since the Inauguration.

3. Detailees from agencies working on mail remain at 33 and will remain at that level.

4. A statistical tally and verbal mail summary is attached.

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 4/29

ISSUE	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS
President's Human Rights Stand	92%	2%	6%	337
President's Energy Proposals	52%	21%	27%	6,678
President's Position re: Imports	2%	97%	1%	925
Support for Increased Social Security Benefits	38%	5%	57%	1,029
President's Cancellation of Tax Rebate	6%	94%	0	649
President's Position re: B-1 Bomber(4 days)	3%	97%	0	398
President's Consideration re: Amnesty for Illegal Aliens (4 days)	2%	98%	0	897
President's Position re: Hospital Costs	34%	54%	12%	82
Amendment to Marine Mammal Protection Act	58%	42%	0	262
			TOTAL	11,257

MAIL SUMMARY -- WEEK ENDING APRIL 29, 1977

The following statements are based on debriefings of mail analysts during the week.

ENERGY, ENERGY, ENERGY. PEOPLE KEEP WRITING ABOUT...

Energy is the big issue of the week, and most of the people writing in support the President's move to provide the nation with a comprehensive energy policy. But some people, even those who support the Administration's plan, criticize parts of it, or advocate different methods entirely for staving off a major energy crisis. The most constant criticism comes from supporters piqued by the proposed gasoline tax increase. Generally, these letters are penned by low income, elderly or handicapped people.

Their suggestions include:

-- ration gas, do not tax it.
-- curtail busing; it wastes energy
-- do not penalize the handicapped for buying big cars.
-- make provisions in the plan for carpoolers who need big cars.
-- include construction requirements for solar heating in plan.
-- tax pleasure boats.

Their comments include:

-- the tax on large cars will adversely affect too many people connected with the auto industry.
-- low income, older Americans who want to travel and see the country should not have to bear the burden of increased taxes.
-- some lifelong Democrats feel "sold out" and "hit in the pocketbook" by the proposed taxes.

CAMPAIGN PROMISE CITED BY PORTSMOUTH CITIZENS

Portsmouth, Ohio area residents are urging the President to act on the construction of an add-on gaseous diffusion plant to the Portsmouth Atomic Plant. Local officials, merchants and townspeople are banking on the jobs and added income, citing a campaign promise made last fall.

THE WHITE HOUSE

WASHINGTON

April 29, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: BUNNY MITCHELL

SUBJECT: Statement by you on the Government's Minority Bank Deposit Program at the Cabinet Meeting on May 2.

This is to remind you of the statement you indicated you would make about the Government's minority bank deposit program in the Cabinet Meeting (Budget Meeting) on Monday, May 2 at 8:00 a.m.

- Program is in its seventh year; Treasury's 1977 goal for Government funds on deposit is $100 million.

- Presidential memorandum sent to department/agency heads in support of program on April 8, 1977; met with representatives of minority bankers association (National Banker's Association) on April 28.

- Program is a viable means for promoting minority-owned businesses and economic development in minority communities.

- Maximum participation by federal departments/agencies is urged; with negligible costs to the government -- program benefits are high.

- Use every opportunity to encourage private sector participation -- cooperative efforts maximize program's impact.

- President will monitor progress of departments/agencies and make reports available to minority bankers.

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Minority banks
WH - Budget

C

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank Jane April 29, 1977

RE: Agenda for Monday's Budget Session
in Lieu of Regular Cabinet Meeting

We are attaching a memorandum from Bert Lance suggesting an agenda for Monday's meeting and attaching a background paper which has been circulated to all Cabinet members--but not to those attending from Congress.

Attachment

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THE PRESIDENT HAS SEEN.

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

1977 APR 29 PM 3 01

APR 29 1977

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance

SUBJECT: The Long-Range Budget Outlook

The attached paper is designed to serve two purposes:

-- to inform you about the current long-range budget outlook;

and

-- to provide background for your meeting on Monday, May 2, with the Cabinet, the larger independent agencies, and Congressional leaders on the achievement of long-range budget objectives.

The following is our suggested agenda for the Monday meeting:

1. A discussion by Charlie Schultze

   -- on the economic assumptions behind the budget projections and

   -- the relationship between the budget and the economy.

2. A briefing by me covering

   -- the fiscal outlook through 1982, including expected receipts and outlays;

   -- potential budget increases and the need to stop or offset those increases.

3. A discussion by you on the need for agreement on ways to achieve a balanced budget by

   -- indicating our priorities and

   -- obtaining a common understanding with the Congress on budget goals (see attached, page 20).

THE LONG-RANGE BUDGET OUTLOOK

Introduction and Summary

This paper presents the budget outlook for 1977-1982 consistent with:

-- current Administration tax and spending policies; and

-- two alternative sets of economic assumptions.

The base projections that follow price out the effects of current programs and specific Administration proposals that have been decided upon to date. 1/ They do not include the costs of new programs under development such as welfare reform, or tax reform. With the exception of defense, it is generally assumed there will be no changes in operating levels of existing programs and, further, that temporary countercylical programs such as temporary employment assistance are allowed to phase out as the economy moves smoothly toward full employment. Adjustments for future inflation have not been made except when required by law or for activities requiring long lead-time.

For all of these reasons, the long-range base line projections of outlays are below what is likely. This approach is used because the figures provide a useful starting point for the analysis of long-range budget trends and options. To provide some perspective on what alternative budget levels might develop, a number of policy initiatives are presented that could add to the base totals. The total amount of these initiatives is not particularly meaningful, however, since it is unlikely that all will be adopted. Many of the estimates for these initiatives are highly tentative because of the uncertain nature of possible Administration initiatives at this time. The prospect for substantial budget reductions from the baseline projections is also considered.

Personnel levels
Grade creep vs salary adj.

1/ Data on the energy program, however, were not available in time to be included; the implications of this program are discussed, however.

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Summary of the fiscal outlook.--Table 1 summarizes the budget outlook for 1977-82 under two alternative sets of economic assumptions, which are described in the following section. Long-range projections consistent with the budget revisions transmitted to the Congress in February are also shown for comparison. The estimates exclude the rebate and business tax incentives that were recently removed from the Administration's legislative program; they do not include, however, the effects of the Administration's recently announced energy program.

Table 1

THE FISCAL OUTLOOK
(fiscal years; in billions of dollars)

	1976 actual	1977	1978	1979	1980	1981	1982
February Estimates							
Receipts	300.0	349.4	401.6	458.9	515.8	578.7	641.7
Outlays	366.5	417.4	459.4	488.3	519.3	550.2	585.7
Budget surplus or deficit (-)	-66.5	-68.0	-57.7	-29.4	-3.5	28.5	56.0
April Estimates--Base Economic Path							
Receipts	300.0	359.5	404.7	465.6	522.9	584.9	645.0
Outlays	366.5	408.2	462.6	492.1	523.5	555.0	592.7
Budget surplus or deficit (-)	-66.5	-48.7	-57.9	-26.5	-0.6	29.9	52.3
April Estimates--Alternative Economic Path ← lower level econ activity							
Receipts	300.0	359.5	402.1	454.8	510.3	571.3	630.8
Outlays	366.5	408.2	462.9	493.6	525.8	557.4	595.1
Budget surplus or deficit	-66.5	-48.7	-60.8	-38.8	-15.5	13.9	35.7

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Under the base economic path, the budget is now estimated to be in deficit by $49 billion in 1977 and $58 billion in 1978, and to be in surplus by $30 billion by 1981.

Indicative of the large impact economic events have on the budget, under the alternative economic path (which assumes a lower level of economic activity in calendar years 1978-82), the budget is estimated to be in deficit by $61 billion in 1978 and in surplus by $14 billion in 1981.

However, potential additions to the budget include a list of 97 items with total outlays in 1981 of $43 billion (see Attachment A). Not all of these items will become part of the Federal program. Many, however, are directed toward major concerns of the Administration: a national system of health care, welfare reform, and environmental improvement. Moreover, while we do not yet have a tax reform package, such a package might require substantial overall net reductions in receipts -- perhaps $10 billion -- in order to be acceptable to the Congress.

The overall issue that this paper highlights is that achievement of budget balance in 1981 requires:

(1) rapid growth in the private sector;

(2) an effort, beginning immediately, to control Federal spending; and

(3) an early attempt to place priorities on major contemplated initiatives, and to plan carefully the timing of their implementation.

Economic Assumptions

Short-range (CY 1977-1978).--Table 2 shows the base economic assumptions that have been used for developing detailed budget estimates. Because this budget exercise was completed earlier, the assumptions are slightly different from those released publicly on April 22 by OMB. For CY 1977, this path forecasts real GNP growth that is somewhat less than in the February budget revisions, primarily because the first quarter of this calendar year was weaker than initially assumed. The base path predicts that this downward revision is fully made up by the end of CY 1978. As a result, higher real growth -- nearly 6% from the fourth quarter of CY 1977 to the fourth quarter of CY 1978 -- is projected during 1978. The forecast for CY 1978 is considerably more optimistic than most private forecasters are projecting.

Table 2 also shows an alternative economic forecast, which is the same throughout CY 1977 but predicts a weaker expansion in CY 1978. This forecast is more in line with what most private forecasters would produce with the Administration's current fiscal policy. Budget estimates for total receipts and outlays have been developed consistent with this set of economic assumptions.

Long-range (CY 1979-1982).--The long-range economic assumptions are mechanical extrapolations that assume both a sustained economic recovery and a diminution in the rate of inflation. They are not meant to imply that these developments are likely to occur, since precise forecasting that far into the future is not within our ability. The assumed real growth rates are sufficient to keep the unemployment rate declining over the projection period. Both sets of assumptions are optimistic; they assume no cyclical interruptions in the movement of the economy toward full employment. The two sets of long-range projections also assume that the rate of inflation will decline steadily over the period, dropping to 4% by the beginning of CY 1981 (these projections were developed before the Administration's anti-inflation program was announced, with the goal of 4% inflation roughly one year sooner). This implicitly assumes that the wage price spiral will be restrained and that capacity bottlenecks will be avoided as the economy approaches full employment.

Table 2

ECONOMIC ASSUMPTIONS
(calendar years; dollar amounts in billions)

	1976 actual	1977	1978	1979	1980	1981	1982
Base Economic Assumptions							
Gross national product:							
Current dollars:							
Amount	1,692	1,875	2,108	2,354	2,594	2,826	3,057
Constant (1972) dollars:							
Amount	1,265	1,325	1,402	1,479	1,554	1,625	1,691
Percent change (fourth quarter over fourth quarter)	5.0	5.7	5.9	5.2	5.0	4.2	4.0
Consumer price index (percent change, December over December)	4.8	6.7	5.6	5.3	4.5	4.0	4.0
Unemployment rate (percent)	7.7	7.2	6.4	5.8	5.2	4.8	4.5
Alternative Assumptions (most private economists)							
Gross national product:							
Current dollars:							
Amount	1,692	1,875	2,089	2,314	2,551	2,778	3,006
Constant (1972) dollars:							
Amount	1,265	1,325	1,389	1,454	1,528	1,598	1,663
Percent change (fourth quarter over fourth quarter)	5.0	5.7	4.1	5.2	5.0	4.2	4.0
Consumer price index (percent change, December over December)	4.8	6.7	5.6	5.3	4.5	4.0	4.0
Unemployment rate (percent)	7.7	7.2	6.5	6.0	5.5	4.0	4.8

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Budget Receipts

Introduction.--The base line receipts estimates assume the following:

-- enactment of the Administration's tax proposals announced to date (excluding the energy proposals);

-- permanent extension of the temporary provisions of the Tax Reform Act of 1976 and of highway and airport and airway excise taxes scheduled to expire under current law; and

-- tax changes that will take place automatically under current law, such as the social security payroll tax rate increases scheduled for January of 1978 and 1981.

