8/30/77

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THE PRESIDENT'S SCHEDULE

Tuesday - August 30, 1977

7:30	Breakfast with Vice President Walter F. Mondale, Secretary Cyrus Vance, and Dr. Zbigniew Brzezinski. The Roosevelt Room.
9:00	Mr. Frank Moore - The Oval Office.
10:30	Mr. Jody Powell - The Oval Office.
11:30	Vice President Walter F. Mondale, Admiral Stansfield Turner, and Dr. Zbigniew Brzezinski. The Oval Office.
3:45 (15 min.)	Drop-By Briefing on Panama Canal. (Mr. Hamilton Jordan). The State Dining Room.

THE WHITE HOUSE
WASHINGTON

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

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
	✓	JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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

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

		KRAFT
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		POSTON
		PRESS
		SCHLESINGER
		SCHNEIDERS
		STRAUSS
		VOORDE
		WARREN

THE WHITE HOUSE
WASHINGTON

August 30, 1977

Hamilton Jordan

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

Rick Hutcheson

Re: Bob Strauss Visit with John Connally

THE WHITE HOUSE
WASHINGTON

done

AUGUST 30, 1977
8:45 A.M.

MR. PRESIDENT

BOB STRAUSS CALLED. WANTS TO REPORT ON A VISIT HE HAD YESTERDAY WITH JOHN CONNALLY.

T.K.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON
August 30, 1977

Greg Schneiders

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

Rick Hutcheson

RE: REQUEST FROM THE CLOSE UP FOUNDATION

B. Linder had statement typed

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 30, 1977

MEMORANDUM FOR: The President

FROM: Greg Schneiders Greg

SUBJECT: Request from the Close Up Foundation

For the past several years the Close Up Foundation has organized a week long government studies program in Washington, D. C. for students and teachers.

The attached book Perspectives is the background guide book for Close Up participants. It is a collection of readings on politics and government which supplements the seminares, workshops, informal discussions and other experiences which are part of the program.

You have been asked to contribute the foreword for next year's book. Tab A contains Jim Fallows' suggested statement.

	YES	NO
1. Do you want to contribute to Perspectives?	✓	
2. Do you approve the text?	✓	

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8/22/77

Close-up program
for Perspectives Magazine

The 12,000 students and teachers who will participate in Close-up this year have a great

TAB A

discoveries are made, new truths discovered and manners and opinions changed with the change of circumstances, institutions must advance also to keep pace with the times."

Our system of government rests on the assumption that in an open society, with free debate and access to the facts, truth would eventually overcome error. Our founders set up checks so the majority could not take unfair advantage of the minority, to restrain even the most powerful and protect even the weakest.

But if the system is to work, all of our people must participate. We all must train our minds to learn the facts and understand the issues. We must all vote and make our wishes known. All of our citizens must stand against injustices to any one of them, for our government is made up of its people; its strength is their strength, its weakness their weakness. If they are apathetic, government will be apathetic. But if the people care -- and show it -- the government will act. How wisely and how effectively is largely up to the people; it depends on how well they express their concern and how effectively they monitor the processes of legislation and administration. Often the worst answer to a problem can be a bad program, and only the people can prevent that.

During the Watergate hearings, many young men who had come to work in the government expressed their disillusionment with it. One of them who had been involved in the cover-up

advised young people who might be tempted to come to Washington to try to put their ideals into practice to "stay away." He saw the city and the government as inevitably corrupting forces.

That need not be so. Andrew Jackson saw it more clearly when he said, "There are no necessary evils in government. Its evils exist only in its abuses." The people can control government abuses by exercising the rights and privileges of citizenship. When only a little over half our people who are eligible actually vote -- less than half our young people -- then we are halfway down the road away from government by the people.

While you are here you have the opportunity to learn and observe and to question. I hope when you go home you will continue to learn and observe, to question and probe. I hope you will be determined not to accept easy labels, but to find out what people really stand for, and whether programs and policies actually do what they claim to do. I hope you'll be proud of your government and your country but work to correct the wrongs you see, and never hesitate to stand up and say so when you know a wrong is being done. But I hope you"ll be able to restrain your strict conscience enough to be sure beforehand that it is really a wrong, and that if you find out later you were mistaken, that you will always have the courage to admit it and try to make it right.

# # #

9:30

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 30, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE F.M.

SUBJECT: MEETING WITH CONGRESSMAN AL ULLMAN

Secretary Blumenthal called both Stu and I and said in view of the fact that he is Secretary of the Treasury and in charge of your tax policy, he ~~wants to~~ should attend your meeting tomorrow with Congressman Ullman.

Stu says a precedent was set in that Secretary Califano attended the welfare meeting with Ullman. I told Mike to come ahead, unless he heard otherwise from me.

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

August 30, 1977

Charles Warren

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

Rick Hutcheson

cc: Stu Eizenstat
Bert Lance
Charlie Schultze

RE: KEEPING LABOR AND ENVIRONMENT TOGETHER

THE WHITE HOUSE
WASHINGTON

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

ACTION	FYI	
		MONDALE
		COSTANZA
	X	EIZENSTAT
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		LIPSHUTZ
		MOORE
		POWELL
		WATSON
	X	LANCE
	X	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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		JAGODA
		KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
X	WARREN

Charles -
ok, but I
share Lance's
concern re
funding
J

THE PRESIDENT HAS SEEN.

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

August 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren Charles.
Gus Speth G.S.
Marion Edey ME

SUBJECT: Keeping Labor and Environment Together

We believe concerted Administration efforts should be undertaken soon to prevent a wedge from being driven between environmentalists and labor. Both groups are essential parts of your political coalition. Moreover, environmental programs need labor's support and will suffer if they lose it. Thus, it makes good sense to head off at the national level the kind of bitter antagonism that has sometimes developed between jobs and the environment at the local level.

