12/21/77 [2]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	~~From Eizenstat to The President (12 pp.) re: Balance of Payment Options/ enclosed in Hutcheson to Eizenstat 12/21/77~~ opened per RAC NLC-126-10-14-1-4, 3/21/13	12/19/77	A
memo w/ att.	~~From Eizenstat to The President (6 pp.) re: Statement on Balance of Trade and Payment Issues/ enclosed in Hutcheson to Eizenstat 12/21/77~~ opened per RAC NLC-126-10-14-3-2, 3/21/13	12/20/77	A
memo	From Owens to The President (1 page) re: Future Aid Goals/ enclosed in Hutcheson to Brzezinski 12/21/77	12/14/77	A
memo	~~From Mondale to The President (4 pp.) re: 1978 Working Visit to the Pacific/ enclosed in Hutcheson to Mondale 12/21/77~~ opened per RAC NLC-126-10-14-2-3, 3/21/13	12/20/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec. -Pres. Handwriting File 12/21/77[2] BOX 65

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THE WHITE HOUSE
WASHINGTON

December 21, 1977

Jim McIntyre

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

Rick Hutcheson

cc: Stu Eizenstat
Charles Schultze

RE: PRESENTATION OF THE TREASURY ACCOUNT, "ANTIRECESSION FINANCIAL ASSISTANCE IN THE 79 BUDGET

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
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
X		~~LANCE~~
	X	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 PRESIDENT HAS SEEN.

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

DEC 20 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. McINTYRE, JR. Jim McIntyre

SUBJECT: Presentation of the Treasury account, "Antirecession Financial Assistance," in the 1979 budget

In accordance with your decision, we are not reflecting "urban initiatives" in the 1979 budget.

In regard to the account, "Antirecession Financial Assistance" (counter-cyclical revenue sharing), however, we recommend, and shall, if you agree, reflect the expectation that the program will be renewed in its present form for one year--fiscal year 1979. Unlike the other potential urban initiatives, this is an existing program. Failure to include this program in the fiscal year 1979 budget will be widely criticized by the Mayors, and representatives of State and local government. While its simple extension would be requested in the January budget, proposals for revising the program to distressed cities having a structural unemployment problem will be considered as the urban message is developed during the early months of 1978.

The current projection of unemployment rates indicates a requirement of about $585 million for a simple extension of the existing program.

Decision

Agree ✓ Disagree _____ Other _____

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EIZENSTAT COMMENT

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: Countercyclical Revenue Sharing

We agree with Jim's recommendation to simply include countercyclical revenue sharing using the existing formula for the January budget.

However, it is important to recognize that this will lead to a substantial reduction in the countercyclical funds due to the reduction in the unemployment rate which will hit particularly hard on cities whose local unemployment rates remain high. OMB and the urban policy group is aware of this and will rectify the problem in the urban initiative.

To avoid a situation in which we are widely criticized by mayors for cutting this program, our budget message in January should simply include a statement such as the following:

"The Administration is reviewing the further expansion of this program as part of its urban policy, to help protect cities with unemployment rates above the national average. The Administration's recommendations will be forthcoming at the time of the urban policy message."

THE WHITE HOUSE
WASHINGTON

December 21, 1977

Tim Kraft

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

Rick Hutcheson

RE: OVERVIEW OF 1/78

THE WHITE HOUSE
WASHINGTON

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THE WHITE HOUSE

WASHINGTON

December 19, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: TIM KRAFT TK

SUBJECT: Overview of January 1978

I submit an overview of January at this time for your general consideration. One specific detail we have to decide on --- as it affects hotel reservations in Atlanta --- is whether you will travel to St. Simon's on Friday, January 20, after the fundraiser.

JANUARY

1 - 6	Overseas travel
7 - 8	Rest
8 - 15	Major Work on State of Union Message and Economic Budget Message -- both hopefully to be in final form by January 15.
16 - 18	Meetings with House & Senate Members --- especially Committee Chair & Leadership
19	State of the Union Message (probably 9:00 p.m.)
20	a.m. Budget Message Signing (will be physically delivered to Hill over the weekend and officially delivered to Congress Monday, January 23)
p.m.	Atlanta - DNC Fundraiser
20 - 23	Travel to St. Simon's immediately following Fundraiser, returning to Washington p.m. of 23rd
24 - 31	Appointments as required

Travel to St. Simon's following fundraiser ✓

Stay in Atlanta at Omni _____

Stay in Atlanta at private home _____

1977 DECEMBER 1977

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JANUARY
1978

1978 FEBRUARY 1978

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1 NEW YEAR'S DAY TRIP	2 TRIP LAST QUARTER	3 TRIP	4 TRIP	5 TRIP	6 TRIP	7 REST
8 REST	9 WORK ON STATE OF UNION/BUDGET MESSAGE →	10	11	12	13	14 →
15	16 MEETINGS WITH HOUSE & SENATE MEMBERS (especially Committee Chair and Leadership) FIRST QUARTER	17	18	19 STATE OF THE UNION (probably 9:00 p.m.)	20 A.M.-Budget Message Signing P.M.-Atlanta Fundraiser St. Simon's	21 St. Simon's
22 St. Simon's	23 P.M.-Return to D.C.	24 APPOINTMENTS FULL MOON	25 (as required) →	26	27	28 →
29	30 Appointments (as required) →	31				

THE WHITE HOUSE
WASHINGTON
December 21, 1977

Stu Eizenstat

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

Rick Hutcheson

DOMESTIC POLICY STAFF WEEKLY STATUS REPORT

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

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December 16, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: Domestic Policy Staff Weekly Status Report

COMMUNICATIONS

Minority Ownership: We expect to announce the package of steps to increase minority ownership of radio and TV outlets shortly.

Reorganization of Office of Telecommunications Policy: We have drafted an Executive Order which largely resolves the disputes between the affected agencies, but we are now running into opposition from Rep. Brooks, who wants to increase OMB's role and decrease Commerce's. Negotiations are continuing.

HEALTH

Fluoridation: OMB and the DPS have completed a joint memorandum which presents options for a national fluoridation initiative. However, the National Cancer Institute recently agreed to conduct animal studies on the carcinogencity of water fluoridation. Because of the political sensitivity of this issue, we should probably await the results of the NCI study before proposing a major fluoridation initiative.