The estimates do not include the effect of tax reform proposals that will be submitted to the Congress later this year.

Changes in estimated receipts since February.--Table 3 shows the major changes in estimated receipts from the February estimates. Under the base economic assumptions, receipts have been revised upward in each year, in part due to the removal of the rebate and business tax incentives, and in part due to higher incomes resulting from higher inflation. Under the alternative economic assumptions, however, receipts are higher in 1977 and 1978 but lower in 1979-1982.

Table 3

CHANGES IN ESTIMATED BUDGET RECEIPTS SINCE FEBRUARY
(fiscal years; in billions of dollars)

	1977	1978	1979	1980	1981	1982
February estimate	349.4	401.6	458.9	515.8	578.7	641.7
Removal of rebate	8.2	---	---	---	---	---
Removal of business incentives	0.9	2.3	2.6	2.8	1.8	*
Other, largely revised incomes and technical reestimates	1.0	0.8	4.1	4.3	4.4	3.2
Current estimate -- base economic assumptions	359.5	404.7	465.6	522.9	584.9	645.0
Effect of alternative economic assumptions	---	-2.6	-10.8	-12.6	-13.6	-14.2
Current estimate -- alternative economic assumptions	359.5	402.1	454.8	510.3	571.3	630.8

* $50 million or less.

Effect of proposed legislation on receipts.--Table 4 shows the effect on receipts of proposed legislation. These proposals include:

-- the Administration's tax simplification proposals;

-- permanent extension of the temporary provisions of the Tax Reform Act of 1976;

-- extension of highway trust fund taxes (scheduled to expire September 30, 1980), and airport and airway trust fund taxes (scheduled to expire June 30, 1980); and

-- various miscellaneous proposals included in the February budget revisions.

In addition to these legislative proposals, the revised estimates include the effect of increases in the social security tax rate and base that are scheduled under current law. The social security tax rate is scheduled to increase from 11.7% to 12.1% on January 1, 1978, and from 12.1% to 12.6% on January 1, 1981. These rate increases raise receipts by $11 billion in 1982. In addition, the tax base is expected to rise annually from its current level of $16,500 to $23,700 by 1982.

Table 4

ESTIMATED EFFECTS OF PROPOSED LEGISLATION ON RECEIPTS
(fiscal years; in billions of dollars)

	1977	1978	1979	1980	1981	1982
Receipts under current law (base economic assumptions)	361.0	418.6	483.5	537.3	600.6	663.9
Proposed legislation:						
Simplification proposals announced in February	-1.2	-5.9	-4.3	-4.4	-4.6	-4.7
Permanent extension of temporary income tax provisions	---	-7.8	-13.7	-14.5	-16.9	-20.3
Extension of excise taxes	---	---	---	4.3	5.4	5.6
Other	-0.3	-0.2	0.1	0.2	0.4	0.5
Total, proposed legislation	-1.5	-13.9	-17.9	-14.4	-15.7	-18.9
Current estimate of receipts (base economic assumptions)	359.5	404.7	465.6	522.9	584.9	645.0

Receipts as a percentage of GNP.--Table 5 shows that receipts are projected to increase as a share of GNP over the next 5 years whether one assumes current tax law or the Administration's tax proposals. Under current law, the receipts share of GNP would increase from 19.8% to 22.1% between 1977 and 1982. The corresponding increase under the Administration's proposals is from 19.7% to 21.5%.

Table 5

RECEIPTS AS A PERCENTAGE OF GNP
(Base Economic Assumptions)

	1977	1978	1979	1980	1981	1982
Current law.....	19.8	20.4	21.1	21.2	21.7	22.1
Administration tax proposals.....	19.7	19.8	20.3	20.6	21.1	21.5

Two principal factors cause the increase in receipts as a share of GNP. Most important is the increase in the average tax rate on personal income as inflation and real growth move taxpayers into higher tax brackets. Under the Administration's tax proposals, the average tax rate on personal income would increase by 2.4 percentage points from 1978 to 1982. This upward drift in the tax rate increases receipts by approximately $60 billion.

Second, social security tax rates are scheduled to increase under existing law, as mentioned earlier. These rate increases, when combined with the annual base increases that roughly maintain social security taxes at their current share of GNP, result in a 0.2 percentage point increase in social insurance taxes as a share of GNP.

Budget Outlays

Summary.--To balance the budget in 1981, we must begin now, not next fall or next year, to form a multi-year budget plan. The plan would be supported by issuance of clear guidance on agency outlay targets, economic assumptions, tax policy, and receipts.

As Table 1 indicates, a surplus in 1981 can be achieved, but these projections should be viewed in the context of the potential increases to the budget (discussed in the next section) and possible tax reductions -- the latter either as part of reform or to stimulate the economy or both. Past experience has shown that our base outlay projections understate likely future spending because of higher than anticipated inflation and because funds for new programs are not anticipated. To balance the budget in 1981 it will be necessary to hold down the number of new programs and to make difficult reductions in the base.

Growth of outlay estimates.--The problem of controlling -- or even just anticipating accurately -- outlays can be illustrated by Table 6, which shows revisions to the February estimate for 1977 and 1978.

For 1977, the estimates show a reduction from February of $9.2 billion, the largest items being DOD Military and MAP ($-2.9 billion) and the removal of the rebate proposal ($-3.2 billion). Partially offsetting the reductions is an increase for farm income stabilization ($1.6 billion) due to the severe weather and recent changes in price support policies.

For 1978, outlays increase by $3.2 billion. Of this, $1.8 billion is due to social security benefit increases reflecting higher cost-of-living increases and to the recent court action removing the dependency test for retirement benefits to widowers. Farm income stabilization outlays are higher ($2.0 billion) for the reasons noted above, and military assistance outlays are higher ($1.0 billion), largely offsetting the military assistance shortfall in 1977.

The upward revisions to the longer-range estimates made in February are of similar magnitude to those in 1978,

averaging $4 to $5 billion in 1979-1981, but rising to a $7 billion increase in 1982.

Table 6

RECONCILIATION OF FEBRUARY OUTLAY ESTIMATES
(in billions of dollars)

	1977	1978
February estimates	417.4	459.4
Removal of rebate proposal	-3.2	-*
DOD Military and military assistance	-2.9	0.9
(DOD Military)	(-1.8)	(-0.1)
(Military assistance)	(-1.1)	(1.0)
Farm income stabilization	1.6	2.0
Social security	0.6	1.8
Interest on the public debt	-0.4	-0.9
Water resources, pollution control, and energy	-0.9	0.3
HUD mortgage insurance	-0.7	-*
Offshore oil receipts reestimate	---	0.7
Training and employment programs	-0.5	*
Export-Import Bank	-0.3	-0.5
Other	2.1	0.9
Current estimates (Base economic assumptions)	408.2	462.6

+54

* $50 million or less.

Longer-run trends.--In total, outlays are projected to increase by about $31 billion per year, or about 6.3% annually from 1978 to 1981. Among the major increases is the national defense function, which rises by about 9.1% per year over the period reflecting the real program increases that have been assumed in this area. Further, the costs of retirement programs are expected to rise significantly as shown by the following table:

(in billions of dollars)

Fiscal Years	Social Security	Uniformed Service	Civilian Service	Other	Total
1976.....	72.7	7.5	8.4	3.7	92.2
1977.....	83.9	8.4	9.9	4.1	106.3
1978.....	92.7	9.2	11.4	4.4	117.7
1979.....	102.4	10.0	12.8	4.6	129.7
1980.....	112.6	10.8	14.2	4.8	142.4
1981.....	123.4	11.6	15.5	5.0	155.4
1982.....	134.2	12.3	17.0	5.2	168.6
		(percent per year)			
1976-1981.....	10.6	8.7	12.4	5.9	10.5

More detailed data on budget trends of Federal retirement programs are contained in Attachments B and C.

Other significant increases occur in the health function, with increases of about 12% per year as well as in allowances for future pay raises and inflation.

In addition to the outlay paths shown in Table 1, it is necessary to consider additional budget options or potential increases (or reductions). The off-budget Federal entities would have outlays of $7-10 billion. Further, options identified by OMB could raise outlays $16 billion in 1979, $32 billion in 1980, and $43 billion in 1981. Altogether, they could eliminate the surplus in 1981, assuming no change in the receipts projection. This represents the outer end of a range, since not all of these increases are likely to take place. However, welfare reform, national health insurance, and other programs are likely to result in outlays substantially above the estimates we have used in calculating potential increases.

Effect of Energy Policy.--Although precise budget data on the costs of the Administration's energy policy were not available in time to include them in the detailed data base on which these long range projections are based, we do have

a rough idea of the costs involved. For 1978, the energy initiatives are expected to result in a net increase to the deficit (taking into account the impact of both receipts and outlays) of $1.2 billion to $2.5 billion. By 1981, the effect is expected to reduce the potential surplus (or increase a deficit) by $2.9 billion to $4.2 billion. If the Congress agrees with those aspects of the program such as tax incentives and outlay programs that add to the deficit but rejects, or modifies downward, revenue producing aspects, the increase in the deficit or reduction of a surplus will be correspondingly greater.

Outlays as a percent of GNP.--The Ford budget presented in January estimated 1978 outlays of $440 billion, or 21% of GNP, and projected 1982 outlays of $559 billion, or 19% of GNP. One of the stated goals of this Administration is to keep Federal outlays to about 21% of GNP.

The GNP projections under the base path and alternative path presented in this overview rise by 46% and 44%, respectively, from fiscal year 1978 to 1982. Base budget outlays are projected to rise from $463 in 1978 to approximately $593 billion in 1982, for an increase of 28%. Thus, projected outlays increase at a lower rate than GNP, and represent continuingly smaller shares of GNP.

Table 7 shows that the goal of keeping outlays to 21% of GNP is approached in 1979 and surpassed in 1981 and 1982 under either set of economic assumptions. For 1981, the year the budget will be balanced, outlays equal to 21% of GNP would be $581 billion under the base economic path ($26 billion more than currently projected) and $571 billion under the alternative economic path ($14 billion more than currently projected). If outlays are increased to equal 21% of GNP, then according to the base economic path the surplus would be a narrow and tenuous $4 billion; according to the alternative path, the budget would be in approximate balance. In either case, the estimate of balance or surplus is well within our margin of estimating error.

The goals of a balanced budget and of outlays no greater than 21% of GNP are consistent in these projections. However, it should be kept in mind that a change in economic assumptions, major new programs not offset by decreases in existing ones, or significant tax reductions could easily make the two goals inconsistent.