A number of the initiatives we included in your Environmental Message were attuned to this need. The Message stressed the compatibility of a sound economy and a healthy environment. It drew on studies by CEQ and others which indicate that environmental programs have no significant adverse macroeconomic impacts and, in fact, provided a net stimulus to the economy during the recent recession. The Message also emphasized control of toxic chemicals, a concern that unites workers and environmentalists.

In some instances, however, pollution control or other environmental programs can seriously affect a specific group of workers, a firm, or a community. Although jobs vs. environment controversies are sometimes due to exaggerated claims by companies seeking local support against regulators, often there is a real problem, and such real problems may increase as enforcement actions increase in the years ahead.

Our purpose in this memorandum is to secure your approval to develop, in consultation with other affected agencies, an Administration program to address the problem of local adverse economic impacts from environmental regulation. Such a program can be built, for the most part, out of existing statutory provisions. Major new legislation would not be required.

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Several special economic assistance programs already exist: certain small business loans, industrial revenue bond financing, community assistance grants and employee assistance programs, for example, are authorized when environmental regulations have adverse impacts. These programs, however, are located in a number of different agencies (principally Commerce, EPA and Labor) and have not been coordinated. Moreover, they have very small staffs and are low-priority efforts. For these reasons they have not been as effective as they should be. Programs for fact-finding boards to examine specific companies' claims of economic hardship also exist, but they too are infrequently used.

After talking to the staffs in each of these programs, we have concluded that:

- Better coordination and higher priority attention could make these programs more effective;

- Any gaps in the programs could be largely filled by other existing Federal programs (for example, general employee, community, and industry assistance programs are available for use in this context); and

- Present funding is adequate to expand most of the programs, although some added funding (perhaps through reprogramming) may be necessary to demonstrate the Administration's commitment.

Therefore, if we receive your approval, we propose working with the appropriate agencies to develop a coordinated program which would have as its goals:

- Earlier and more accurate identification of potential problems through the use of fact-finding boards and other means; and

- More expeditious and effective delivery of assistance.

We anticipate that the effort will result in a proposed Executive Order to implement the program which we develop.

In the months ahead we will be developing other Administration initiatives in this general area.

_____ _____

Approve Disapprove

STAFF COMMENTS

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

29 August 1977

TO: THE PRESIDENT

FROM: RICK HUTCHESON Rich

SUBJECT: Summary of Staff Comments on Attached CEQ Memorandum

Eizenstat: recommends approval. He observes that coordination by CEQ with EPA, Labor, Commerce and DPS has already begun; he says CEQ also intends to work with CEA and OMB on this project. Stu says that a program to coordinate resources now fragmented around the government to maximize harmony between labor and environmental interests makes good sense.

Schultze: "CEQ's proposal to investigate ways to reduce or affect adverse local economic impacts of environmental regulation is a good idea." However, he makes several other points:

- The future economic consequences of environmental programs are likely to be more severe than the CEQ memo suggests. Schultze is unconvinced by CEQ studies which claim no adverse impact on the overall economy to date. Requirements of the 1983 water pollution control standards and the Clean Air Act will be much more costly per unit of pollutant removed. The government will have to deal with a significant impact of environmental regulations on industry's ability to invest in capital expansion and on the rate of inflation. He does not object to CEQ's "local impact" proposals, but doesn't think they will ease the political/economic problems.

- As the costs of environmental regulations are principally borne by industries and municipalities, the President has no mechanism (such as the budget) for setting priorities in the environmental area. CEA staff is investigating possible procedures and data requirements which would enable the President to establish priorities in this area, but CEA doesn't know if this is feasible.

Lance: does not believe CEQ's proposal (to increase the effectiveness or funding levels of programs which assist the private sector when environmental regulations produce an adverse employment effect) is the proper solution to the problem:

- increased Federal action runs counter to the principle that the polluter should pay the costs of pollution, not the taxpayer;

- the lack of Federal funds may provide a greater incentive to local governments to assess the polluter for pollution costs;

- similar programs, such as trade adjustment assistance, have not gained Labor's support for free trade, while they have been costly to the taxpayer;

- there is no evidence that existing legislative authorities and funding mechanisms are inadequate;

- the earlier delivery of financial assistance may not be desirable -- local solutions can sometimes be found when Federal financial assistance is not forthcoming.

Lipshutz: concurs with CEQ.

THE WHITE HOUSE

WASHINGTON

Date: August 25, 1977 MEMORANDUM

FOR ACTION:

Stu Eizenstat attached
Bob Lipshutz cover
Jack Watson
Bert Lance
Charlie Schultze
Landon Butler q c

FOR INFORMATION:

The Vice President
Frank Moore attached
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Warren/Speth/Edey memo dated 8/25/77 re Keeping Labor and Environment Together

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: ~~Saturday~~ Mon

DATE: August 27, 1977

Tues per Schultze request

ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

____ I concur. ____ No comment.

Please note other comments below:

OMB will respond Monday x 4:00

OMB's exp Tues afternoon, currently w/ McIntyre - exp 4p

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

— 8/27/71

THE WHITE HOUSE
WASHINGTON

Rick—

C. Schultze called about Warren memo on Labor & the Environment. He would like to delay until Tuesday because he's having a meeting on the subject then. Please call him

THE WHITE HOUSE
WASHINGTON

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

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

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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

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		KING

		KRAFT
		LINDER
		MITCHELL
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		PETERSON
		PETTIGREW
		POSTON
		PRESS
		SCHLESINGER
		SCHNEIDERS
		STRAUSS
		VOORDE
		WARREN

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

August 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren Charles.
Gus Speth G.S.
Marion Edey ME

SUBJECT: Keeping Labor and Environment Together

We believe concerted Administration efforts should be undertaken soon to prevent a wedge from being driven between environmentalists and labor. Both groups are essential parts of your political coalition. Moreover, environmental programs need labor's support and will suffer if they lose it. Thus, it makes good sense to head off at the national level the kind of bitter antagonism that has sometimes developed between jobs and the environment at the local level.