Planning Guidelines: DPS is reviewing the controversial proposed health planning guidelines which HEW issued last September. DPS will work with HEW to assure that opposition to the guidelines does not jeopardize planning and cost containment legislation.

AGRICULTURE AND RURAL DEVELOPMENT

Agricultural Strike: I met with 16 leaders of the protest when they were in town last weekend. We discussed their problems and proposed solutions at some length (2 1/2 hours). The USDA is preparing an evaluation of their proposal.

P.L. 480 and Human Rights: P.L. 480 shipments have been substantially delayed by administrative difficulties in implementation of the new Human Rights amendments to P.L. 480. We are working with the affected agencies to try to iron-out the problems.

Sugar: We are continuing to try to design a workable approach to implementation of the de la Garza program.

REGULATORY REFORM MATTERS

Executive Order on Regulatory Process Reforms: Comments on proposed regulatory reform executive order have yielded one controversial issue -- whether the final order should cover the "independent" regulatory agencies (e.g. FTC, CAB) in addition to the regulatory entities within the Executive Branch (e.g., EPA, OSHA). Justice has determined that you have the legal authority to extend coverage to the independents. The independent agencies themselves, as well as certain influential members of Congress, will disagree. We plan to prepare a decision memorandum on this issue, to accompany the final order drafted for your signature, which will be ready by the time you return from abroad.

ECONOMICS AND BUSINESS

Tax Reform: We continue to work with Treasury and CEA.

Economic Policy: We are working with CEA and OMB to develop a coordinated economic strategy.

CIVIL SERVICE MATTERS

Hatch Act Reform: The interagency task force continues to meet with the Senate staff to discuss amendments. We are also working with Frank on overall legislative strategy.

Civil Service Reform Initiative: The final decision memorandum is being drafted by Chairman Campbell and OMB. They hope to have it to you within a week. Reorganization project personnel are beginning to draft possible legislation. We continue to follow the project closely.

OPENNESS AND INTEGRITY IN GOVERNMENT

Lobby Law Reform: House mark-up and Senate hearings will be held in January. We continue to work on policy amendments and legislative strategy with Frank's staff and an expanded interagency task force and push for a strong bill. We are meeting with key House members, labor and other groups.

ENERGY

Options Memo on Oil Imports: Schlesinger's memo, along with our comments, will be to you soon.

Balance of Payments Decision Memo Memo to you soon.

NEA: Working daily on legislative strategy with Secretary Schlesinger, Frank Moore, Hamilton and the Vice President.

Energy Impacts: We are working with the Department of Energy, OMB and Jack Watson's staff on an interagency review of federal programs to assist communities facing demands that result from energy development.

Nuclear Licensing Reform Initiative: Initiative is still in interagency review. Decision memo for you is being drafted.

ERDA Authorization Legislation: Senate will probably not consider this bill until January.

NATURAL RESOURCES

Nonfuel Minerals Policy Study: Approved memorandum has been sent to participating agencies.

National Heritage Program: Decision memorandum has been submitted.

Dam Safety: Working with Corps and Frank Press' office on implementation of inspection program.

Deep Sea Mining Working with OMB and interested agencies to develop detailed Administration position on legislation.

Outer Continental Shelf: Participating in informal talks with House staff on proposed Administration floor amendments.

Wilderness: Endangered American Wilderness bill stalled in conference committee over disputed Kalmiopsis area in Southern Oregon.

Water Pollution Bill: Passage of conference report by both houses expected December 15th. Enrolled bill memo, signing statement and announcement suggestion to you by December 20.

TRANSPORTATION

Adams Memo: Memo on surface transportation legislation will be to you soon.

EDUCATION

Federal Employees Who Default on Student Loans: HEW estimates that there are a total of 1 million defaulters in the federal loan programs. HEW recently cross-checked the default list with current HEW employees and found about 300 employees with outstanding federal student aid loans. HEW is in the process of locating and collecting outstanding debts; to date, 49 defaulters have made arrangements to repay. HEW plans to collect all outstanding loans from HEW employees.

HOUSING AND URBAN DEVELOPMENT

Fanny Mae: We are awaiting recommendations from HUD and Treasury regarding the resolution of continuing disagreement between HUD and Fanny Mae over the corporation's policies and management. Speaker O'Neill and Senator Cranston have a strong interest in this issue. Memo to you as soon as recommendations are received from agencies.

National Flood Insurance Program: HUD's decision to take over the National Flood Insurance Program has elicited strong opposition from Senators Eagleton, Ribicoff, and others. Memo will be to you soon.

Community Development Block Grant Regulations: There is Congressional support, but opposition from mayors, to HUD's administrative decision to require that 75% of CDBG funds be used to benefit low-income persons. Memo from Assistant Secretary Embry to you soon.

Urban Policy: Pursuant to the discussion at the budget review, we are preparing for review by OMB and the agencies an inventory of the base programs and a statement of principals and objectives to guide future work. In addition, we will prepare a work plan including further intensive consultation with representatives of governments at all levels, concerned citizens, small and large businesses. We will closely involve the First Lady and the Vice President.

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MISCELLEANOUS

Congressional Veto Message: We continue to work with Bob Lipshutz and Justice on a message to be submitted at beginning of next session.

GSA Space Requests: As you directed, I will meet with Jay Solomon concerning pending requests of federal agencies for additional space. We continue to work with GSA on federal space requests. We will have a report to you by end of next week.

Budget: We are working closely with OMB and the agencies during the appeals process.

THE WHITE HOUSE
WASHINGTON
December 21, 1977

Jim Fallows

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

Rick Hutcheson

cc: Jody Powell
Peter Bourne

RE: CHRISTIAN SCIENCE MONITOR HUNGEI
STATEMENT

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

Jim -
ok - I
didn't edit
J

December 19, 1977

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS/ACHSAH NESMITH

SUBJECT: Christian Science Monitor Hunger Statement

This is to run in a special section on hunger in January. They need the copy before Christmas. We worked with Peter Bourne on this and he has approved this draft.

Eizenstat's office also concurs.

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12/19/77
Nesmith

PRESIDENT'S STATEMENT ON HUNGER
Christian Science Monitor

Despite abundant harvests in most of the world for the past two years, hunger and malnutrition persist. More than half-a-billion people -- twice the popluation of the United States -- suffer from these two scourges. Half of them are children. Famine is part of their daily lives. More than a billion people live in poverty and misery so abysmal that they can never achieve their full human potential.