Table 7

OUTLAYS AS A PERCENT OF GNP
(fiscal years)

	1977	1978	1979	1980	1981	1982
Base path.....	22.4	22.6	21.5	20.7	20.0	19.8
Alternative path...	22.4	22.6	21.9	21.1	20.5	20.2

Potential Increases to the Budget

The base projections discussed above indicate how much of a budget margin is left (if the economic assumptions hold true), given the objective of a balanced budget in 1981, to meet Presidential commitments for which no specific budget proposals have yet been advanced -- and for funding other future initiatives for which no commitment now exists.

Some budget increases not sought by the Administration are likely also to occur. Nonenactment of some reduction proposals and some congressional initiatives are to be expected. At the same time, there is nothing inevitable about the projected budget base -- particularly in the context of zero-base budgeting. Room can be made for high-priority new initiatives by cutting back lower-priority ongoing programs.

Table 8 summarizes by budget function the outlay effects of various large potential claims on the budget that are now foreseeable. The total of all the potential add-ons -- $43 billion in 1981, or $50 billion if off-budget Federal entities are included -- is not meant to imply a prediction of future budget totals; indeed, some of the items are mutually exclusive. Also, future add-ons will inevitably materialize that cannot be anticipated now. Not all the potential add-ons could be accommodated within a balanced 1981 budget unless there were large legislated tax increases or, unless potential reductions materialize.

The two largest potential budget increases are national health insurance and welfare reform. The costs of these items are, of course, highly speculative depending on the specifics of a proposed system. The figures shown below are intended to be representative indications of the orders of magnitudes involved. Details of these potential increases are shown in Attachment A.

Table 8

POTENTIAL BUDGET ADD-ONS: SUMMARY BY FUNCTION
(fiscal years; in billions of dollars)

	1978	1979	1980	1981	1982
National defense.....	0.2	0.2	0.2	0.2	0.2
International affairs.....	0.2	0.5	1.0	1.6	2.2
General science, space, and technology.....	---	0.1	0.4	0.7	0.8
Natural resources, environment, and energy.....	2.3	2.7	3.0	2.5	2.2
Commerce and transportation...	1.0	1.6	3.2	3.9	4.1
Community and regional development.....	0.2	0.1	0.3	0.5	0.6
Education, training, employment, and social services....	1.2	2.2	3.2	3.3	3.3
Health.....	0.1	2.0	8.3	15.6	18.9
Income security.....	2.9	4.1	9.6	11.1	12.6
Veterans benefits and services	1.5	2.4	2.8	3.0	3.4
Other.....	0.2	0.3	0.3	0.3	0.4
Total potential add-ons by function.....	10.7	16.3	32.3	42.8	48.6
Effect of including outlays of off-budget Federal entities..	8.3	8.7	8.2	7.6	5.9
Total potential add-ons including off-budget Federal entities.....	19.0	25.0	40.5	50.4	54.5

* $50 million or less.

Sunset

Efficiencies and Reductions

Potential increases to the budget represent one side of the equation. Through the zero-base review process we can expect to apply program efficiencies and to propose elimination of unneeded programs. Through increased efficiencies we should be able to meet program objectives at reduced dollar costs. For example:

-- Defense could close installations not essential to the promotion of national security.

-- HEW could decrease abuses through which benefits are paid to ineligible recipients.

However, efficiencies alone are unlikely to produce adequate savings to make possible a balanced budget in 1981. In addition, the Administration will need to identify -- and the Congress agree to -- program changes that would restructure, replace, or eliminate current programs. For example:

-- Impact aid could be limited as proposed in the Administration's 1978 budget.

-- Grants to States for law enforcement assistance could be curtailed or phased out.

In the past, the Congress has been very reluctant to make these kinds of changes in programs.

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The Development of a Joint Process

The problems described argue for the development of a process jointly with the Congress by which a balanced budget can be achieved. Such a process inevitably must involve some form of multi-year budgeting. The Administration will have to:

-- Indicate its program priorities on a year-by-year basis from 1979-1981.

-- Phase in tax reform in a manner consistent with the program priorities and a balanced budget in 1981.

The Congress will need to:

-- Commit itself to a common set of budget totals, heading toward balance in 1981.

-- Keep track of the future-year effects of budget actions as they are taken.

-- Limit further budget action so as to be consistent with the commitment to meet the balanced budget goal.

As a first step in the 1979 budget process, OMB is currently conducting its spring planning review. By June 1, 1977, OMB will make specific agency budget recommendations. These recommendations should result in projections of outlay totals below the current base path projections shown in Table 1. These figures will not, however, include the effect of such major new initiatives as energy, welfare reform, and national health insurance.

Possible congressional reaction.--The majority of the Congress strongly supports the goal of balancing the budget and controlling Federal expenditures in future years. The Budget Committees in particular have paid increasing attention to the long-range implications of current decisions, and there is undoubtedly general agreement that more should be done in this regard. It is not clear, however, whether there is agreement on how far to go or

whether the Congress could, in fact, adopt the procedures needed to carry out multi-year budgeting.

The congressional budget process is inherently complex. The Budget Committees have done a good job in coping with the budget year, but it may be difficult for them to develop a systematic way of dealing with the out-years as well. For example, the Budget Committees could have considerable difficulties in balancing the conflicting demands of other committees and developing consensus on multi-year totals.

A key element from the point of view of the Budget Committees, is to obtain a commitment from the authorizing committees to exercise some restraint on the development of new or expanded programs. These committees have, in the past, shown much greater concern for their particular areas of interest than in the budget totals.

The Congressional Budget Office is somewhat more pessimistic than the Budget Committees on the possibility of achieving a balanced budget. The CBO projections indicate that a balanced budget may be difficult to attain in view of the likely path of the economy and the need for fiscal stimulus in order to sustain a rapid recovery and return to full employment. On the other hand, the CBO will be enthusiastic about the goal of multi-year budgeting and will probably be willing to work on the technical ways of instituting it.

National defense.--No estimate has been prepared for costs of an acceleration of the arms race due to a possible SALT breakdown. Increased military aid may be required to facilitate a Middle East agreement.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Military assistance:					
Middle East	250	250	250	250	250
Greece and Turkey	-42	-53	-58	-45	-54
Total	208	197	192	205	196

International affairs.--The major item in this area reflects the Economic Policy Group's recommendation to the President that U.S. development aid be doubled over the next 5 years.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Balanced payments loan to Portugal	---	-130	-120	---	---
Development assistance	250	676	1,138	1,624	2,236
Total	250	546	1,018	1,624	2,236

General science, space, and technology.--The possible initiatives shown for NASA reflect the fact that the baseline makes no allowance for new program starts; i.e., implicitly, the agency is phasing out.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Space station	---	25	50	125	175
Solar power satellite	---	25	75	200	250
Lunar polar orbiter	---	3	23	43	25
Communications satellite R&D	---	10	20	40	50
Other NASA R&D	---	47	182	250	287
Total	---	110	350	658	787

Natural resources, environment, and energy.--Potential add-ons in this area reflect a number of possible congressional initiatives -- such as restoration by the Congress of funds for water projects, higher funding levels for EPA construction grants, restoration of fusion power research funding levels, additions to fossil energy research, and possible regional dispersal of petroleum reserves. Other items represent possible Administration initiatives, or (in the case of the last item) the effect of possible uncontrollable events. Energy policy is currently under very active review, and the items listed here by no means exhaust the range of possible budget effects of programs that could be proposed.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Congressional restoration of water projects:					
Bureau of Reclamation	231	286	316	355	380
Corps of Engineers	58	107	118	91	77
Strip mining legislation	-100	-100	-20	-15	-20
EPA construction grants	70	230	400	500	450
EPA construction retroactive reimbursement grants	240	15	15	15	---
EPA water quality planning grants	---	40	50	47	---
EPA R&D	25	22	28	20	20
Forest service	100	100	102	100	100
HUD -- energy conservation demonstration	25	100	75	---	---
ERDA uranium enrichment:					
Centrifuge	20	125	275	355	555
Revenue loss	159	244	249	393	428
Add-on plant	-170	-350	-400	-600	-970
ERDA geothermal energy RD&D	32	57	92	72	42
ERDA solar energy RD&D	90	143	119	58	29
ERDA conservation RD&D	195	261	301	297	242

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Natural resources, environment, and energy (continued):					
ERDA fusion power R&D	83	138	194	239	364
ERDA non-proliferation policy	95	124	161	209	272
ERDA fossil energy R&D	22	128	206	151	77
ERDA fossil energy R&D (Congress)	58	154	229	189	119
FEA strategic petroleum reserve	178	176	127	17	---
FEA strategic petroleum regional reserves	400	225	55	---	---
FEA strategic petroelum reserve -- OPEC	543	508	332	42	---
Total	2,309	2,733	3,024	2,535	2,165

Commerce and transportation.--The major potential budget claims in this function are more likely to come from the Congress than from within the Administration. They include higher funding levels for the non-Interstate highway programs and for mass transit, and possible assistance to airlines in meeting noise reduction requirements. The rail industry assistance item reflects a report and recommendation the Department of Transportation is required to prepare.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
HUD housing for the elderly or handicapped	15	75	100	100	100
Federal-aid highways	---	160	730	900	1,000
Other highways	110	160	190	200	200
Metro debt service	29	42	46	46	46
Rural transit aid	40	50	50	50	50
Urban mass transit	30	100	200	350	450
Assistance to rail industry	---	450	1,200	1,500	1,500
Purchase of ConRail securities	70	-100	-7	---	---
Regional rail reorganization	30	103	83	83	83
Railroad rehabilitation financing	200	35	35	35	35
Aid to air carriers for quiet engine retrofits	455	475	495	520	545
Supersonic transport R&D	---	7	25	50	100
Coast Guard -- Oil pollution prevention	19	24	34	32	32
Total	998	1,581	3,181	3,866	4,141

Community and regional development.--The major item in this function is the possibility that higher funding levels will be sought for community development block grants.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Appalachian development -- highways	5	36	70	86	95
Drought assistance -- EDA	100	---	---	---	---
Community development block grant	---	15	143	266	451
HUD rehabilitation loans	---	---	30	50	50
Bureau of Indian Affairs -- Alaskan supply ship replacement.	---	5	15	25	5
Community Services Administration -- Low-income house weatherization iad	41	---	---	---	---
Loans to District of Columbia	19	27	36	28	---
Small Business Administration -- Disaster loans (drought)	5	---	---	---	---
Total	170	83	294	455	601

Education, training, employment, and social services.--The major budget threat in this function is the possibility that the Congress will insist on continuing the "temporary" public sector jobs and stimulus training measures indefinitely. Also, the Congress may restore the proposed reduction in impacted areas aid for education, and continue capital contributions for the national direct student loan program.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Impact aid -- congressional restoration	243	316	338	344	347
Higher education -- direct student loans program	300	300	300	300	300
Job opportunities program	114	40	---	---	---
Public service employment (CETA Title II)	---	188	499	616	616
Job Corps	---	219	274	274	274
Youth Conservation Corps	---	70	250	250	250
Summer youth employment	55	55	55	55	55
Other youth employment	---	523	900	900	900
Work incentives	435	435	435	435	435
Community service employment for older Americans	35	50	50	50	50
Veterans employment (HIRE)	---	13	80	80	80
Total	1,182	2,209	3,181	3,304	3,307