A number of the initiatives we included in your Environmental Message were attuned to this need. The Message stressed the compatibility of a sound economy and a healthy environment. It drew on studies by CEQ and others which indicate that environmental programs have no significant adverse macroeconomic impacts and, in fact, provided a net stimulus to the economy during the recent recession. The Message also emphasized control of toxic chemicals, a concern that unites workers and environmentalists.

In some instances, however, pollution control or other environmental programs can seriously affect a specific group of workers, a firm, or a community. Although jobs vs. environment controversies are sometimes due to exaggerated claims by companies seeking local support against regulators, often there is a real problem, and such real problems may increase as enforcement actions increase in the years ahead.

Our purpose in this memorandum is to secure your approval to develop, in consultation with other affected agencies, an Administration program to address the problem of local adverse economic impacts from environmental regulation. Such a program can be built, for the most part, out of existing statutory provisions. Major new legislation would not be required.

Several special economic assistance programs already exist: certain small business loans, industrial revenue bond financing, community assistance grants and employee assistance programs, for example, are authorized when environmental regulations have adverse impacts. These programs, however, are located in a number of different agencies (principally Commerce, EPA and Labor) and have not been coordinated. Moreover, they have very small staffs and are low-priority efforts. For these reasons they have not been as effective as they should be. Programs for fact-finding boards to examine specific companies' claims of economic hardship also exist, but they too are infrequently used.

After talking to the staffs in each of these programs, we have concluded that:

- Better coordination and higher priority attention could make these programs more effective;

- Any gaps in the programs could be largely filled by other existing Federal programs (for example, general employee, community, and industry assistance programs are available for use in this context); and

- Present funding is adequate to expand most of the programs, although some added funding (perhaps through reprogramming) may be necessary to demonstrate the Administration's commitment.

Therefore, if we receive your approval, we propose working with the appropriate agencies to develop a coordinated program which would have as its goals:

- Earlier and more accurate identification of potential problems through the use of fact-finding boards and other means; and

- More expeditious and effective delivery of assistance.

We anticipate that the effort will result in a proposed Executive Order to implement the program which we develop.

In the months ahead we will be developing other Administration initiatives in this general area.

_____ Approve

_____ Disapprove

WASHINGTON

e: August 25, 1977 MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jack Watson
Bert Lance
Charlie Schultze
Landon Butler

FOR INFORMATION:
The Vice President
Frank Moore
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Warren/Speth/Edey memo dated 8/25/77 re Keeping Labor and Environment Together

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Saturday

DATE: August 27, 1977

ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

____ I concur. ✓ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

WASHINGTON

Date: August 25, 1977 MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jack Watson
Bert Lance
Charlie Schultze
Landon Butler

FOR INFORMATION:
The Vice President
Frank Moore
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Warren/Speth/Edey memo dated 8/25/77 re Keeping Labor and Environment Together

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: ~~Saturday~~ extended to Monday + RH will call CLS Monday a.m.

DATE: August 27, 1977

ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

____ I concur. ____ No comment.

Please note other comments below:

8/29 to RH - please see attached response - extension granted by phone your office on 8/27/77.

CLS

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, Ext. 2)

THE WHITE HOUSE

WASHINGTON

August 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT

SUBJECT CEQ PROPOSAL ON LABOR/ENVIRONMENT COALITION

CEQ's proposal to develop a coordinated Administration program to address environment/jobs conflicts seems well-founded and I recommend your approval. Although not specifically mentioned in the CEQ memo, coordination with EPA, Labor, Commerce and our staff has already begun. CEQ also intends to work with CEA and OMB on this project to ensure that economic, budgetary and government organization aspects are adequately taken into account.

I agree with CEQ that it is important politically and for the achievement of environmental goals to maximize harmony between labor and environment interests. The auto emissions and gas guzzler issues and the Redwood Park expansion are examples of real or perceived conflicts we have already faced. A coordinated program would make good sense, and can maximize resources which are now fragmented around the federal government.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 27, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE

SUBJECT: CEQ memo, "Keeping Labor and the Environment Together"

1. CEQ has correctly identified a likely political problem ahead for environmental policy.

2. CEQ's proposal to investigate ways to reduce or affect adverse local economic impacts of environmental regulation is a good idea.

3. But, the future economic consequences of environmental programs are likely to be much more severe than the CEQ memo suggests. I am unconvinced by the CEQ studies which claim no adverse impacts on the overall economy from environmental regulation to date. Further, the next round of requirements to be imposed by the 1983 water pollution control standards and the more stringent requirements of the Clean Air Act will be much more costly per unit of pollutant removed. I believe we will have to deal with a significant impact of environmental regulations both on industry's ability to invest in capacity expansion and on the rate of inflation. Hence, while I do not object to the "local impact" proposals of CEQ, I do not think they will significantly ease either the economic or the political problem.

4. Environmental regulations impose substantial costs on the economy for a good cause. Unlike most other government programs these do not show up in the Federal budget -- they are principally borne by industries and municipalities, and ultimately by consumers and local property owners. Therefore, you have no comparable mechanism like the budget for setting priorities in the environmental area.

I have asked my staff person, in cooperation with OMB and Domestic Policy staff, to investigate possible procedures and data requirements that would enable you to establish priorities in this area. I do not yet know what is feasible, but I think it is worth an investigation.

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

AUG 29 1977

MEMORANDUM TO THE PRESIDENT

FROM: Bert Lance

SUBJECT: Comments on the Council on Environmental Quality's Memo "Keeping Labor and Environment Together".

As I read the Council on Environmental Quality proposal it is to increase the effectiveness or funding levels of programs which assist the private sector when environmental regulations produce an adverse employment effect.