I sense in our country today a growing concern about the persistence of poverty, malnutrition and injustice in a world of plenty. I firmly believe we cannot continue to let people go without enough to eat when it is possible to prevent it. We must make a commitment to free the world's people from hunger and help to break the bonds of poverty and injustice which imprison them.

We need to know more about how to help the poor solve their problems. But knowledge alone is not enough, if we lack the will. When we wanted to put a man on the Moon, we found the will to do it. When we decided to rebuild Europe after World War II, we found a way it could be done. Ways can also be found to help those for whom empty stomachs are a way of life.

Coping with hunger cannot be quick or easy, because it involves basic questions of economic justice, and requires creative applications of our technical skills. No one nation can solve these problems alone. We have to work together as a people, and through the international organizations which we helped to create for these precise purposes.

If these efforts are to succeed, the nations involved must also commit themselves to concentrate their own resources on freeing their people from hunger and malnutrition and from the underlying causes of their poverty. Man must also learn to work with an often harsh nature to protect fragile land and make it bloom instead of washing or blowing away.

I intend to exercise the authority given me in last year's farm bill to increase food aid to countries that need it now, making sure available food goes to those who need it most, and to establish grain reserves to help countries which experience crop shortfalls or disasters.

I also intend to exercise the authority given me by the Congress in the foreign aid bill to increase our assistance for agricultural and rural development, especially to small farmers. I plan to ask the Congress to expand this kind of assistance in the future.

A federal task force currently is exploring additional steps that we, as a nation, can take to alleviate world hunger

and malnutrition. In the near future I shall present a specific plan of action.

In our concern about the rest of the world, however, we cannot forget that we still have hungry and malnourished people at home -- people without jobs or who don't earn enough to adequately feed their families, and many senior citizens. They need help to meet their own needs. They must not be asked to pay the cost of our help to the poor abroad.

After I spoke to our own people about my hopes and plans for our country on Inauguration Day last January, I also made a speech to the rest of the world. I wanted to let people in other countries -- especially the poor -- know that Americans are concerned about their problems.

I said then that "the United States alone cannot guarantee the basic right of every human being to be free from poverty and hunger and disease and political repression," but that "we can and will cooperate with others in combatting these enemies of mankind." I pledged that "as President of the United States I can assure you that we intend to do our part."

I renew that pledge now, and ask you to join me in this cause. As we conclude our holiday season, let me remind you -- while we wish each other well, exchange gifts, and give thanks -- that there are many millions of people who share this planet with us who do not share our good fortune or our hope. It is

part of the holiday spirit to take care of these, our brothers and sisters, here and abroad, who never have enough -- part of giving thanks to our common Father for our own blessings.

# # #

THE WHITE HOUSE

WASHINGTON

Date: December 19, 1977 MEMORANDUM

FOR ACTION:
Stu Eizenstat concur by phone
Zbig Brzezinski

FOR INFORMATION:
The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Fallows memo dated 12/19/77 re Christian Science Monitor Hunger Statement

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

DAY: IMMEDIATE TURNAROUND

DATE:

ACTION REQUESTED:

__X__ **Your comments** MUST BE IN BY 4:00 PM Today

Other:

STAFF RESPONSE:

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

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE WHITE HOUSE
WASHINGTON

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

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		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
	X	BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
X		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		KING

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

THE WHITE HOUSE
WASHINGTON

December 21, 1977

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Please convey the President's decisions to the appropriate parties.

Rick Hutcheson

RE: BALANCE OF PAYMENT OPTIONS

~~SECRET~~ ATTACHMENT

DECLASSIFIED
Per; Rac Project
ESDN; NLC-126-10-14-1-4
BY KS NARA, DATE 3/20/13

THE WHITE HOUSE
WASHINGTON

cc SE — pls convey decision to appropriate parties

~~Secret~~

DECLASSIFIED
Per; Rac Project
ESDN; NLC-126-10-14-1-4
BY LES NARA DATE 3/20/13

THE WHITE HOUSE
WASHINGTON

December 20, 1977

Mr. President

Since the final typing of this memo, Mike Blumenthal has called me to tell me that Cy Vance now favors some sort of general statement of concern on the balance of payments problem.

ok

Stu

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~~SECRET~~ THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

December 19, 1977

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT
KITTY SCHIRMER

SUBJECT DECISION MEMORANDUM ON BALANCE OF PAYMENTS OPTIONS (At your request)

I. THE NATURE OF THE PROBLEM

A. The Forecasts (Provided by Treasury)

	($ billions) 1976	1977	1978
Trade deficit	9	30	33-36
Current Account deficit	1	18	21-24

These forecasts are:

(1) based on optimistic assumptions (e.g., no OPEC oil price increases in 1978).

(2) subject to the usual uncertainties, things could turn out better in 1978 -- or they could turn out much worse. (A trade deficit approaching $40 billion is conceivable.)

B. Recent Performance of the dollar

In the last three months, the dollar has depreciated 9% against the German mark, 13.5% against the Swiss franc, 10% against the Japanese yen and over 6% against the British, Belgian, and Dutch currencies.

~~SECRET~~

DECLASSIFIED
Per; Rac Project
ESDN; NLC-126-10-14-1-4
BY 125 NARA, DATE 3/20/13
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II. Approaches to the Problem

Your advisors have put forward several different views of how the U.S. should deal with the balance of payments/ current account deficit problem. There is, however, consensus on several points:

- confidence in the dollar is critical to our continued ability to finance existing and projected U.S. trade and current account deficits;
- enactment and implementation of a strong national energy program is central to our ability to deal with the trade deficit problem and our excessive dependency on foreign oil;
- we should continue diplomatic efforts to encourage more rapid growth by our strongest trading partners; and
- public education about the balance of trade issue is needed here at home.

A. The Blumenthal approach

Confidence in the dollar has waned in recent weeks, and speculation has developed which has further depressed the dollar exchange rate and confidence in our currency. There is now some risk of a major speculative run against the dollar with serious implications for the preservation of the liberal trade and payments system, U.S. leadership internationally and our own domestic economy. Relationships with European monetary authorities are becoming increasingly difficult. The market disorder is receiving heavy and disturbing press play. The widespread market perception that the U.S. is not prepared to make any attempt to stop the decline of the dollar tends to deter the capital inflow needed to finance the current account deficit. Because the world monetary system is based on the dollar, lack of confidence in the dollar also damages confidence in the world economy which is crucial to global economic expansion.