Health.--The medicare and medicaid items shown here represent the effects of possible non-enactment by the Congress of the Administration's proposals to contain costs. The National Institutes of Health and health resources figures are estimates of likely appropriations actions. The national health insurance item is an order-of-magnitude net figure for a relatively conservative, largely self-financing scheme; much more costly alternatives are also being explored.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
National health insurance.....	---	50	5,000	11,000	13,000
Medicare.....	705	1,490	2,385	3,420	4,465
Medicaid.....	131	270	431	599	685
National Institutes of Health....	80	160	300	400	500
Health resources.....	96	115	214	214	214
Total.....	1,012	2,085	8,330	15,633	18,864

Income security.--Possible non-enactment of proposed cost savings in social security could add $2.4 billion to the baseline projection for the income security function in 1981. The figures shown for welfare reform are simply order-of-magnitude; substantially more modest and far more generous possibilities exist. The unemployment receipts loss item stems from a Labor Department proposal to pay for the Federal share of extended Federal supplemental benefits with general funds, thereby allowing a reduction in the Federal unemployment insurance tax rate.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Social security -- non-enactment of reduction proposals.....	810	1,604	1,985	2,417	2,735
Black lung -- HEW.....	604	216	219	224	227
Black lung -- Labor.....	92	149	159	171	197
Federal supplemental unemployment benefits extension.....	500	---	---	---	---
Unemployment tax receipts loss...	700	300	900	900	900
Trade adjustment assistance.....	50	---	---	---	---
Welfare reform.....	---	1,000	6,000	7,000	8,000
Supplemental security income.....	135	145	155	160	170
Special milk program.....	130	130	130	130	130
HUD -- Operating subsidies.....	99	50	50	50	50
HUD -- Interest subsidies.....	---	2	27	96	195
Earned income credit.....	-70	---	---	---	---
Payroll tax credit.....	-166	---	---	---	---
Total.....	2,884	4,096	9,625	11,148	12,604

Veterans benefits and services.--The pension reform item in this function represents a congressional "threat." The medical care expansion item represents the possible effects of an Administration decision to support continued growth of the VA system and continued care for nonservice-connected medical problems.

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Readjustment benefits (GI bill):					
Cost of living	197	186	175	149	121
Eligibility extension	197	131	65	---	---
Continuation of flight and correspondence training	15	30	36	44	51
Duplicate burial benefits	80	82	84	87	90
Veterans pension reform	600	1,246	1,296	1,336	1,372
VA medical care:					
Expansion	30	295	680	1,020	1,360
Benefits	50	50	50	50	50
Congressional add-on	110	75	75	75	75
Non-enactment of reductions	158	231	243	252	261
VA construction	50	50	50	28	---
Total	1,487	2,375	2,754	3,041	3,380

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Law enforcement and justice					
Reduce illegal immigration.....	67	100	100	100	100
Juvenile justice and delinquency prevention.....	8	68	125	150	175
Federal jail construction.....	---	2	18	16	4
Total.....	75	170	243	266	279

	(in millions of dollars)				
	1978	1979	1980	1981	1982
General government					
Universal voter registration.....	35	27	35	27	35
Federal building alteration and repair.....	50	25	---	---	---
Total.....	85	52	35	27	35

	(in millions of dollars)				
	1978	1979	1980	1981	1982
Revenue sharing and general purpose fiscal assistance					
Federal payment to District of Columbia.....	48	48	48	48	47

ESTIMATED OUTLAYS FOR MAJOR FEDERAL RETIREMENT PROGRAMS 1/
(fiscal years; dollar amounts in millions)

	Actual 1976	1977	1978	1979	1980	1981	1982
Social security (OASDI)....	72,663	83,909	92,731	102,352	112,645	123,377	134,174
Uniformed services (excluding NOAA):							
Military.....	7,296	8,184	8,985	9,793	10,569	11,293	11,979
Public Health Service...	43	51	56	60	66	71	78
Coast Guard.....	122	140	158	175	190	205	220
Railroad retirement.....	3,475	3,820	4,060	4,184	4,329	4,460	4,560
Civil service retirement...	8,284	9,770	11,295	12,647	14,031	15,359	16,813
Federal Employee Compensation Act (special benefits).....	227	297	297	374	440	512	598
Foreign service retirement.	66	83	98	112	126	139	152
Tax Court Judges' survivors	*	*	*	*	*	*	*
Judiciary survivors.....	1	1	1	2	2	2	2
Special credit to certain retirement programs.....	17	---	---	---	---	---	---
Total.....	92,194	106,255	117,711	129,699	142,398	155,354	168,576
Estimated budget outlays...	366,466	413,558	468,383	497,559	530,121	560,058	596,784
Retirement programs as a percent of total outlays..	25.2%	25.7%	25.1%	26.0%	26.9%	27.7%	28.2%

1/ Does not include the following Federal retirement programs that are not projected separately: Federal Reserve, Tennessee Valley Authority, Central Intelligence Agency, National Oceanic and Atmospheric Administration (NOAA) uniformed services, and District of Columbia Police, Firemen, Judges, and Teachers.

* Less than $500,000.

Attachment B

PERCENT INCREASE IN OUTLAYS FOR MAJOR FEDERAL RETIREMENT PROGRAMS 1/
(fiscal years)

	Actual				Estimate		Projection			
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Social security (OASDI).....	---	13.8	15.9	14.2	12.2	10.5	10.4	10.1	9.5	8.8
Uniformed services (excluding NOAA):										
Military.....	---	16.8	21.7	16.9	9.6	9.8	9.0	7.9	6.8	6.1
Public Health Service.....	---	6.7	12.5	16.2	14.6	9.8	7.2	10.0	7.6	9.9
Coast Guard.....	---	13.2	22.1	16.2	11.6	12.9	10.8	8.6	7.9	7.3
Railroad retirement.....	---	9.4	15.0	12.9	7.9	6.3	3.1	3.5	3.0	2.2
Civil service retirement.....	---	25.3	24.7	17.6	14.1	15.6	12.0	11.0	9.5	9.5
Federal Employee Compensation Act (special benefits).....	---	4.9	72.0	20.4	24.0	---	25.9	17.6	16.4	16.8
Foreign service retirement....	---	25.8	41.0	20.0	20.1	18.1	14.3	12.5	10.3	9.4
Tax Court Judges' survivors...	---	*	*	*	*	*	*	*	*	*
Judiciary survivors.....	---	*	*	*	*	*	*	*	*	*
Special credit to certain retirement programs.....	---	*	*	*	*	*	*	*	*	*
Total.....	---	13.8	18.0	14.6	12.0	10.8	10.2	9.8	9.1	8.5
Increase in budget outlays....	---	8.9	21.0	12.9	10.2	13.3	6.2	6.6	5.6	6.6
Retirement programs as a percent of total budget outlays.....	24.3	25.4	24.8	25.2	25.7	25.1	26.0	26.9	27.7	28.2

1/ Does not include the following Federal retirement programs that are not projected separately: Federal Reserve, Tennessee Valley Authority, Central Intelligence Agency, National Oceanic and Atmospheric Administration (NOAA) uniformed services, and District of Columbia Police, Firemen, Judges, and Teachers.

* Less than $2 million, or one-time program.

Attachment C

THE WHITE HOUSE

WASHINGTON

April 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: Budget and Economic Impact of Energy Plan

You requested that I convene those people necessary to come up with consistent figures on the budget and economic impact of our energy plan.

I convened a meeting of Messrs. Lance, Schlesinger, Schultze and Nordhaus (the latter of CEA) to get this process started.

Charlie Schultze will be circulating a paper within the next few days to the principals to attempt to arrive at a set of consistent numbers.

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C

THE WHITE HOUSE
WASHINGTON

April 29, '77
5:20 pm

Mr. President:

Mayor Coleman Young called for you, and I took the call.

He wanted to tell you he is sending a proposal for a meeting with you and the "Moving Detroit Forward Coalition", a citizens organization (incl. Henry Ford) that has received $700 million from the Federal Gov't. and has raised one billion dollars in the private sector for Detroit area redevelopment.

Wants to meet in late May or early June, and to include appropriate Cabinet members in meeting.

Expressed his concern for Mrs. Carter, and wishes you well. You do not have to call back.

TK

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4/29/77

REMARKS FOR ENERGY LEGISLATION SIGNING

THIS LEGISLATION IS THE RESULT OF CAREFUL DELIBERATION AND EXTENSIVE CONSULTATION WITH REPRESENTATIVES OF ALMOST EVERY SEGMENT OF SOCIETY AND REGION OF OUR COUNTRY.

IT WILL SUBSTANTIALLY REDUCE OUR WASTE OF ENERGY AND OUR DEPENDENCE ON FOREIGN SOURCES.

IT WILL REWARD THOSE WHO CONSERVE AND PENALIZE THOSE WHO WASTE, WHILE IT PROTECTS LOW AND MODERATE INCOME AMERICANS THROUGH A SYSTEM OF REBATES.

I APPRECIATE THE REACTION OF THE CONGRESSIONAL LEADERSHIP AND THE AMERICAN PEOPLE IN RECOGNIZING THE SERIOUS PROBLEM WE FACE.

THERE IS NO EASY SOLUTION TO THAT PROBLEM.

SOME DEGREE OF SACRIFICE -- BOTH ECONOMIC AND POLITICAL -- WILL BE REQUIRED OF ALL.

AS I SAID LAST WEEK, IF WE ARE SUCCESSFUL, AND WE MUST BE, IT WILL REQUIRE THE BEST OF EACH OF US.

THE WHITE HOUSE
WASHINGTON

rick --

you may want to keep a
copy of this in files...
if not, please discard....

original has been sent to
ford....~~copies~~ through
stripping desk where they'll
make other copies.

-- susan

THE WHITE HOUSE

WASHINGTON

4-29-77

To President Ford

Rosalynn and I really appreciated your gracious call last night, & will never forget your thoughtful concern about us.

Please give our best wishes and love to Betty. We look forward to seeing you both whenever you're visiting near Washington.

Sincerely,

Jimmy

THE WHITE HOUSE

WASHINGTON

April 29, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM SCHLESINGER JRS

SUBJECT: National Energy Plan

Attached are letters of transmittal to the Speaker and the President of the Senate for the National Energy Act of 1977, which transmits legislative proposals to implement your National Energy Plan. We would like to get this legislation to the Congress before it goes out of session today.

This legislation has been extensively coordinated with the Office of Management and Budget, Treasury and other agencies and has OMB concurrence.

I recommend you sign the transmittal letter.

THE WHITE HOUSE

WASHINGTON

Dear Mr. Speaker:

On April 18, 1977, I addressed the American people to impress upon them the gravity of our national energy situation. On April 20, 1977, before a Joint Session of the Congress, I outlined a series of recommendations for dealing with our energy problem.

Today, I am transmitting to the Congress the proposed National Energy Act, which includes the legislative measures needed to implement the National Energy Plan. I am also releasing a comprehensive National Energy Plan which describes in detail the nature of our current and future energy problems, the hard facts which our national energy policy must address, and my proposals for dealing with these realities.