The Council on Environmental Quality's reason for this proposal is to heal what they perceive as a growing rift between labor and environmentalists. One example of this problem is the recent UAW opposition to a stringent oxides of nitrogen emission standard for automobiles.

While it is difficult to argue with the need for improved co-ordination of Federal programs, I do not believe that the Council on Environmental Quality's proposal is the proper solution to this problem for the following reasons:

- Increased Federal action runs counter to the principle that the polluter should pay the costs of pollution, not the taxpayer.

- The lack of Federal funds may provide a greater incentive to local governments to assess the polluter for the costs of pollution.

- Similar programs in the Labor Department, such as the Trade Adjustment Program have not gained labor's political support for free trade, while they have cost the taxpayer supplemental unemployment benefits, training and job search support.

- There is no evidence that existing legislative authorities and funding mechanisms are inadequate.

- The earlier identification of potential problems and a more expeditious and effective delivery of financial assistance may not be desirable in this case, since it could result in unnecessary expenditures.

An example which illustrates some of my concern is the situation which prevailed in Louisville, Kentucky earlier this year. A toxic chemical was dumped into the Louisville sewage treatment system by a private company and a request made for a multi-million dollar Federal clean-up. When Federal financial assistance was not forthcoming, an alternative solution was found which cost a small fraction of the original request.

In conclusion, it is not clear to me that such assistance programs are an adequate solution, and even if they are, I am not certain that we want to utilize them in this case.

WASHINGTON

Date: August 25, 1977 MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jack Watson
Bert Lance
Charlie Schultze
Landon Butler

FOR INFORMATION:
The Vice President
~~Frank Moore~~
Jody Powell

HL
Sl no comm

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Warren/Speth/Edey memo dated 8/25/77 re Keeping Labor and Environment Together

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Saturday

DATE: August 27, 1977

ACTION REQUESTED:

_X_ Your comments

Other:

STAFF RESPONSE:

____ I concur. ____ No comment.

Please note other comments below:

Anything done in this area in the near future must be framed on the LaFalce/Moynihan Bethlehem Steel problem in N.Y. — Bill Cable

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

WASHINGTON

Date: August 25, 1977 MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
~~Jack Watson~~
Bert Lance
Charlie Schultze
Landon Butler

FOR INFORMATION:
The Vice President
Frank Moore
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Warren/Speth/Edey memo dated 8/25/77 re Keeping Labor and Environment Together

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_X_ Your comments

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STAFF RESPONSE:

___ I concur. ___ No comment.

Please note other comments below:

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

THE WHITE HOUSE
WASHINGTON

August 30, 1977

Stu Eizenstat

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

Rick Hutcheson

SCHLESINGER MEMO AND "BLACK BOOK" ON ALASKA NATURAL GAS

THE WHITE HOUSE
WASHINGTON

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

top page only

ACTION	FYI	
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

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for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT
KITTY SCHIRMER

SUBJECT: Schlesinger Memorandum and "Black Book" on Alaska Natural Gas

The staff issue papers in the black-bound notebook attached to Dr. Schlesinger's memorandum were drafted in consultation with OMB, CEA, the Vice President's office and our staff. They provide a sound and quite thorough analysis of the basic components of the decision. Rather than do a lengthy summary of these papers, we are working with Jim's staff on a decision memorandum for you which will summarize these points. It will be ready shortly.

Jim's summary of the progress in the Canadian negotiations is accurate. The most recent staff session last Tuesday produced further progress along the lines described in the memorandum.

The only question we would raise concerns the very last point made on page 5 of the memorandum. Jim suggests that we would need only one week beyond September 1 to complete a decision favoring the El Paso route. While this is something of a hypothetical concern since the Canadian negotiations are going well, a breakdown in negotiations leading to the choice of El Paso might cause a delay well beyond one week. Environmental problems, potential conflicts with California's regulatory commissions, and El Paso's insistence that the line cannot be financed without an all-events cost of service tariff make that route something less than an automatic second choice if Alcan is unavailable. We would argue strongly in favor of continued discussions with Canada, and a hard look at the option of a delay up to one year in the overall decision if El Paso were the only route available.

If Alcan is the route selected, we agree with Jim that a one week delay (until the Congress returns) would be useful to put the final touches on the report to Congress and to finalize the details of the agreement with Canada.

THE WHITE HOUSE

WASHINGTON

August 22, 1977

Stu-
Assess quickly
& return to
me
J.C

ok
F

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM SCHLESINGER

SUBJECT: Attached Staff Issue Papers and an Update on Alaskan Gas Pipeline Negotiations

Staff Issue Papers

Attached are the Staff Issue Papers mentioned in last week's Memorandum. They provide detailed background analysis of the issues underlying your decision. The issues covered include:

- the importance of Alaskan gas;
- a systems comparison of the Alcan and El Paso projects;
- options for determining a wellhead price for Alaska gas;
- the outlook for obtaining private financing;
- the regional distribution of the gas; and
- the degree and kind of Federal involvement once a project is undertaken.

Canadian Negotiations

The meeting with the Canadians in Ottawa last Wednesday moved us closer to agreement in several critical areas. A follow-up meeting of the same staff coordinating groups is scheduled for this Tuesday in Washington, with a Ministerial visit to follow this coming Friday in Washington between myself and Allan J. MacEachen, President of the Privy Council and Prime Minister Trudeau's designee to handle the pipeline issue.

I believe that it may be desirable to reserve some time on your schedule later in the day on Friday in the event that a short meeting with MacEachen proves useful.

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Significantly, the Canadians have indicated their willingness to enter into an intergovernmental agreement, prior to any Presidential decision, which would set forth the basic elements of each country's commitment to the other. This intergovernmental agreement on principles will cover matters such as the level of taxation, settlement of native claims, expedited approval of project permits, limitation on judicial challenges, tariff structures and a broad range of other issues necessary to a cooperative effort by both countries.