While Blumenthal does not recommend efforts to slow U.S. economic growth, he does recommend actions designed to convince traders, businessmen, and foreign governments that the Administration intends to act forcefully to bring its current account under control and keep the dollar strong. This cannot be achieved solely by monetary measures such as increasing intervention in the foreign exchange market.

He also considers it psychologically important that the deficit next year be somewhat smaller than in 1977. For this purpose, he recommends that you express public concern (but not alarm) about the dollar. This statement should be supported by new energy measures as well as discussion of the Administration's fiscal policy and tax policy objectives. He recommends a number of actions designed to reverse what he believes to be a widespread perception of "malign neglect" by the Administration even though the specific measures recommended would not in themselves reduce the deficit dramatically.

B. The Vance/Schultze view

The size of the U.S. current account deficit, particularly oil imports, is a matter for concern. Although it creates a drag on U.S. economic recovery, the deficit does not indicate a fundamental weakness in the U.S. economy. Our ability to compete is unimpaired. Our foreign markets are simply growing slowly or not at all, while U.S. economic growth leads the industrial world.

The dollar has depreciated considerably against slow-growing countries, many of which are now in surplus as a response to our deficit. The recent exchange rate adjustments will help to keep our deficit in line and reduce the surpluses elsewhere. The exchange rate changes also put pressure on the countries in surplus to take needed action to stimulate their economies. Although there may be alarmist press coverage, Vance and Schultze see little risk that exchange markets will get out of hand. In fact, this risk is likely to be increased rather than reduced by major policy reversals and high visibility statements that emphasize our alarm.

Schultze and Vance recommend low key public education, pursuit of diplomatic efforts to stimulate adjustment by countries in surplus and quiet adoption of reasonable, low-cost measures.

C. Schlesinger Comment

We must recognize that while approximately half the deterioration in our balance of trade is attributable to increased oil imports, the other half is not. Over the

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past two years, there has been a significant deterioration in our trade balance in the industrial products sector, and some deterioration in the agricultural sector. Our biggest single problem -- the $12 billion annual Japanese trade surplus -- is largely unrelated to energy imports. It is interesting to note that, considering the relative sizes of GNPs, the Japanese import the equivalent of twice the amount of oil as does the United States and yet still manage to run an enormous balance of trade surplus. Thus, when considering the balance of payments problem, we must keep the non-energy component in mind and act accordingly. This should call into question any strategy which does not focus on a broad range of remedial actions. Those actions, however should be implemented gradually, and any energy-related actions should be implemented without an explicit linkage to the balance of payments problem.

III. OPTIONS FOR DECISION

The pros and cons of each of the options suggested by Secretary Blumenthal are outlined below. Some of the impacts of these options can be described as either positive or negative, depending on the basic approach to the problem which you feel is most appropriate. For example, a highly visible expression of concern about the strength of the dollar would be a plus under the Blumenthal approach, and a negative under the Schultze/Vance approach.

1. Defer or slow down purchases for the Strategic Petroleum Reserve

Pro:

- Deferral of further purchases until 1981 would save $3.2 billion in 1978, $1.5 billion in 1979, and $2 billion in 1980, (but would add to outflows in future years).
- Various rates of slowdown, short of complete deferral of purchases, are available which could be selected to demonstrate our concern, particularly in 1978.

Con:

- Legislative revision would be required for any schedule which delays storing the first 500 million barrels beyond December 1980.
- This program is popular with the Congress and the public. It was a major element of your April 20 Energy Program, and is aimed at counteracting our petroleum import supply vulnerability.

- Delaying SPRO may be taken as a sign that we do not really believe that the energy problem is serious, although Blumenthal suggests that it could also be cast as reflecting our perception of the easing of mid-East tension as a result of the Arab-Israeli talks.

- Surpluses in the world oil market are likely to continue over the next two to three years which should keep OPEC price increases to a minimum. SPRO purchases during these years are therefore optimal from a price and availability standpoint.

- Vulnerability studies to date show that the SPRO, at least at the 500 million barrel level, is a worthwhile insurance policy against supply interruptions or cutbacks.

- Deferral of SPRO would undermine efforts to encourage our allies to undertake storage programs (which may ultimately reduce the size of necessary U.S. storage.)

COMMENT: This would be the most dramatic evidence of U.S. concern over the balance of payments problem. It would reverse a major element of your energy policy which has been consistently stated since the early days of the campaign. Blumenthal believes this change would be appropriate, indicating a belief that "embargo insurance" is not as urgent as our trade deficit. Vance does not believe that the change in the deficit would be more than cosmetic.

A decision could be made to continue with the first 500 million barrels, and to adjust the fill rate (or a decision on the second 500 million barrels) if the balance of payments picture or the oil supply situation should change. Under this alternative, the immediate impact on the deficit would be foregone, but it would reduce future pressures on the picture.

Blumenthal recommends slowdown in purchases in 1978 through 1980. Vance, Schultze, Schlesinger and we recommend keeping on schedule with the first 500 million barrels

Maintain 1985 schedule on purchases

but keeping an eye on the need for and the economics of the second installment.

_____ Slow down SPRO purchases (Blumenthal)

__✓__ Maintain current schedule for first increment but defer decision on next increment (Vance, Schultze)

_____ Maintain current plan for full SPRO (Schlesinger)

2. Increase rate of production at Elk Hills and expedite construction of the Sohio pipeline

Pro:

- Would save $.6 billion in 1978 and up to $1.5 billion in mid-1980 (assuming completion of the Sohio pipeline).
- All federal and state permit issues for Sohio have been worked out. The one remaining issue (between Sohio and the local utility) can probably be solved soon. The project has a decent chance of completion by the time Elk Hills can be cranked up to full capacity.

Con:

- If the Sohio project cannot be completed in time, Elk Hills production cannot be increased to its maximum since no transportation capacity, even to the West Coast, will be available.
- Would constitute a change in earlier policy, although this is not likely to be either controversial or noticed by other than local interests.

COMMENT: All parties recommend full production of Elk Hills, including moving forward aggressively to fund a new gas plant in the field and secure related transportation systems.