I recognize that the measures proposed will impose burdens on all Americans, and that many of these measures will be highly controversial. There is no doubt in my mind that during the next several months these proposals will receive intense scrutiny and attention from the Congress. I want to assure you that I and members of my Administration will work closely with the Congress toward the prompt enactment of the National Energy Act so that we can together solve the energy problems facing our country.

Sincerely,

Jimmy Carter

The Honorable Thomas P. O'Neill, Jr.
Speaker of the
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Mr. President:

On April 18, 1977, I addressed the American people to impress upon them the gravity of our national energy situation. On April 20, 1977, before a Joint Session of the Congress, I outlined a series of recommendations for dealing with our energy problem.

Today, I am transmitting to the Congress the proposed National Energy Act, which includes the legislative measures needed to implement the National Energy Plan. I am also releasing a comprehensive National Energy Plan which describes in detail the nature of our current and future energy problems, the hard facts which our national energy policy must address, and my proposals for dealing with these realities.

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Sincerely,

Jimmy Carter

The Honorable Walter F. Mondale
President of the Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

April 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: LONG-TERM BUDGET DISCIPLINE AND THE BUDGET COMMITTEES

I asked Doug Bennet, Assistant Secretary of State, to do some checking in the Senate for me on the Budget Committee. The attached is three pages longer than your quota. However, I feel it is worth your time to read prior to the Monday meeting.

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ASSISTANT SECRETARY OF STATE
WASHINGTON
April 29, 1977

MEMORANDUM FOR: FRANK MOORE

From: Douglas J. Bennet, Jr.

Subject: Long-Term Budget Discipline and the Budget Committees

Here are some thoughts, as you requested, on Congressional budget discipline and the urgency of changing our posture toward the Budget Committees:

Much of the discipline necessary to achieve the President's objective of a balanced budget by 1981 must come from within Congress. The force of the Presidency alone will not be enough to keep the lid on spending. Past Presidents -- Democrats and Republicans alike -- have had to bust their own budgets to placate Congress, and the Hill is now in a more assertive mood than usual. In fact, if the President tries unilaterally to keep the lid on, he will simply invite greater Congressional profligacy.

If it survives, the Congressional budget process should help. It was designed to enhance Congressional self discipline by (a) controlling spending in legislation in the short-run and (b) keeping attention focussed on the long-range costs of new initiatives.

The Budget Committees have no special constituency which needs to be satisfied, and by the same token they need whatever support they can get from a like-minded Administration. Their jurisdiction supercedes, in a general way, the fiscal and budgetary functions of all other committees, so they provide a unique opening for dealing with Congress in a consolidated way. Their institutional role is essentially conservative -- to rationalize spending and achieve savings -- so they are by nature on the same side of fiscal discipline issues as the Presidency, whereas other committees are not.

The Budget Committees are superficially robust. Their discipline has been accepted. The budget timetables are being met. There have been no substantial spending overruns

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since the Committees went into business. Although the law requires that only spending bills be controlled, Senator Muskie has successfully disciplined authorizations as well on the Senate side.

Despite appearances, however, I believe the budget process is fragile. The Committees are extremely delicate and vulnerable instruments which, if not actively nourished by the Administration, can easily atrophe.

Helping the Committees will be difficult in at least two respects:

First, the process was designed to recapture some of Congress' constitutional authority over the pursestrings after a long period of Executive absolutism. The President -- and OMB particularly -- will have to resist a natural tendency to reassert Executive supremacy if the Committees are to be a meaningful force for budgetary discipline. The President must seek ways to enhance the credibility of the Budget Committees in the Congress so that their enforcement power is maintained.

Secondly, the politics of the budget process is extremely subtle, despite the mechanistic appearance of the Budget Act with all its prcedural detail. It was no small exercise in political statesmanship to get the process started amidst resistance from old-line Committees, and to build a coalition in both Houses which could support recession deficits of the size we have seen during the last two years. The House repudiation of the First Resolution clearly illustrates the fragility of that coalition.

Let me try to illustrate the political subtleties by reviewing the handling of the tax rebate decision. I am not trying to second guess. Indeed, the conclusion of this memorandum is that no one who is not a daily participant in the Congressional budget process can possibly foresee the political pitfalls or opportunities it offers. The rebate decision simply provides a handy illustration of the kinds of subtle political issues that will arise a dozen times before this Session ends.

Senator Muskie's unhappiness over the decision had relatively little to do with his sense that the rebate was needed for economic stimulus. Instead, he was deeply concerned that his Committee's credibility had been hurt and its effectiveness as a fiscal watchdog reduced.

First, the policy change, however compelling it may have seemed for other reasons, set a bad example for the Congress. It tended to legitimate the kind of "stop-and-go" economic policymaking which the budget process was designed to end. Muskie and the Committee have been preaching this gospel for two years as they have tried to mobilize Congress to deal with the erratic policy of a Republican Administration. Now Muskie's own Democratic President was ignoring his message.

Next, the fact that Muskie and others were surprised by the change hurt their credibility as economic statesmen. Egos may have been hurt too, but it is the image of fiscal statesmanship -- fiscal shamanism, if you prefer -- which allows Muskie and Bellmon to enforce fiscal discipline on the Senate floor.

Third, dropping the rebate means that the Fiscal '78 deficit will be higher than the Fiscal '77 deficit. Muskie and others have justified the stimulative deficits of the last two years by promising that speedy recovery would mean a steady progression toward a balanced budget. Now the progression has been broken, which may cause some to believe that long-term fiscal planning is hocus-pocus.

Finally, the timing of the decision -- when Congress was out and on the eve of the tax bill debate on the floor -- meant that there was no time to adjust the budget ceiling to maintain orderly budget disciplines. Dropping the rebate left a $6.5 billion slush fund in the Third Resolution revenue target which the Senate has been cheerfully spending. Over $2 billion of that amount has already been claimed for permanent tax reductions -- not temporary rebates but the kind of tax expenditures which will still be costing us money in Fiscal 1981.

One friend on the Hill (not Muskie) said to me recently, "If the Administration shows the same contempt for orderly fiscal policy that Congress used to show, why bother (with the Budget Committees)?" This comment may be unfairly harsh, but it does fairly reflect, I think, a well-founded sense of vulnerability that surrounds the Committees.

This is not to say that the $50 tax rebate should have been kept, or that the Administration should be inflexible on economic and fiscal matters -- only that we need a better mechanism for protecting the credibility of the Committees as inevitable policy adjustments come along.

The Budget Committees are no panacea, and they will certainly get in the Administration's way from time to time. Nonetheless, I feel the President should make every effort to help them flourish so that they can share some of the work of fiscal discipline. The alternative, I'm afraid, will be irresponsibility on the Hill, a veto-ridden stalemate between the Executive and Congress, no effective budgetary discipline, and a serious embarrassment for the Democratic Party.

Recommendations:

(1) Hold hands and don't let go. Because of the political subtleties, it will be next to impossible for anyone not directly engaged in the day-to-day workings of the Congressional budget process to avoid serious tactical errors. The President should therefore make no major step in economic or budgetary policy without seeking the advice of both Budget Chairmen and usually of the leading Republicans on the Committees. This means more than normal Congressional consultation. It means making the Budget Committee leaders active and regular participants in the Administration's decision-making process. This would be an extraordinary step, and might not be necessary in future years when everyone will have had more experience with the subtleties of the budget process. Now it seems essential.

(2) Stay loose. We should be prepared to yield gracefully when the Congressional budget process comes up with priorities slightly different from our own, provided the long-term objectives of budget restraint and economic recovery are not jeopardized. Had there been no defense budget amendment on the floor of the House Wednesday, the probability is that the Conference would have come within one percent of the President's defense budget request in any case. One would have been well advised to relax and enjoy the ride.

(3) No quibbles. The President should instruct OMB to hammer out all technical problems (e.g., reestimates) with the Congressional Budget Office and the Committee staff before these differences become tests of credibility between Congress and the Executive. OMB professionals will resist this because they underestimate the quality of the expertise now available on the Hill.

Let me reiterate that I am recommending an unprecedented institutional relationship between the White House and Capitol Hill on budget and economic matters, not just souped-up Congressional consultation. It might not work. I see no real cost in it, however, and some enormous potential benefits for the Administration.

THE WHITE HOUSE
WASHINGTON

April 29, 1977

Frank Moore -

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

Rick Hutcheson

Re: Russell Long Phone Call

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
X		MOORE
		POWELL
		WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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

	FOR STAFFING
	FOR INFORMATION
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

Frank -
not Jane
J

THE WHITE HOUSE
WASHINGTON

April 25, '77

To: the President

From: TK

Subj: Russell Long phone call
(10:45 am)

Senator Long had two points to convey, which follow; a call-back to him is your option.

1) he has sent you a brief memo on the help you are getting in his Finance Committee. ✓

2) it probably wouldn't help to call Senators Packwood and Matsunaga on the 'marriage penalty' amendment, but he does recommend your calling Carl Curtis.

Curtis is retiring after this term. Long urged that your approach with Curtis go as follows: "When a man retires, he has more lattitude for statesmanship".

He suggested you might broach with Curtis the efficacy of a call to Hansen as well.

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Bob Lipshutz
Ham Jordan
Stu Eizenstat

Re: Undocumented Aliens

(see 4/29/77)

I have called
[illegible] no
[illegible]
memory

THE WHITE HOUSE

WASHINGTON

Mr. President:

The undocumented aliens memo was received from Secretary Marshall et al late Wednesday night (50 pages long).

While Stu's staff, which has been working with the Cabinet Officers involved, can give you a decision memo by the end of the day, they would prefer more time to study the issue, work with involved groups etc. Lipshutz, Jordan and others also need more time.

Furthermore, because of the complexity and controversial nature of the issue, they feel that you will probably wish to meet with the Cabinet Secretaries involved to discuss the problems and options involved in the report, consult with Congress, etc.

For these reasons, they recommend that you postpone consideration of this issue until after the Summit. With your permission, I will extend the staffing time on this issue.

_____approve ___✓___disapprove - give me the memo ~~today~~ Monday

---Rick

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THE WHITE HOUSE

WASHINGTON

April 28, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ
HAM JORDAN
STU EIZENSTAT

SUBJECT: Undocumented Aliens

The lengthy analysis and recommendations concerning this matter have just been received by the staff.

Since the undocumented aliens problem has far reaching and controversial effects on both foreign and domestic policy, we would prefer more time to review the document and comment on it.

After reviewing the document and the comments of the staff, we would also suggest that you meet with the Secretaries of State, HEW, Labor, and the Attorney General, to discuss the problems and the various options outlined in the report.

THE WHITE HOUSE

WASHINGTON

April 28, 1977

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THE WHITE HOUSE
WASHINGTON

April 29, 1977

Frank Moore -

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

Rick Hutcheson

Re: Strategy for National Energy Plan

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 27, 1977

Frank - Don't forget there is a Schlesinger, a Blumenthal, a Mondale & a Carter also -
J

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: STRATEGY FOR NATIONAL ENERGY PLAN

It is essential that we have one complete and rational plan aimed at gaining Congressional passage of your energy plan.