Progress can also be reported on the following key issues:

1. Fuel Efficiency Problem

Shipment of the full Canadian and American gas volumes in the Alcan pipeline would cause serious fuel inefficiencies. Our negotiations produced a consensus that these inefficiencies can be eliminated by constructing a more efficient pipeline system south of the Canadian interconnect. A slightly thicker walled 1680 pounds-per-square-inch (psi) pipeline would replace the present 1260 psi pipeline, and could vastly increase fuel efficiency at full volumes. This change would save both countries about 5 cents to 7 cents per mmbtu on the cost of service and makes a major contribution toward moving Alcan back to a clear-cut cost of service advantage over El Paso.

The Canadians expressed a concern that there continue to be technical uncertainties associated with the more efficient 1680 psi line, and have requested we investigate the possibility of looping. Looping--which increases throughput capacity by building a parallel pipe--is substantially more efficient than the 1260 psi pipe alone, but is more capital intensive than a 1680 psi line and therefore more costly. The DOT believes the 1680 psi line is technically feasible, but all parties agree that some further testing will be necessary.

The final resolution of this matter may require a joint testing commission from both nations to certify the 1680 psi approach. In any event, this critical matter appears well on the way to resolution.

2. Dawson Diversion

The Canadians' continued support for the Dawson Diversion seems to be based on the symbolic importance of a U.S. pipeline route diversion that appears to advance Canadian energy interests.

It was stressed that this country should not incur $540 million in added costs for a pipeline that may never be needed if the Dempster lateral bringing Canadian gas into the pipeline is not built (see attached map). After lengthy discussions, the Canadians appeared willing to consider a proposal that would cost us far less while protecting their political interests. In return for construction of the original Alcan route, the U.S. would agree to pay some amount (perhaps 50 percent) of the Whitehorse to Dawson link if and when the Dempster lateral from the Delta is built.

This compromise has substantial advantages for the U.S.:

- it saves the full $540 million cost at the front end, as well as the additional $110 million it would require in the future to make the Dawson to Whitehorse link capable of carrying additional Canadian gas;

- it saves the interest that would have been carried on the $540 million prior to construction of any Dempster lateral; and

- it limits our potential liability to a fixed portion of the estimated $550 million expenditure for the Whitehorse to Dawson extension; a liability which arises if, and only if, the Dempster lateral is built.

The Canadians, on the other hand, will still be able to point to a U.S. agreement that subsidizes a pipeline link to the Delta.

Just by saving the $650 million in total capital costs and associated interest charges, we would reduce by more than half the 4 cent to 5 cent impact on cost of service of the proposed Dawson Diversion, even if we

I would hope to be able to work out the final details of a proposed agreement with Mr. MacEachen on Friday. Depending on how the discussion develops, it may make sense for him also to see you for several minutes. If necessary, I could also meet with him one more time next Monday, after which you and the Prime Minister may want to talk.

In view of the fact that a final agreement may not be reached until August 26 or 29, you may want to consider a one week delay from the September 1 deadline to allow for adequate preparation of a decision and report if you decide to designate Alcan. Since the Congress does not return until September 7, the one week delay will not affect Congress' expeditious consideration of any decision. If everything else is on track, it will probably be welcomed by the Canadians as an opportunity to help perfect the intergovernmental agreement on principles that will accompany a decision in favor of Alcan.

If for some reason agreement on Alcan cannot be reached by the end of this week, the extra week in September will probably be needed to evaluate the situation and complete a decision favoring El Paso if that is deemed desirable.

FILE: ALASKAN GAS.



THE WHITE HOUSE
WASHINGTON
August 30, 1977

Hugh Carter

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

Rick Hutcheson

cc: Hamilton Jordan
Tim Kraft

RE: PRES. FORD'S POSSIBLE INVOLVEMENT IN THE SIGNING CEREMONY

THE PRESIDENT HAS SEEN.

Ham
done - ok
J

Hugh - Make
arrangements
J

TO: PRESIDENT CARTER

FROM: HAMILTON JORDAN AND HUGH CARTER

RE: PRESIDENT FORD'S POSSIBLE INVOLVEMENT IN THE SIGNING CEREMONY

Hugh Carter has talked with Ford's staff about the possibility of his participating in the signing ceremony. Hugh said that they were generally receptive to the idea and probably would if the invitation came directly from you and if you asked him to play a special role - possibly spending the night with you at the White House and/or sitting next to you at the State Dinner, etc. The point Ford's people made to Hugh was that he did not want to come him to simply be a part of the media event and then get lost in the crowd.

Hugh thinks - and I agree - that if you called him and asked him personally to come and stay with you Wednesday night at the White House that he probably would.

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THE WHITE HOUSE
WASHINGTON

hand carry

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

ACTION	FYI	
		MONDALE
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		LIPSHUTZ
		MOORE
X		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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

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

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Jody Powell

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

Rick Hutcheson

RE: FEDERAL RESERVE INCREASE IN THE DISCOUNT RATE

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for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

cc
Jody
J

August 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE CLS

SUBJECT: Federal Reserve Increase in the Discount Rate

The Federal Reserve today (Monday afternoon) raised the discount rate from 5-1/4 to 5-3/4 percent. The discount rate is the rate at which individual member banks can borrow from the Federal Reserve.

The increase in this rate is not a new round of tighter money, but was made necessary by earlier increases in short-term interest rates which did result from Federal Reserve action:

- When the discount rate is low compared to short-term rates charged in the market, individual banks can make money by borrowing from the Fed at low rates and relending at higher rates; before today's move 3-month Treasury bills yielded 5.6% and the Federal funds rate was about 6%, compared to the 5-1/4% discount rate;

- In the past month, member bank borrowings from the Fed have increased very sharply, in response to to this interest rate differential.

In its release, the Federal Reserve stressed that this was a technical adjustment, not a new tightening of the monetary screws.