__✓__ Begin work for full production of Elk Hills (all recommend)

_____ Continue Elk Hills slowdown

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3. Encourage an immediate decision by the owners to increase the throughput of the Trans-Alaska Pipeline System (TAPS)

Pro:

- Would add 400,000 barrels per day to domestic production saving $2 billion/year beginning in mid or late 1980.
- If completed, Sohio can handle at least part of this additional capacity.
- This is the single most cost effective option available to reduce the underlying levels of oil imports and the balance of payments deficit over the next 3 years.

Con:

- The additional Sohio transmission capacity will probably not be sufficient to handle Elk Hills and Alaskan oil. Some of this oil would have to be tankered through the Panama Canal or swapped with Japan.
- While a Japanese oil swap would not increase U.S. dependence on foreign oil, it has been violently opposed by numerous members of Congress. A swap would be politically difficult.
- Would reverse a previously stated policy of avoiding oil swaps which received substantial favorable press.

COMMENT: Vance, Schultze, Blumenthal, and Schlesinger recommend increasing TAPS throughput and arranging for a swap with Japan if needed. We concur with this recommendation on the merits, but believe that announcing or implementing such a decision should be deferred until we have consulted extensively with members of Congress and California officials. We strongly urge you not to even float the idea of a swap until the energy bill passes and until there has been adequate Congressional consultation.

✓ Encourage an increase in TAPS throughput and swap oil with Japan if needed. (all recommend)

_____ Delay announcement and implementation pending consultation. (all recommend except Blumenthal)

_____ Continue with current policy.

No reference to Japan Swap

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4. Direct limitation of oil imports (quotas/import fees)

Pro:

- Most direct means of curtailing consumption of oil, but would require some sort of domestic allocation or consumer rationing. Use of quotas (or fees) could reduce payments by $5 to $10 billion, depending on the stringency of the program.
- Would constitute dramatic evidence of our determination to deal both with the trade deficit and with our energy problem.
- Some argue that rationing is fairer means of inducing conservation than price increases.

Con:

- Rationing in the absence of a major supply interruption would be perceived as a drastic, and probably unnecessary step by the public.
- Reduction in oil import availability could have a significant negative impact on economic growth.
- Any rationing system is cumbersome and expensive administratively.
- Revised rationing plan (and other contingency plans) is still in preparation. These require congressional approval after submission, and implementation of the plans is subject to a one-house veto.
- Other steps, short of rationing, are available to cut back consumption.
- No rationing system can be completely equitable. Hardships would be caused in certain sectors of our society.

COMMENT: You have the legal authority to impose import quotas for balance of payments reasons. You also have the authority to impose gasoline rationing (subject to Congressional disapproval). None of your advisors recommends rationing at this time. All agree, however, that

development of rationing and contingency plans (and analyses of import quotas or fees) should continue expeditiously.

✓

_____ Continue plan preparation, but avoid rationing (all recommend)

_____ Proceed to develop rationing plan for immediate implementation

5. Expand CCC budget by $1.5 billion per year

In the FY 1979 budget session on agriculture you decided to increase the CCC budget from $750 million to $1.5 billion. ✓

6. Expand Eximbank lending by about $4 billion

This issue will be reviewed in detail in the Eximbank budget session on December 20 so will not be treated in this memo. ~~$~~ 3 Total

7. Sell some of our gold holdings in the private market

Pro:

- This would have a slight, but positive impact on the balance of payments.
- It is consistent with our longer term goal of removing gold from the international financial system.
- Sales can be timed so as to avoid disrupting the international market, or impacting upon the French elections.

Con:

- There are a small number of highly vocal critics (including some in Congress) who believe that selling gold undermines the stability of the dollar and the entire monetary system
- Immediate sales could offend the French and this could become an issue in the March elections.

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COMMENT: All of your advisors believe that this is a sensible policy. No announcement, however, should be made until after the French elections in March.

Gold sales should be justified on the grounds that this is sensible monetary policy, and should not be announced as part of a balance of payments strategy.

✓ Approve gold sales after the French elections (all recommend) modest

_____ Disapprove gold sales

8. Moderate expansion of military sales for off-the-shelf items

Pro:

- Would generate about $500 million per year

Con:

- Would be at least a partial retreat from your efforts to reduce arms sales
- Foreign military sales from past commitments are expected to rise from $6.9 billion in FY 1977 to up to $9.2 billion in FY 1978 as it is.
- Acceleration of shipments in 1978 could come only by temporarily degrading our own defense capabilities.
- The impact on balance of payments is relatively small.

COMMENT: Blumenthal recommends that sales be expanded but makes clear that this should not be publicly linked with balance of payments. Schultze, Vance, and we recommend against any such increase on the grounds that the low level of temporary impact is not significant enough to warrant contradiction of your present arms sales policy.

_____ Approve increase in arms sales (Blumenthal)

✓ Disapprove increase in arms sales (Schultze, Vance, Eizenstat)

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IV. PACKAGING OF THE OPTIONS SELECTED

Blumenthal believes that a demonstration of your concern is of far greater importance than the actual statistical effect to be expected from these specific measures. Therefore, he recommends that you announce your determination to maintain a strong dollar, relying primarily on:

- policies to maintain a growing, non-inflationary domestic economy;
- an effective energy program, but including as specific balance of payments actions such energy-related measures as you select;
- expansion of CCC and EXIM budgets;
- speculation against the dollar might then be stopped and some visible improvement in the current account position achieved during 1978.

Blumenthal further states that although we should continue to urge economic expansion abroad in appropriate cases, we should recognize that we have pushed the Japanese and Germans about as far as they will tolerate at this time. In an effort to avoid further currency appreciation both countries are now turning to restrictive measures on capital inflow.

Vance, Schultze, Schlesinger, and we recommend against such an announced package on the grounds that:

- even if all of the options were selected, the total impact on the balance of payments is fairly small. If this is touted as our whole program, it may appear too small and discourage international confidence in the dollar;
- calling particular attention to the problem could set off more alarm in the international market than not doing so;
- the U.S. balance of payments picture is already relatively well-known by sophisticated observers and participants in international money markets and it has not seemed to do the dollar great

or disorderly harm. In fact some appreciation of the mark and the yen will encourage the stimulative policies by Germany and Japan which we seek. As long as this appreciation occurs in an orderly way, it is not undesirable.

_____ Package energy options together and link to balance of payments (Blumenthal)

_____ Proceed to implement options, but do not expressly link to balance of payments (Schultze, Vance, Eizenstat)

Statement approved for use when/if needed.