I have identified five components to any such plan:

1. Legislative strategy, monitoring, and direct advocacy.

2. Continuing research and policy development for the purpose of reacting to changes effected during the legislative process.

3. Public information and education relative to the severity of the crisis and the "whys" and "whats" of the plan (including developing support for the plan among the Democratic Party structure across the country).

4. Intra-governmental support and education involving the various Cabinet departments and independent agencies.

5. Inter-governmental support must also be developed as the energy crisis directly affects cities, counties and states in a variety of ways.

To insure a successful strategy and to insure complete coordination of the five components, one person must be designated the "project coordinator" or "project manager."

As we move on this, we must remember that the energy plan will not be considered in a "legislative vacuum" on Capitol Hill. The energy question will impact on, and be affected by, all other proposals submitted by the Administration. This will be especially true of tax reform, welfare reform, reorganization, transportation, and environmental issues.

Because of this extensive interrelationship, we must have one voice, one focal point of and for the Administration on the Hill.

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As we develop and implement plans, the following assignments should be made:

1. Assisting me in providing technical support:

   -- Fred Hitz
   -- Dave Freeman
   -- Roger Colloff
   -- Al Alm
   -- Les Goldman

2. Coordinator on the Senate side:

   -- Dan Tate

3. Coordinator on the House side:

   -- Jim Free

4. Monitoring progress of legislation and providing political support and research:

   -- Les Francis
   -- Ann Dye

5. Liaison with other White House officers and staff as well as assisting in overall coordination:

   -- Les Francis

THE PRESIDENT HAS SEEN.

C

THE WHITE HOUSE

WASHINGTON

April 29, 1977

MEMORANDUM TO THE PRESIDENT

FROM: Rick Hutcheson Rich

SUBJECT: STATUS OF PRESIDENTIAL REQUESTS

Follow-up of Previous Reports:

1. Eizenstat: What can we do without legislation to maximize openness in government -- In Progress. (work continuing with DOJ)

2. Eizenstat: The President will deliver an early environmental message -- if good -- In Progress, (memo to the President 4/30).

3. Blumenthal: Go over tax reform principles, general goals, and procedures with EPG; submit back to the President you 2/8 memo with any amendments and/or comments -- In Progress, (tax reform proposals expected 9/1/77). need early meeting

4. Eizenstat: Prepare a draft message to Congress on the opportunity for regulatory reform and consult with the Cabinet -- In Progress, (trucking to be discussed at EPG meeting 5/9).

5. Bell: You know 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 -- Received from DOJ; In Progress with Lipshutz.

6. Jordan: Let's firm up the Navy Renegotiation Board Monday -- In Progress, (no further progress on appointments can be made until dispute over the Minish Bill is cleared up). I support Minish bill

7. Schultze, Blumenthal, Vance: What can we do about the Bahama Banks -- In Progress (with Treasury, status report expected after summit).

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8. Eizenstat: Check with Congressional leaders regarding Cargo Preference legislation and report back to the President -- In Progress, (Stu and Commerce still negotiating with Congressional leaders).

9. Eizenstat: Assess priority and proper functions of the Corps -- In Progress.

10. Eizenstat: You should talk with Bob Strauss to determine what should be done regarding duty imposed by U.S. concerning imports of men's suits -- In Progress.

11. Eizenstat: Begin work on Notre Dame speech outline for May -- In Progress, (with Fallows, expected 5/10). Include JBG

12. Bell: Progress on court reform, organized crime, etc. -- Status report: organized crime proposals expected in May - various court reform proposals in progress at DOJ.

13. Bourne: We should prepare an overall message regarding drugs, please comment -- In Progress, (to the President 5/3).

14. Califano: Can there be recognition by the National Cancer Institute as a comprehensive cancer center (regarding letter from Governor Teasdale) -- Done. (Califano wrote Teasdale 4/26 indicating that the NCI has initiated the steps necessary to begin a formal review process in accordance with standing NCI procedures. Califano pledged support in assisting the Missouri program to be designated a comprehensive cancer center, and in expediting the review process. Done

15. H. Carter: Assess and implement where possible; tabulate and give the President a report and any questions regarding the information package from John Dunn concerning material for archives, Presidential papers, etc. -- In Progress, expected 5/6).

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16. Eizenstat: Get an Option Paper from Secretary Adams on Lock and Dam 26 -- Done (to President 4/30). Done

17. Lance: (Confidential) Let one of your staff assess Rickover's points for the President regarding recommendations to reduce the number of flag/general officers -- In Progress, (expected 5/1, previously expected 4/29).

18. Schlesinger: In a few weeks (or sooner) the President needs a 30 minute briefing on the entire R & D program on nuclear fusion, with basic charts; before Summit would help -- In Progress, (to be scheduled after the Summit; previously scheduled 4/28 and then postponed).

19. Jordan: Let the President see the list of names before any action is taken on EPA Regional Directors -- Message Conveyed, (in progress with Doug Costle).

20. Watson/J. Frank: You should expedite and give the President a date on a decision memo concerning "undocumented workers" -- In Progress (memo to go to the President 5/2).

21. Lance: Pursuant to your conversation with the President, prepare a one page form describing consultant contracts in effect with our government (expedite) -- Done, (to the President 4/30). -Where?

22. Califano: Please act and let the President and Lance know how we can help reduce the federal regulatory and reporting burdens on higher education as recommended in the letter from the American Council on Education -- In Progress, (expected 5/6).

23. Brzezinski/Vance: The latter part of next week there needs to be a meeting with a few Senators just to discuss SALT; (requested by Sen. Byrd) -- In Progress, (to be scheduled after the Summit).

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24. Lipshutz/Jordan/H. Carter/Harden: Move everyone possible from the White House to the EOB, and from the EOB to the Agencies with regard to the size of the White House Staff -- In Progress (as part of the EOP Reorganization Study).

25. Brzezinski/Vice President: Check Amendments with Cy -- In Progress. ?

26. Moore/Eizenstat: Follow-up personally on the letter from Rep. Butler Derrick on OMB's data used in deletions of water projects, etc. -- In Progress, (Stu to make final call to Derrick next week). done

April 21:

1. Jagoda/Watson: Put Federal Audio Visual Activities on agenda for Monday's Cabinet Meeting -- Done. done

2. Jordan: See the President regarding the King memo concerning Governor Boren -- Done. done

3. F. Press: Get Cy's opinion on the 4/14 memo regarding U.S. Science and Technology in Support of Lesser Developed Countries -- In Progress (with State).

4. Lance/Schultze: The President needs the cost projections for military and civilian retirement for next Wednesday -- In Progress, (expected 4/30).

5. King: Your memo on the Presidential Designation appointed to the Council on Wage and Price Stability is not compatible with the President's previous decision -- why? -- Done. (Jordan responded). done
(April 23): Jordan: Look up President's memo where we added Harris to EPG -- Done.

6. Vance/Blumenthal/Strauss/Brzezinski/Brown: Let the President have your list of suggested travellers Monday at the Cabinet Meeting, or at least the total number of people going to the London Summit Meeting -- Done. done

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April 22:

1. Brzezinski: The President would like the Vice President's comments on the memo concerning South Africa: Follow-up to NSC Meeting -- In Progress (with the Vice President).

2. Kraft/Jordan/Powell: See the President regarding the West Coast Schedule Proposals -- Message Conveyed. done

3. Vice President: (Confidential) Please help with the Gardner memo regarding Congressional Public Financing -- In Progress(meetings taking place with David Cohen of Common Cause). done

April 23:

1. Watson: Check with Jim Sasser on the $20 million cost for the Knoxville, TN International Exposition on Energy in 1982 -- Done. done

2. Lipshutz: Extend 30 days and no more concerning the memo on the FBI Search Committee -- Done. done

3. Jordan: See the President concerning the Schneiders memo on White House Projects -- In Progress.

April 27:

1. Moore: Let me know (why the delay?) regarding April 8 memo from Secretary Kreps about letters to Byrd and O'Neill -- Done (verbally, by Moore). done

April 28:

1. Watson: Get me a letter from Juanita Kreps and Tennessee people agreeing to $20 million federal funding limit (re 1982 Knoxville International Energy Exposition) -- In Progress.

April 29:

1. Brown: What are we doing to expedite reclassification of Viet Nam MIA's? -- In Progress.

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

INFORMATION 29 April 1977

TO: THE ATTORNEY GENERAL

FROM: RICK HUTCHESON, Staff Secretary

SUBJECT: United States Circuit Judge Nominating Panels

The President made the following notation with regard to the above-referenced subject:

"Tell the Attorney General to be flexible when possible about the state residence of these judges."

cc: Bob Lipshutz

THE WHITE HOUSE
WASHINGTON

Mr. President:

With your permission we will use the signature pen to sign your letters to all of the Members of the Circuit Judge nominating panels.

You have already signed the letters to the Chairpersons personally.

Rick

- to CP Atty Gen to be flexible when possible about the state residence of these judges - OK

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E WHITE HOUSE

WASHINGTON

To Jim Bowmer

I wish to express my appreciation for your agreeing to serve and I take great pleasure today in appointing you as a Member of the United States Circuit Judge Nominating Panel for the Fifth Circuit. A complete list of your fellow panel members is enclosed for your information.

As you may know, the retirement of the Honorable John Minor Wisdom on January 15, 1977, has created a vacancy on the United States Court of Appeals for the Fifth Circuit. I am requesting the assistance of your panel in aid of my responsibility and discretion under Article II of the United States Constitution to select a nominee to fill this vacancy. According to Section 3 of Executive Order 11972, you are required to report in confidence to me, within sixty days after your receipt of this letter, the names of not more than five persons deemed well qualified to fill this vacancy.

Your panel will please consider only persons from the State of Louisiana for possible inclusion on the list submitted to me.

Sincerely,

The Honorable Jim Bowmer
Bowmer, Courtney, Burleson & Pemberton
Post Office Box 844
Temple, Texas 76501

April 26, 1977

Bob Linder -

As discussed, the attached three letters should be sent out.

As soon as the lists for the other four letters are received, I will forward the letters to you for dispatch.

A copy of the complete file is attached for your information.

Trudy Fry

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : Bob Lipshutz,
Counsel to the President

DATE: April 26, 1977

FROM : Phil Jordan, Special Asst. to the Attorney General Phil Jordan

SUBJECT: Enclosures for the President's Letters to the Chairmen.

Attached are the enclosures for three of the President's letters to the Panel chairmen -- the First, Western Fifth, and Sixth. The complement for each of these Panels is completed.

In the cases of the Eastern Fifth and the Southern Ninth there is still one slot in each case which is giving trouble. I expect to have these problems cleared up by the close of business Wednesday at the latest.

The President also has letters for the Third and Tenth Circuits. These letters cannot go out for some time yet, because Hamilton Jordan has not cleared the names of the Panel members. You might tickle him on that point so that he will clear them for us.



8010-110

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

4/25/77

THE WHITE HOUSE

WASHINGTON

April 23, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz RJL

Attached is a memorandum dated April 21 from the Office of the Attorney General relating to Circuit Judge Nominating Panels in the six Circuits which have vacancies at this time. Since the Fifth Circuit is divided into Eastern and Western divisions, there are seven panels involved.