Suggested treatment by Jody Powell

I suggest that when asked about this at his press briefing, Jody state:

- that the Fed views this as a technical adjustment and not a new tightening of money and interest rates

- that the Administration also does not see it as a

new round of increases in interest rates which we do not think would be appropriate or warranted under present economic circumstances

I think we should use the underlined language as a non-confrontational way of making public our view that there is no economic warrant for further tightening of monetary policy. (Mike Blumenthal agrees that such a statement is desirable.)

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
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	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
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		KING

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	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

3:45 a.m.

C

THE WHITE HOUSE

WASHINGTON

August 29, 1977

STATE BRIEFINGS ON PANAMA CANAL TREATY

Tuesday, August 30, 1977
3:45 P.M. (15 minutes)
The State Dining Room

From: Hamilton Jordan H.J.

I. PURPOSE

To motivate a grass-roots effort among public opinion leaders to support a treaty ratification.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: This is the second in a series of briefings on a state-by-state basis. Last week, we had leaders in from Kentucky and Mississippi. This briefing is for leaders from Georgia and Florida.

B. Participants: Key industrialists, political activists, and financial contributors who have influence on their Senators. The four Senators provided us with the names of a large percentage of those invited. Governor Askew will be in attendance; Governor Busbee has regretted because he is making a presentation at the Southern Governors' Conference Tuesday afternoon. The list of invitees and the agenda is attached.

C. Press Plan: No press coverage. Neither will there be a statement to the press afterward by any of the participants.

III. TALKING POINTS

A. As you stated to the group last week, you might point out that you are not asking them to call their Senators. Instead, you need to ask them to help generate public support for the Treaties in their own state.

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B. This is an educational briefing - part of your pledge to conduct foreign policy in the open.

C. Importance to our National Security and our posture in the world.

D. Provides atmosphere for greater economic growth in the United States with our Latin American neighbors.

Attachments:
Agenda
Invitees

INVITEES FROM GEORGIA

Zell Miller, Lieutenant Governor

Jesse Hill, Atlanta Life Insurance, President

Jasper Dorsey, Vice President, Southern Bell

Herbert H. Gray, Vice President, Westinghouse

Glen P. Robinson, Chairman, Scientific-Atlanta

D. W. Brooks, Goldkist

Norman Underwood, Executive Secretary to Governor Busbee

Malcolm Reese, Georgia Federal Savings and Loan Association

Ovid Davis, Coca-Cola, and President Georgia Chamber of Commerce

Gene Dyson, Executive Director, Georgia Business and Industry Association

William W. Sprague, President, Savannah Foods and Industries, Inc.

Archie Davis, Savannah Ports Authority

Raiferd L. Drew, President, Lummus Industries, and Chairman, International Division, Georgia Chamber of Commerce

Robert D. Miles, Georgia Ports Authority

Abit Massey, incoming President, American Association of Business Executives

Dr. Henry Jennings

Herb Mabry, President, Georgia AFL-CIO

Marge Thurman, Chairman, Georgia Democratic Party

Morris Bryan

James Beck, State Senator

Wade Coleman

Al Burruss

Charles Presley

Don A. Grantham, Georgia Ports Authority

Dr. John M. "Pepper" Martin

Ben Tarbutton, Sandersville Railroad Company

A. J. "Bubba" Strickland

Roy Richards, President, Southwire Corporation

John Edward Bentley, President, Unlimited Environments (carpets)

Charles Adams

Mayor Buck Melton

W. P. Thompson ("Bill"), architect

J. M. "Buddy" Tolleson, Tolleson Lumber Company

Avon Buice

Jim Hammock

Connell Stafford, Senator Nunn's campaign staff

Dean Rusk, former Secretary of State

Stanley Jones, Sr., U. N. Association

Marvin Shoob, attorney

Russell King, Senator Talmadge's office

Dr. Jeffrey Record, Senator Nunn's office

INVITEES FROM FLORIDA

Doyle Connor, Commissioner of Agriculture

Governor Reubin Askew

Charlie Harris, President, Florida AFL-CIO

Judge Alcee Hastings

Delores Knight, St. Petersburg U.A.W. Rep.

Curtis Peterson, State Senator

Angie Stahl, political activist

Calvin Carter, Insurance executive

Bill Clark, business executive

Richard Swann, Lawyer

Alfredo Duran, Chairman, Fla. Democratic Party

Garry Smith

Eddie Kay, Chairman, Broward Co. Democratic Party

Harry Hood Bassett, President of S.E. Banks

Louis De la Parte, former Florida Senate President

Ed Grafton, Sen. Chiles brother-in-law

James Kynes, President, Jim Walter Corp.

Mark Hulsey

Tom Stead, Sen. Chiles campaign manager

Dr. Emmett Ferguson

Ed Price, Orange Juice Co. executive

George Register, Jacksonville engineer

Chesterfield Smith, Former President of American Bar

Bill Whitaker, Orlando lawyer

Charles Whitehead,political activist

Mike Abrams, Chairman, Dade Co. Democratic Party

Bill Singer, Sen. Stone's father-in-law

Ed Stack, Sheriff of Broward Co.

Dubose Ausley, Tallahassee lawyer

James Pleitz, Baptist Minister from Pensacola

Paul Schenitt, Aide to Governor

Don Middlebrooks, Aide to Governor

Barry Schochet, Senator Stone's office

Rick Farrell, Senator Childes' office

Also

Fred Banks, Mississippi State Senator

Wilson Wyatt, Kentucky

AGENDA

TUESDAY, AUGUST 30, 1977

2:00 p.m.	Welcome	Jack Watson Assistant to the President for Intergovernmental Affairs
2:10 p.m.	Overall Foreign Policy View	Dr. Zbigniew Brzezinski Assistant to the President for National Security Affairs
2:25 p.m.	Explanation of Treaties	Ambassador Sol Linowitz
3:00 p.m.	Break	
3:25 p.m.	National Security View	Charles Duncan Deputy Secretary of Defense General George Brown, Chairman Joint Chiefs of Staff
3:45 p.m.	Remarks	President Carter

THE WHITE HOUSE

WASHINGTON

include copies of Pres's letter

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Send w/ Carter

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

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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		BOURNE
	/	BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

August 30, 1977

Hamilton Jordan
Jody Powell

Re: Panama Canal

The attached letters were written by the President and given to Bob Linder for handling delivery.