JC

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THE WHITE HOUSE
WASHINGTON

December 21, 1977

The Vice President

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

Rick Hutcheson

cc: Zbig Brzezinski

RE: 1978 WORKING VISIT TO THE PACIFIC

~~SECRET~~ ATTACHMENT

DECLASSIFIED
Per; Rac Project
ESDN; NLC-126-10-14-2-3
BY KS NARA DATE 3/20/13

THE WHITE HOUSE
WASHINGTON

cc VP

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-10-14-2-3
BY LCS NARA, DATE 3/20/13

THE PRESIDENT HAS SEEN.

~~SECRET~~ - XGDS

THE VICE PRESIDENT
WASHINGTON

Fri 23
I

December 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: The Vice President

SUBJECT: 1978 Working Visit to the Pacific

Looking ahead to the assignments I might undertake in 1978 to advance your foreign policy objectives, I would propose a working visit to the Pacific in 1978 following the visits to Canada and Mexico. A visit to Southeast Asia would reaffirm in a tangible way the commitment of your Administration to Southeast Asia and the Pacific, strengthen our relations with ASEAN, and enhance our bilateral relations with key states in the region.

I have discussed this with Cy and Zbig, and we believe the mission should include talks in the Philippines, Indonesia and Thailand with additional stops either in Singapore and Malaysia (the other ASEAN partners) or Australia and New Zealand.

We also believe it would advance U.S. interests if, en route home, I were to accept a standing invitation from the East-West Center in Hawaii to deliver an address on your Administration's Pacific policy following my tour of the region.

I am forwarding this memorandum now to seek your approval on the itinerary and substance of the proposed working visit. Because of current timing uncertainties relating to the next session of the Congress and its schedule of work, I have left open the question of timing for my proposed visit. As soon as the Congressional and Executive timetables for the first half of 1978 become clearer, I will forward to you a specific recommendation on timing for the Pacific trip.

The Philippines and Indonesia. The Philippines and Indonesia are important middle powers strategically located in the Pacific. A visit by me in your behalf would permit the opening of a dialogue at the political level on the interests we share bilaterally as nations

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Per: Rac Project
ESDN: NLC-126-10-14-2-3
BY LCS NARA, DATE 3/20/13

in the Pacific and multilaterally, for example, in the North-South dialogue. In 1978, our dialogue with the Philippines on a new base agreement should be at a stage where a visit -- which Marcos would welcome -- could induce him to agree to specific proposals acceptable to the U.S. despite opposition from some of his lieutenants. However, as in past visits, I would avoid entering into the details of the negotiation.

An issue to be considered in visits to both of these countries is their deficient human rights records which elicit substantial criticism from certain members of Congress. I believe this can be turned to U.S. advantage. The trip would offer the opportunity for a high-level discussion of human rights problems, and there is a reasonable likelihood that both governments will make further progress on their problems in anticipation of the visit.

Thailand. Both State and the NSC believe that Thailand should be included in the proposed mission. Thailand has not had a top-level U.S. visitor in more than three years and is unsure of continued U.S. support. The new Thai government, although led by the army, has adopted more moderate policies on human rights, trade unions and relations with its neighbors than its predecessors. Moreover, Thailand would be the only country visited on mainland Asia. Should I not include it, I would be visiting only island states, which might convey the false impression that the United States no longer values its friends on the mainland and has adopted an island defense strategy in Asia.

Malaysia and Singapore vs. Australia and New Zealand. To round out the Pacific visit, I would propose stops in either Malaysia and Singapore or Australia and New Zealand. Stops in Singapore and Kuala Lumpur would make my travel an all-ASEAN mission, demonstrating clear U.S. support for this growing regional entity, signalling the political and economic significance we attach to our bilateral relations with these countries, and dispelling any suggestion that the United States is losing interest in the region. The State Department prefers the all-ASEAN option.

Alternatively, as I have open invitations from the Governments of Australia and New Zealand, it might be preferable to include stops in the capitals of these allies, adding

an ANZUS as well as an ASEAN dimension to the Pacific mission. Given that the Prime Ministers of Singapore and Malaysia have both met with you quite recently, I do not believe we would be open to the charge of neglecting these nations.

Were I to announce plans to travel to the Pacific and not include Australia and New Zealand, I do believe that stories of U.S. indifference to ANZUS would begin to appear in the Australian and New Zealand press and that the Administration would come under pressure to reconsider stops in Canberra and Wellington. Visits to these capitals would not only demonstrate the priority we place on good relations with our ANZUS partners, but also permit fresh consultations on our economic, political and security interests.

Japan. Following on your conversation with Minister Ushiba last week, Zbig suggested that it would be a good idea if I were to include Japan as well in the itinerary. I have weighed the pros and cons of including Japan from the beginning. While there are good arguments in favor of including Japan, there are also important reasons not to do so and, on balance, I would recommend against a stopover in Japan: agree

-- A stopover in Tokyo would add at least two more days to an already lengthy trip.

-- During my first visit to Japan I was under strong pressure, which I resisted, to visit South Korea. It would be difficult to plan another visit to Japan without still another stopover in Seoul, and I do not think that would be desirable at present.

-- As reflected in the talks held earlier this year with the Prime Ministers of Singapore and Malaysia, there is some concern among the ASEAN countries that we are "taking our orders" on ASEAN policy from Japan, and this concern would be reenforced were I to stop in Tokyo as well as in the capitals of the major ASEAN countries. Accordingly, I would prefer not to include Japan in the Pacific visit itinerary.

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RECOMMENDATION

1) That you approve the proposed working visit to the Pacific.

Approve ✓ Disapprove _____

2) Subject to your approval of the visit and of stopovers in the Philippines, Indonesia and Thailand, that you indicate your preference for additional stops either in Singapore and Malaysia _____, or Australia and New Zealand ✓.

3) That you indicate your guidance on Japan.

Do not include Japan ✓

Do include Japan _____

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~~SECRET~~

THIS IS A COVER SHEET

The information in this document is classified and as such will be treated according to OSD Security Instructions. Writing on this cover sheet is prohibited.

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BY KS NARA, DATE 3/20/13

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

December 21, 1977

Stu Eizenstat

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

Rick Hutcheson

cc: The Vice President
Frank Moore

RE: STATEMENT ON BLANCE OF TRADE AND PAYMENT ISSUES

~~CONFIDENTIAL~~

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Per; Rac Project
ESDN; NLC-126-10-14-3-2
BY KS NARA, DATE 3/20/12



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BY LCS NARA, DATE 3/20/13

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
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X	FROM PRESIDENT'S OUTBOX
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ACTION	FYI	
	X	MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
	X	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 PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

December 20, 1977

Stu -
Ok only after Schultze & McIntyre have ok'ed it. Clear any significant changes with me -
J. C.