Also attached are personal letters from you to each of the seven Chairmen of these Panels, which I would appreciate your reviewing and signing.

We will attach the list of Panel members; as you are aware, these appointments previously have been agreed upon by Hamilton and the Attorney General and approved by you.

Attachments

SEVEN SIGNATURES NEEDED

UNITED STATES GOVERNMENT

memorandum

DATE: April 21, 1977

REPLY TO ATTN OF: Phil Jordan, Special Asst. to the Attorney General Phil Jordan

SUBJECT: President's Letters to the Chairmen of the United States Circuit Judge Nominating Panels

TO: Rick Hutcheson, Staff Secretary to the President

As we discussed by telephone, I am transmitting with this memo seven letters for the President's signature.

By Executive Order of February 15, 1977, a copy of which is attached, the President established the United States Circuit Judge Nominating Commission. The Commission is composed of thirteen panels of eleven persons each. Each panel is charged with the responsibility of seeking out and screening possible nominees for the United States Circuit Courts of Appeals, and submitting to the President the names of not more than five persons who are well qualified for each vacancy on one of those courts.

According to Section 3 of the Executive Order, a panel "shall begin functioning when the President notifies its Chairman that he desires the panel's assistance in aid of his constitutional responsibility and discretion to select a nominee to fill a vacancy on the United States Court of Appeals." According to Section 3(d) of the Executive Order, the panel must submit its list of well qualified individuals to the President within sixty days of the President's notification to the Chairman.

There are now vacancies within the areas served by six of the panels, and on May 16, there will be a vacancy in the area served by a seventh. The purpose of the attached letters is to notify the Chairmen of the President's desire for their panel's assistance in filling these vacancies.

I believe the letters are self-explanatory, except perhaps for the last paragraphs. It is a tradition, and one to which the President and the Attorney General have agreed in discussions with Senator Eastland, that each seat on a court of appeals should be filled with a person from a particular state. It is the opinion of all persons working on this project that the President should designate in his letter to the Chairman



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

OPTIONAL FORM NO. 10
(REV. 7-76)
GSA FPMR (41 CFR) 101-11.6
5010-112

the state from which the new judge should come, in order to avoid the panel's wasting its time and energies in screening persons from the wrong states. In most cases, there is a consensus among all interested parties (Senators, lawyers, sitting judges, etc.) on the question of which state should have each of these existing vacancies. In the one or two cases where there was some disagreement, for example, in the First Circuit, the decision on the state which should get the judge was made by Mike Egan, Associate Attorney General, and Bob Lipshutz, Counsel to the President, after consultation with interested parties and consideration of the arguments on all sides.

Note that the first paragraph of each letter states that a list of all panel members will be included in the letters. As we discussed, we are still awaiting acceptances from a few of the persons who have been asked to serve on the panels, so the lists are not final. It will be necessary, therefore, for your office to retain these letters after the President has signed them, so that I may forward to you the lists of panel members as soon as they are complete. It is my understanding that your office then will mail the letters with the lists enclosed.

If there are any questions about the letters or the procedure, you may reach me at 739-5137.

THE WHITE HOUSE
WASHINGTON

April 29, 1977

Bob Linder -

I explained to Rick that you had approved these letters as prepared and he requested that they be forwarded.

Trudy Fry

1982 Knoxville)
Int'l Energy Exposition)

FOR IMMEDIATE RELEASE APRIL 28, 1977

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced that he has granted Federal recognition to "Energy Expo '82," an international exposition on energy to be held in Knoxville, Tennessee from May to November, 1982. The President directed the Secretary of State to notify the Bureau of International Expositions for formal registration.

Pursuant to P.L. 91-269, the Department of Commerce evaluated the plans for the exposition and submitted a report recommending that federal recognition be granted.

Among the reasons for the Commerce Department's favorable recommendation are the timeliness and importance of the theme of energy. The Knoxville area was judged appropriate because of its energy contributions in the past and the proximity of the Oak Ridge National Laboratories, the Tennessee Valley Authority, and other energy projects.

# # #

THE WHITE HOUSE
WASHINGTON

April 28, 1977

Jack Watson

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

Rick Hutcheson

Re: 1982 Knoxville International Energy Exposition

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson

RE: 1982 Knoxville International Energy Exposition

In accordance with your approval of the Energy Expo '82, subject to the stipulation of the absolute limit of the $20 million expenditure, we have prepared two necessary letters for your signature. The letters have been cleared with the Departments of Commerce and State and simply evidence your formal approval of the exposition.

I have sent a draft press release to Jody on the subject for his use, as appropriate.

Jack- Get me a letter from Juanita & Tennessee people agreeing to $ 20 mil fed funding limit - J.C.

THE WHITE HOUSE

WASHINGTON

April 26, 1977

To Secretary Juanita Kreps

Pursuant to the requirements of P.L. 91-269, I have reviewed your report and recommendations of February 23, 1977, concerning Energy Expo '82, a Special Category International Exposition on Energy, proposed to be held in Knoxville, Tennessee. I have also reviewed your letter of March 25, 1977, indicating that the Bureau of International Expositions has decided that Energy Expo '82 will be formally registered once Federal recognition is granted.

Having reviewed your report and recommendations, I have determined that Federal recognition of Energy Expo '82 is in the national interest. I will rely upon you to monitor the development and execution of Energy Expo '82. I am satisfied, however, that the preparation made and the commitments obtained to date justify my granting Federal recognition. Accordingly, I have asked the Secretary of State to notify the Bureau of International Expositions of the action I have taken today, and I would appreciate your taking the appropriate steps to notify the Congress, in accordance with Section 2(c) of P.L. 91-269.

Sincerely,

Jimmy Carter

The Honorable Juanita M. Kreps
Secretary of Commerce
Washington, D.C. 20230

THE WHITE HOUSE

WASHINGTON

April 26, 1977

To Secretary Cy Vance

In accordance with the provisions of P.L. 91-269, I have received a report from the Secretary of Commerce recommending that Federal recognition be granted to Energy Expo '82, a Special Category International Exposition on Energy proposed to be held in Knoxville, Tennessee, in 1982.

Having reviewed the report and recommendations of the Secretary of Commerce, I have determined that Federal recognition of Energy Expo '82 is in the national interest and have today taken action to grant Federal recognition. Accordingly, I would appreciate your instructing the United States delegate to the Bureau of International Expositions to notify the Bureau of my action.

Sincerely,

Jimmy Carter

The Honorable Cyrus R. Vance
Secretary of State
Washington, D.C. 20520

THE WHITE HOUSE
WASHINGTON

April 28, 1977

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THE WHITE HOUSE

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Washington, D.C. 20520

a) Check with Jim Sasser
b) What is the $20 million cost?
Bust J

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank

April 21, 1977

12 M
12 —

RE: Application of Knoxville, Tennessee, for an International Exposition on Energy in 1982

ok - but absolute limit of $20 million
F.C.

P.L. 91-269 requires you to approve federal participation in international expositions--such as the 1981 Los Angeles World's Fair which has already been approved by President Ford. Under the law, the Secretary of Commerce must submit a report to assist you in determining whether it is in the national interest to grant federal recognition to a proposed international exposition, and the Secretary of State must also report whether the proposal qualifies for registration by the Bureau of International Expositions.

Both Juanita Kreps and Cy Vance have submitted the appropriate documents, commenting favorably on the captioned subject. Since the topic is energy, we ran it by Jim Schlesinger who says that "it's marginal" and points out that if history is a guide, we can expect an overrun of the predicted $20 million cost.

OMB has reviewed the cost estimate and Jim McIntyre says they support the project.

Your decision must be communicated prior to the April 27 meeting of the Bureau of International Expositions. Commerce has communicated that without your approval, BIE will not endorse the exposition.

Stu's people raise several negatives:

Stanton - McHom. MIT

1. Knoxville is located near a major nuclear site;

MAHOU. —

2. This exposition could conflict with your campaign suggestion of a World Energy Conference;

Kenn - Rep For Bill Stanton.
ONE

3. Senator Baker could see this as a political opportunity to get on the 1984 Presidential bandwagon.

Do you agree to accord federal recognition to the 1982 Knoxville, Tennessee, International Exposition on Energy in 1982?

Approve_____ Disapprove_____

THE WHITE HOUSE
WASHINGTON

April 26, 1977

Jack Watson
Stu Eizenstat
Z. Brzezinski
Frank Moore (Bob Thomson)
Jim McIntyre

Re: Application of Knoxville, Tennessee for an International Exposition on Energy in 1982

The President has approved the exposition, with a limit of $20 million --- see attached note and take appropriate action.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

cc Sty
Jack
Brzezinski
Frank (Bob Thomson)
McIntyre

Note: President has approved the expedition, with a limit of $20 million — see attached note.

a) Check with Jim Sasser
b) What is the $20 million cost?
Buick J

THE WHITE HOUSE

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ONLY

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Do you agree to accord federal recognition to the 1982 Knoxville, Tennessee, International Exposition on Energy in 1982?

Approve_____ Disapprove_____

to: Tate

THE WHITE HOUSE
WASHINGTON
April 23, 1977

Jack Watson

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

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore ✓
Zbigniew Brzezinski

Re: Knoxville, Tenn. for an International Exposition on Energy in 1982.

THE WHITE HOUSE
WASHINGTON
April 23, 1977

Jack Watson

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

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore
Zbigniew Brzezinski

Re: Knoxville, Tenn. for an International Exposition on Energy in 1982.

THE WHITE HOUSE
WASHINGTON

Mr. President:

Brzezinski concurs with
the State Department in
favor of the Exposition.

Rick

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
	X	EIZENSTAT
		JORDAN
		LIPSHUTZ
	X	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
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

		ARAGON
		BOURNE
	X	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

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b) What is the $20 million cost?
J

THE WHITE HOUSE

WASHINGTON

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April 21, 1977

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2. This exposition could conflict with your campaign suggestion of a World Energy Conference;

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3. Senator Baker could see this as a political opportunity to get on the 1984 Presidential bandwagon.

Do you agree to accord federal recognition to the 1982 Knoxville, Tennessee, International Exposition on Energy in 1982?

Approve_____ Disapprove_____

5:00 p.m.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 29, 1977

TO: The President

FROM: Patricia Bario, via Jody Powell and Walt Wurfel

RE: Phone call to American Society of Newspaper Editors' Convention in Honolulu, 5 p.m. EDT, Tuesday, May 3

BACKGROUND: Vice President Mondale had accepted an invitation to address this group of about 1,000 of the most influential editors in U.S. in your stead. He had to cancel. They ended up with Charles Schultze as their Administration speaker--and an agreement you would call.

DETAILS: They will place the call. You will lead off a panel discussion of The First 100 Days. The three panelists are David S. Broder, the Washington Post; Joseph B. Parham, Macon News; and Yukio Matsuyama, Asahi Shimbun.

You are to talk for 3 to 4 minutes and take questions from the panel for about 6 minutes.

On the phone at first and introducing you will be George Chaplin, of the Honolulu Advertiser and President of ASNE. After your remarks, John Quinn, of Gannett Newspapers, will introduce the panel and moderate.

I (Patricia Bario) will attend, representing the White House Press Office.