Rick Hutcheson

cc: Z. Brzezinski
R. Linder

THE WHITE HOUSE
WASHINGTON

8-30-77

To Admiral Zumwalt

Your decision on the Panama Canal treaty is very gratifying to me. Please help me by letting your views be known to members of the Senate. Your influence will be very beneficial.

Jimmy

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Ham -
Good. Let
Jody maximize
PR -
F

MEMORANDUM TO THE PRESIDENT

FROM: HAMILTON JORDAN HJ.

DATE: AUGUST 29, 1977

SUBJECT: PANAMA CANAL ENDORSEMENTS

Admiral Zumwalt endorsed the new Panama Canal treaties today. His letter is attached.

George Meany held a brief press conference today at noon and stated that he personally favored the new Panama Canal treaties. The AFL-CIO Executive Committee, however, will not vote on the formal resolution until tomorrow.

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THE WHITE HOUSE

WASHINGTON

8-29-77

To Paul Nitze

Your decision to support the Panama Canal treaty will be very beneficial. I will appreciate your letting the members of the Senate know about your support.

Your friend

Jimmy Carter

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Jody
PR
J

MEMORANDUM TO THE PRESIDENT

FROM: LANDON BUTLER

DATE: AUGUST 27, 1977

SUBJECT: PAUL NITZE

Paul Nitze has sent you a telegram supporting ratification of the Panama Canal treaty. A copy is attached.

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WHD015 438P EDT AUG 25 77 WAF166(1533)(2-044990E237)PD 03/25/77

ICS IPMMTZZ CSP

TDMT ARLINGTON VA 28 03-25 0338P EST

PMS PRESIDENT JIMMY CARTER

WHITE HOUSE

WASHINGTON DC 20500

I WISH TO INFORM YOU THAT, SUBJECT TO A MORE DETAILED STUDY OF THE TERMS OF THE PANAMA CANAL TREATY, I AM PREPARED TO SUPPORT IT'S RADIFICATION

PAUL H NITZE

NNNN



E. R. ZUMWALT, JR.
ADMIRAL, U. S. NAVY (RET.)

29 August 1977

The President
The White House
Washington, D. C.

Dear Mr. President:

Based on the information that you and Ambassador Bunker have provided me about the details of the two treaties that have been negotiated between the United States and the Government of Panama concerning the status of the Panama Canal, and in the light of conditions existing in the world today, I am able to support these treaties and to urge that they be ratified by the US Senate.

Sincerely,

E R Zumwalt Jr

E. R. ZUMWALT, JR.

THE WHITE HOUSE
WASHINGTON
August 30, 1977

Zbig Brzezinski

The attached is forwarded to you for forwarding to Secretary Brown.

Rick Hutcheson

RE: FINANCING OF ISRAEL'S ARMS BUYING MISSION - Handwritten Note

THE WHITE HOUSE

WASHINGTON

8/30/77

To Harold Brown

a) Why did we finance Israels arms buying mission?

b) Are we financing or have we financed similar operations for other nations?

J. C.

FYI

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 30, 1977

C

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Dear Mr. Kirkpatrick:

President Carter has asked me to convey to you his deep concern about your August 21, 1977 story stating that he was "disappointed" and "upset" with the performance of his Cabinet. He wishes to inform you and your readers that this story is "grossly inaccurate" and that there is not a single member of his Cabinet he would not choose again if he had it all to do over now after seeing them in action.

The President feels sure that you will want to correct the false information conveyed to your readers by this deplorably inaccurate and unfortunate story.

Sincerely,

Jody Powell

Joseph L. Powell, Jr.
Press Secretary to the
President

Mr. Clayton Kirkpatrick
Vice President and Editor
The Chicago Tribune
435 North Michigan Avenue
Chicago, Illinois 60611

bc: Jack Watson
Bill Neikirk, The Chicago Tribune

THE WHITE HOUSE
WASHINGTON

August 24, 1977

Jody Powell -

The attached letter was written by the President and is forwarded to you for transmittal.

Rick Hutcheson

cc: Stu Eizenstat
Jack Watson

Re: Letter to Chicago Tribune

THE WHITE HOUSE
WASHINGTON

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

send orig of letter to Jody for transmittal

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

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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

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		BOURNE
		BRZEZINSKI
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		H. CARTER
		CLOUGH
		FALLOWS
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		HARDEN
		HUTCHESON
		JAGODA
		KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

8-24-77

To Editors, Chicago TRIBUNE

I have just read a deplorable and grossly inaccurate article concerning my alleged disappointment with Cabinet members. This is the kind of reporting which destroys the credibility of some news sources.

There is not a single member of the Cabinet whom I would not choose again if I had it all to do now after seeing them in action.

Jimmy Carter

Today -
Call editor
& send
letter
J.C.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN.

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank

August 22, 1977

RE: Statement of Support for your Cabinet at Tomorrow's News Conference

Attached is the full text of a Chicago Tribune article which appeared in yesterday's paper, in which it is reported that you are disappointed with a number of Cabinet members. The article is blatantly untrue and should, we think, be labeled as such.

You have gone out of your way in recent Cabinet meetings to commend the Cabinet for a fine job and to say that you are proud of each member's performance and dedication. We suggest that at tomorrow's news conference you may want to praise the Cabinet in your introductory remarks--perhaps by saying that you will depend on them, individually and collectively as you have done on so many other issues, to help achieve ratification of the Panama Canal Treaty. Alternatively, you are likely to get a question on the Chicago Tribune article, and your answer should be very affirmative.