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: Proposed Statement For Release Tomorrow

Attached is a draft of the proposed statement to be issued under your name on the balance of trade and payments issue. I have had it reviewed by Henry Owen on Zbig's staff, by Schlesinger's staff, and copies have been provided to Charlie Schultze and Dick Cooper. I will attempt to get their comments in the morning; they were unavailable at any time tonight.

As a result of the meeting this evening with Dr. Burns, Secretary Blumenthal, Charlie Schultze, Dick Cooper, Tony Solomon and others, both Charlie and Dick Cooper are now apparently convinced that a statement along these lines should be issued. As you are aware from the memorandum which I forwarded to you earlier that this was not their previous position.

While the Department of Energy does not appear to be enthusiastic about such a statement, since it effectively announces new energy policy with virtually no Congressional consultation, they will go along with it if there is indeed a crisis situation which requires a statement tomorrow. It seems to me that there is a risk in that the statement may be seen as pressuring the conferees. Moreover, it is unclear to me that the type of statement attached hereto will have any measurable impact on exchange markets. However, in light of the very strong feelings on the part of Blumenthal and Burns, I certainly defer to their expertise regarding the need for this statement.

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BY JCS NARA, DATE 3/20/13

The only substantive change suggested is that the Department of Energy would prefer no specific dollar figure be mentioned in terms of the expected improvement in our trade position, or at least that a range be given of "$3-5 billion". They are concerned that a $5 billion figure standing alone will lead reporters to attempt to compute the amount of Prudhoe Bay oil which must be produced, which in turn may lead reporters to surmise that we are considering a Japanese swap.

I have notified Jody to expect release of this statement in the morning -- if you so desire. It will be released around 11:30 and the Treasury people will do a briefing at that time at the Treasury Department.

I might add my own view that an additional day be provided for Congressional consultation, particularly on the new energy pronouncements so that we are not perceived to be taking precipitous action without review. Perhaps you might call Blumenthal in the morning to determine whether a 24-hour delay in issuing the statement to provide for this review would be acceptable.

~~CONFIDENTIAL~~

The United States balance of trade and payments has shifted this year to a large deficit position. These deficits have contributed to some disorder in the exchange markets and rapid movements in exchange rates which are unjustifiably rapid. Heightened uncertainty and increased exchange market pressure in recent weeks have coincided with the delay in Congressional action on our energy legislation. A mistaken belief that the United States is not prepared to adopt an effective energy program has been partly responsible for recent unsettled conditions in the exchange markets. Prompt action is needed in energy and other fields to reduce these deficits.

A large part of the deterioration in our trade balance reflects rapidly expanding oil imports. Last April I submitted to the Congress a comprehensive conservation and conversion program to reduce ~~very~~ sharply our dependence on foreign oil. I am confident that the Congress will not allow this situation to continue to deteriorate through inaction. I am equally confident that the American people will fully support this critically important program. ~~If~~ [When ~~legislation is~~] enacted [~~promptly~~], the measures now under consideration will have increasing beneficial effect in coming years and exert their full impact by 1985.

Today, I propose to supplement that program with additional energy measures, to take effect in the period immediately ahead and to serve as a bridge until the implementation of the more comprehensive program begins to exert fundamental changes in our

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BY KS NARA, DATE 3/20/13

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energy balance in the years ahead. ~~1980's~~. I also propose to improve our balance of trade by new measures to increase our exports of both agricultural and non-agricultural goods.

The United States is currently importing petroleum at a cost of [~~more than~~ about] $45 billion a year. It is essential that we take steps to curtail these imports, in order to reduce both our excessive dependence on imported oil and the burden on our balance of payments. The energy measures I am now proposing are designed to serve these ends.

I have instructed the Department of Energy to pursue efforts to:

-- expand production of oil at the Elk Hills Naval Petroleum Reserve;

-- encourage an expansion of production at Prudhoe Bay above the 1.2 million barrels a day planned for early 1978;

-- maintain production of California crude at [~~the highest possible~~ a high] level;

-- work with appropriate governmental and private interests in expediting provision of adequate pipeline capacity for transport of Alaskan and Californian oil east of the Rocky Mountains.

Combined with conservation measures, these efforts offer good promise. In 1978, taking account of planned production of Alaskan oil, our oil imports will be stable despite substantial purchases for our Strategic Petroleum Reserve.

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I have also directed that our proposals to Congress next year include a significant increase in programs to expand U.S. exports:

-- We will propose at least a doubling of Commodity Credit Corporation credits to support agricultural exports. check with McIntyre

-- We will propose ~~a substantial~~ an increase in lending activity by the Export-Import Bank, to support exports generally.

We will not engage in unfair competition for export markets; we will fully respect our understandings with other Governments regarding export credit terms. But within these understandings there is room for a more active effort to expand our exports. Through such an effort, I believe we can achieve substantial increases in both agricultural and non-agricultural exports in 1978, as well as in subsequent years.

With these measures, the prospects for an improvement in our trade position will be good. Some of these measures will begin to take effect in 1978. When fully implemented, these measures, energy and non-energy, should produce an annual improvement in our trade position ~~approaching $5~~ of several billion dollars, ~~These measures should~~ and will improve the U.S. balance of payments.

There has been a great deal of public discussion in recent weeks about the large U.S. trade and payments deficits, and the movement of rates in the exchange markets, mainly

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between the dollar and the German mark and Japanese yen. The American economy and the dollar are fundamentally sound; U.S. products on the whole are now competitive; the recent exchange market ~~[disorder] is~~ fluctuations are not justified. While some exchange rate adjustment has been understandable in light of economic developments in Germany, Japan, and the United States, the speed with which the adjustments have occurred has been a matter of some concern.

Move up to near top

The two main causes of our trade and balance of payments problems appear to be: large oil imports by the United States which are partly responsible for our deficits, and ~~present~~ relatively slow economic growth in Japan, ~~and~~ Germany and other nations, which is partly responsible for their trade surpluses.