George

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THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
	X	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	4	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

April 29, 1977

Jack Watson
Stu Eizenstat

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

Rick Hutcheson

Re: U.S./U.K. Civil Air Service Negotiations - Telephone Call to Prime Minister Callaghan

THE WHITE HOUSE

WASHINGTON

April 28, 1977

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson

SUBJECT: U.S./U.K. CIVIL AIR SERVICE NEGOTIATIONS - TELEPHONE CALL TO PRIME MINISTER CALLAGHAN

In addition to Secretary Adams and Special Ambassador Alan Boyd, Chester Davenport (Assistant Secretary for Policy Plans and International Affairs at DOT) will attend the meeting scheduled for 9:15 a.m. tomorrow. In my absence, I have asked Jane Frank also to be present.

The Prime Minister will be expecting your call by 9:30 a.m.

I am attaching a copy of Alan Boyd's memorandum and one-page outline of talking points for your conversation with Prime Minister Callaghan. Both were previously forwarded to you on April 25.

Attachments

Linden Williams one room

THE PRESIDENT HAS SEEN.

Done
J

THE WHITE HOUSE

WASHINGTON

April 28, 1977

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson Jack

SUBJECT: U.S./U.K. CIVIL AIR SERVICE NEGOTIATIONS - TELEPHONE CALL TO PRIME MINISTER CALLAGHAN

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Since 1946

NY - Wash $37
Same Europe $100

Attachments

Capacity now 63%
GB propose 80%
65 → 80

7/0 UK veto on capacity =
Beyond London & Hong Kong =
Dell

one airline competition
except LA & NY

a) World
b) Frankfurt
c) Amsterdam
d)

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-7-14-3-6
BY O NARA, DATE 1/17/13

DEPARTMENT OF STATE

Washington, D.C. 20520

CONFIDENTIAL

April 25, 1977

MEMORANDUM FOR: THE PRESIDENT

Through: Jack Watson

From: Alan S. Boyd

Subject: U.S.-U.K. Civil Air Services Negotiations

Attached are talking points regarding the U.S.-U.K. civil air service negotiations for your use in meetings with U.K. Prime Minister Callaghan next month.

The following paragraphs provide background and current status on the major issues in these negotiations.

Status of the Negotiations

We concluded a four-week session here last Friday and shall resume in London on May 16. We each have expressed public optimism at reaching agreement by June 22.

We have agreed on routes between Bermuda and the U.S. We have substantial agreement on a tariffs article and complete agreement on numerous technical articles. We have made little progress on the major issues of North Atlantic and Hong Kong routes, capacity, and carrier designation.

Background for Talking Points

Any new U.S.-U.K. air services agreement will be important. Not only will it govern the world's most lucrative international aviation market, but it will have a vital impact on the future of the U.S. international aviation industry. A global network of U.S. airline services has political, cultural, and commercial advantages. Other countries will regard the new agreement as precedent for their aviation relations with the U.S. Most immediately, Japan and Italy are waiting to see how much we cede to the British so that they can demand the same concessions.

DECLASSIFIED
Per: Rac Project
E.O. 12356: NLC-126-7-14-3-6
BY NARA DATE 1/17/13

~~CONFIDENTIAL~~

GDS

The British want a 50/50 regulated market split of benefits. To attain this they propose to constrain U.S. airline operations and competitiveness and to introduce a higher degree of inter-governmental regulation. We have attempted to respond to the British desire for a greater share of benefits by offering a check on excess capacity by U.S. airlines, a reasonable reduction in U.S. airline operations, and additional opportunities for British airlines to compete, while maintaining ample competitive opportunities for U.S. airlines.

Routes. All of the initial route proposals have been put forward. The U.K. desires to restrict sharply U.S. flights that operate beyond London or Hong Kong. To accede to U.K. demands would threaten the viability of our international carriers. The present agreement has more route authority than U.S. airlines now operate, some of it uneconomic. Thus we have indicated that we will accept deletion of service authority to a number of points via London; we are stressing the public benefit from economical, viable operations.

Capacity. The current capacity article, in effect, permits airlines to add any amount of capacity to markets. It provides for consultations between governments, but has no criteria for measuring capacity nor any mechanism for resolving disagreements. On occasion U.S. carriers have added so much capacity as to constitute predatory competition. In fact, the U.S. Government has from time to time been in the embarrassing position of having to defend our carriers in consultations when our carriers' capacity was clearly excessive.

We have put forward a mechanism for our screening proposed U.S. carrier capacity increases. If we find them reasonably related to demand, the State Department would forward to the U.K. the carriers' schedules. This prior assessment would put the good faith of the U.S.G. on the line as to the reasonableness of proposed capacity increases. This major departure from current U.S. policy is a significant concession to U.K. fears of having its carriers overrun by U.S. carrier competition.

Multiple Designation. The U.S. has heretofore insisted upon the unfettered right to designate airlines to compete with the British airline on all U.S.-U.K. routes. U.S. multiple carrier competition has apparently made it impossible for the British airline to operate on various routes to the U.S. for which it is certificated to operate.

The U.S. has agreed to reduce to two points its right to designate more than one U.S. carrier to operate in direct competition with the British airline. This is a major concession of principle; in fact, no more than two U.S. cities can support multiple designation of U.S. carriers plus one or more British airlines for the foreseeable future.

Rate Article. The current rate article has no standards and no mechanism for resolving disputes between governments. We are proposing to limit U.S. flexibility in this area, to establish standards for fare levels, and to establish a mechanism for resolving disputes between us on a timely basis. We can afford to make such commitments because the U.K. philosophy in the past decade has moved very close to our own long held cost-based ratemaking philosophy.

Attachment:

Talking Points.

Capacity #1
Beyond London
5th freedom
2 cities
Unequited

cc: Brock Adams, DOT
Richard Cooper, DOS

CONFIDENTIAL

TALKING POINTS
Re: U.S./U.K. Aviation Bilateral

As a result of British termination, our air transport agreement expires June 21. So far there is little indication we will reach a new agreement despite great good will on both sides. I am concerned about a possible, but unnecessary confrontation in June, unless you and I take the lead in getting a solution started now.

As I told you when we last met, the U.S. is conscious of some real concerns of the U.K. We are making significant concessions in all major areas: routes, capacity, rates, and the number of U.S. competitors on each route.

1. The United States has a world wide aviation network that must be maintained. We cannot accept restrictions in a U.K. agreement that would seriously jeopardize our aviation rights with other nations. This is particularly true since U.S. citizens generate by far the bulk of the traffic and revenues between our two countries.

2. In the past we have refused to consider any constraints on capacity increases. We are prepared to agree that each government screen the proposed capacity increases of its carriers. This I think makes it reasonable to ask that neither of us seek to exercise a veto over the capacity of the other country's carriers. Do you agree?

3. British airlines are increasing their market share significantly now. They will grow further under U.S. proposals.

4. Consumer interests and airline interests are served better by fair competition than by government restrictions. Our negotiators have been told a new agreement must be fair and equitable to both countries.

5. Our two countries should reach agreement. Neither's interest would be served by a confrontation.

Caribbean
Hong Kong

DECLASSIFIED
Per; Rac Project
ESDN; NLC-126-7-14-3-6
BY O NARA, DATE 1/17/13

DEPARTMENT OF STATE

Washington, D.C. 20520

CONFIDENTIAL

April 25, 1977

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DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-7-14-2-7
BY NARA, DATE 1/17/13

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As a result of British termination, our air transport agreement expires June 21. So far there is little indication we will reach a new agreement despite great good will on both sides. I am concerned about a possible, but unnecessary confrontation in June, unless you and I take the lead in getting a solution started now.

As I told you when we last met, the U.S. is conscious of some real concerns of the U.K. We are making significant concessions in all major areas: routes, capacity, rates, and the number of U.S. competitors on each route.

1. The United States has a world wide aviation network that must be maintained. We cannot accept restrictions in a U.K. agreement that would seriously jeopardize our aviation rights with other nations. This is particularly true since U.S. citizens generate by far the bulk of the traffic and revenues between our two countries.

2. In the past we have refused to consider any constraints on capacity increases. We are prepared to agree that each government screen the proposed capacity increases of its carriers. This I think makes it reasonable to ask that neither of us seek to exercise a veto over the capacity of the other country's carriers. Do you agree?

3. British airlines are increasing their market share significantly now. They will grow further under U.S. proposals.

4. Consumer interests and airline interests are served better by fair competition than by government restrictions. Our negotiators have been told a new agreement must be fair and equitable to both countries.

5. Our two countries should reach agreement. Neither's interest would be served by a confrontation.

Car. bkrm
Hong Kong

DECLASSIFIED
Per: Rac Project
E.O. NLC-126-7-14-2-7
BY NARA, DATE 1/17/13

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
		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
	X	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

April 29, 1977

Peter Bourne

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

Rick Hutcheson

International Health Issues

THE WHITE HOUSE

WASHINGTON

SECRET

April 28, 1977

MEMORANDUM TO THE PRESIDENT

FROM: Peter Bourne P.B.

SUBJECT: International Health Issues

I wanted to provide you followup on two issues you are already aware of:

Iraq

As you know, this Monday we received an urgent request for a team of medical specialists in back surgery from the government of Iraq, to assist in caring for what our people believe is the number two "strongman" in that country, Saddam Hussein. In coordination with the Department of State, I have quickly formed a top team of four specialists as follows:

1. Dr. Hugo Rizzoli, Neurosurgeon
   Chief Consultant, Walter Reed Hospital
   Chairman, Department of Neurosurgery, George Washington University Hospital
   (Dr. Rizzoli corrected a back problem for Cyrus Vance)
2. Dr. Henry Feffer, Orthopedic Surgeon
   Professor, Orthopedic Surgery
   (Dr. Feffer treated Lon Nol before Cambodia fell)
3. Dr. Sidney Adnis, Neuroanesthesiologist
4. Ms. Pat Baker, Neurosurgical Nurse

The team arrives in Iraq on Friday of this week. I have also written a short note to Dr. Riad I. Husain, Minister of Health, again expressing our willingness to discuss future medical assistance. The medical team will hand deliver it.

Somalia

Smallpox, which was all but eradicated 3 months ago, has persisted with only a few residual cases in the Somalia-Ethiopia border area. Last week there was a flare up of 36 identified cases in Somalia. That government declined to allow U.S. medical specialists into the country although some World Health Organization staff are present. Through our ambassador we have made a strong request to the President of Somalia to allow a U.S. team in to deal with the outbreak. We have a 25-person team assembled at CDC, and they can be in Somalia 48 hours after we receive a positive response. At the World Health Assembly in Geneva, I will quietly reinforce this offer and a broader commitment on health issues with their Minister of Health.

SECRET

DECLASSIFIED
Per: Bac Project
E.O. 13526: NLC-126-7-14-1-8
BY NARA DATE 1/17/13

THE WHITE HOUSE
WASHINGTON

Mr. President:

NSC concurs.

Rick

THE WHITE HOUSE
WASHINGTON

April 29, 1977

Z. Brzezinski -

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

Rick Hutcheson

cc: Tim Kraft

Re: Your Meeting with Helmut Schmidt

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
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		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		STRAUSS
		WELLS
		VOORDE