For your information, we have pulled together some briefing materials on the Panama Canal Treaty (e.g. fact sheet, Q's and A's, etc.) which we are distributing to the Cabinet tomorrow. We are inclined to think that a briefing on the subject would be appropriate. If you like, we could arrange such a briefing for next Monday's Cabinet meeting.

Arrange a briefing Yes ✓ No ____

Invite Ambassador Linowitz or Ambassador Bunker to attend Cabinet meeting Yes ✓ No ____

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Carter is upset with job done by his Cabinet

Chicago Trib 8/21/77

By Bill Neikirk
Chicago Tribune Press Service

WASHINGTON—President Carter's Cabinet has failed to live up to his expectations and, with a few exceptions, has been largely disappointing to him, administration officials have revealed.

As a result, the President and the White House have assumed a greater personal role in running foreign and economic policy over the last seven months, despite Carter's hopes of having a "Cabinet government."

Those doing the worst job from Carter's standpoint, sources said, include Transportation Secretary Brock Adams, Commerce Secretary Juanita Kreps, and Housing and Urban Development Secretary Patricia Harris.

IN ADDITION, Treasury Secretary W. Michael Blumenthal, who wants a stronger role in the administration, has never gained the President's total confidence and is a weaker Cabinet officer than his public image indicates, the sources said.

Also found wanting is Charles Schultze, chairman of the Cabinet-level Council of Economic Advisers. Despite impressive credentials as an economist, Schultze has a reputation as a poor manager of a small office who is too academically oriented.

The President's economic team has not been given much authority by Carter. Instead, each operates out of a separate fiefdom and brings advice to the President, who has assumed responsibility for running the economy.

BLUMENTHAL HAS proven disappointing partly because he has not developed a close relationship with the business community—supposedly one of the chief roles of a Treasury secretary. Instead, federal Budget Director Bert Lance has taken over that job. During the investigation of Lance's financial activities, a personal split developed between Lance and Blumenthal.

In foreign policy, Carter is said to be less than enthusiastic over the job done by Secretary of State Cyrus M. Vance, who has not been as innovative in the development of policy as the White House would like.

Zbigniew Brzezinski, director of the National Security Council, is viewed as the main innovator and developer of administration foreign policy, and Vance is seen as sort of a sophisticated flunky who carries it out.

ON TOP OF HIS shortcomings as an innovator in foreign policy, Vance also has gotten the unfortunate reputation in the White House as an official who has failed on his big missions. He returned from Moscow and the Middle East with only bad news for the President on SALT and Middle East peace talks.

Some blame the President for building up expectations over Vance's big trips, only to have the secretary of state return and take the heat for failing to live up to them. In the White House, Vance is regarded as a cut above former Secretary of State William Rogers, but many cuts below Brzezinski.

In the domestic arena, the best Cabinet secretaries are considered to be Interior Secretary Cecil Andrus, Labor Secretary Ray Marshall, and Joseph Califano, secretary of the Department of Health, Education, and Welfare.

CALIFANO IS a special case. He is hated by the White House staff because he has defied them on appointments and policy. But the President is said to have great respect for Califano and his ability to run the sprawling department.

When the talk turns to Transportation Secretary Adams, White House aides usually have unkind words. Carter himself recently called Adams and complained that he did not like his high-level appointments. Adams—more than Califano—has defied the White House on political appointments.

Others say Adams is more interested in running for a Senate seat in Washington in 1980 than he is in serving as transportation chief. He has embarrassed the administration on several occasions and took a politically tinged position on airline deregulation because it might hurt his Senate chances in 1980, officials said.

WHITE HOUSE officials are not eager to pass judgment on Atty. Gen. Griffin Bell, because he is so close to Carter. In Bell, Carter has a trusted old friend in a crucial spot.

So far, Agriculture Secretary Robert

Continued on page 18, col. 1


Brock Adams


Juanita Kreps


Patricia Harris


Michael Blumenthal


Charles Schultze


Cyrus Vance

Vance, Blumenthal cited

Cabinet disappointing Carter: aides

Continued from page one

Bergland has kept out of trouble and generally out of the President's hair.

Commerce Secretary Kreps, who upon her appointment criticized a Carter statement on women's rights, has "become a nonentity," officials said. This is partly because of her job [Commerce is regarded as the least important department of the Cabinet] and partly because of a nonaggressive nature.

At HUD, Patricia Harris has been supercautious about developing a housing policy, aides said. "Pat is just not doing well," one said.

IN DEFENSE, Harold Brown generally gets good marks from the White House. He was a prime mover in Carter's decision to kill the B-1 bomber, and sources said Carter respects his intelligence and judgment.


Cecil Andrus


Ray Marshall


Joseph Califano

However, others in the administration said Brown appears too eager to please Carter and won't stand up for his department as vigorously as military officials would like.

The Cabinet situation indicates that Carter relies heavily on personal relationships. In rating Cabinet officers, officials talk in terms of whether this secretary or that secretary has developed a "closeness" with the President. This is one reason why the standoffish Blumenthal has never made it big, they said.

Carter's relationship with his Cabinet mainly is by memo. Although he can be direct and sometimes angry with his criticism, he usually has not followed up with reprimands when Cabinet officers have fallen short.

HE DOES GET upset when the bureaucracy is unresponsive. Time after time White House memos have gone to the Treasury Department, only to go unanswered and apparently forgotten. At the White House, however, they don't forget.

On Oct. 1 the cabinet will get another member when James Schlesinger takes over as head of the new Energy Department. Schlesinger has it all — Carter's confidence, a close personal relationship, demonstrated success in formulating an energy policy, and the independence to run things his own way.