Move up to near top

The new energy measures ~~[thus]~~ strike directly at that part of the balance of payments problem over which the United States has control. The new export measures will enable us to respond effectively to expanding export opportunities. Together, the energy and export measures represent action to deal with our trade deficit in a substantive way, by improving the underlying conditions upon which the value of the dollar fundamentally depends. They will thus strengthen our balance of payments in a meaningful and enduring sense.

Too much repetition

Furthermore, next month I shall be presenting to the Congress a comprehensive economic program, designed to insure a healthy and growing economy, to increase business capital

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investment, to expand industrial capacity and productivity, and to maintain prudent budgetary policies, while counteracting inflationary pressures. These and related measures will promote economic progress and underscore our commitment to a strong and sound U.S. economic position.

We have a responsibility to protect the integrity of the dollar. In close consultation with our friends abroad, we will intervene to the extent necessary to counter disorderly conditions in the exchange markets. The energy and other economic measures I have enumerated will deal with the root causes of these market disturbances in a more direct and fundamental way.

Repetition

Said same thing 4 times

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THE WHITE HOUSE
WASHINGTON

December 21, 1977

Hamilton Jordan
Bob Lipshutz
Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: E.O.: EXEMPTION OF J.K. KUYKENDALL FROM MANDATORY RETIREMENT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
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X	FROM PRESIDENT'S OUTBOX
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Call Moore's office

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
	X	JORDAN
	X	LIPSHUTZ
	X	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

December 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ

RE: Executive Order Entitled "Exemption of Jerome K. Kuykendall from Mandatory Retirement"

The attached proposed Executive Order exempts Jerome Kuykendall from mandatory retirement. Kuykendall is Chairman of the Indian Claims Commission, and the Order exempts him from mandatory retirement until September 30, 1978, the final expiration date of the Commission.

Kuykendall will be automatically retired on December 31 unless he is exempted. We recommend that you sign the attached Order.

_____Approve _____Disapprove

EXECUTIVE ORDER

- - - - - -

EXEMPTION OF JEROME K. KUYKENDALL FROM MANDATORY RETIREMENT

Jerome K. Kuykendall, Chairman, Indian Claims Commission, will become subject to mandatory retirement for age on December 31, 1977, under the provisions of Section 8335 of Title 5 of the United States Code unless exempted by Executive order.

In my judgment, the public interest requires that Jerome K. Kuykendall be exempted from such mandatory retirement.

NOW, THEREFORE, by virtue of the authority vested in me by subsection (c) of Section 8335 of Title 5 of the United States Code, I hereby exempt Jerome K. Kuykendall from mandatory retirement until September 30, 1978.

Jimmy Carter

THE WHITE HOUSE,

THE WHITE HOUSE
WASHINGTON

December 19, 1977

The Vice President
Stu Eizenstat
Hamilton Jordan
Frank Moore (Les Francis)
Jack Watson
Jim Gammill
Nelson Cruikshank

The attached is forwarded to you for your information. If you have an objection or wish to comment, please call by 4:00 PM today.

Rick Hutcheson

RE: EXEMPTION OF JEROME K. KUYKENDALL FROM MANDATORY RETIREMENT

RICK:

We want this to be done. There is strong Congressional interest and the Commission expires next October. We could not find a new Chairman to take it for just that period.

Eleanor
12/19

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

December 21, 1977

Jim McIntyre

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

Rick Hutcheson

cc: Hamilton Jordan
Frank Moore

RE: FY 79 BUDGET FOR THE MARITIME ADMINISTRATION OF THE COMMERCE DEPARTMENT

Admin confid

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
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X	FROM PRESIDENT'S OUTBOX
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		MONDALE
		COSTANZA
		EIZENSTAT
	X	JORDAN
		LIPSHUTZ
	X	MOORE
		POWELL
		WATSON
X		~~LANCE~~ JM
		SCHULTZE

I include my note

	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

12/20/77

Mr. President:

Congressional Liaison recommends that they do the congressional contacting (The Speaker, Long, Hollings) rather than yourself.

Rick

I agree
J

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THE PRESIDENT HAS SEEN.

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

Jim

DEC 20 19[illegible]

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. Jim McIntyre

SUBJECT: FY 1979 Budget for the Maritime Administration of the Commerce Department

At our November 11, 1977, budget review for the Department of Commerce we discussed with you the issue of whether or not to continue Federal subsidies for the construction of liquefied natural gas (LNG) carrier ships. At that time, you asked that we check on the impact of a decision to discontinue Federal subsidies and loan guarantees for these ships with:

- The Department of the Navy, to see about the possibility of substituting Navy ship construction work for the LNG projects at the Quincy, Massachusetts shipyard; and

- The Department of Energy (DOE), to see what relationship this decision would have to the Administration's energy policy.

Our findings are first, that there is no Navy work which can be feasibly substituted at the Quincy shipyard, and second, that DOE is only now beginning to develop an LNG import policy--which may or may not have adverse implications for LNG ship construction.

Upon being informed of your tentative decision to disallow subsidies for LNG carriers in the 1979 budget, the Commerce Department proposed several alternative ship construction projects ranging between $40 million and $90 million for inclusion in the 1979 budget. We have two fundamental problems with the proposed substitute projects:

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-- the ability of the companies involved to finance their portion of the construction contracts is questionable at this time, and although they may eventually contract for the ships, we do not believe that funding for these subsidy commitments will be required before the end of fiscal year 1979; and

-- none of these ships would be built at the Quincy shipyard.

Alternatives

Upon further review, we believe that there are now three alternatives:

1. Discontinue further subsidies for LNG ships, beginning in 1979.

2. Proceed in fiscal year 1979 with the first two of an eventual 6 LNG ship construction project at the Quincy shipyard. Under this alternative our commitment to this project would only be for $102 million in subsidies for the first two ships.

3. Continue providing subsidies for LNG ships by including $102 million for the first two ships in the 1979 budget, and plan for the completion of the full six ship project with additional increments of 2 ships in 1980 and 1981. Under this option at least $102 million in subsidies would be required in both 1980 and 1981, and additional subsidies could be required if other contract applications were approved.

Recommendation

OMB now recommends that we proceed to include in the 1979 budget, funding for two LNG ships to be built at the Quincy shipyard. We continue to recommend that a study of the national defense, energy, and employment aspects associated with the construction of these ships be completed before planning to continue subsidizing their construction in the 1980 budget.

We further recommend that you call Speaker O'Neill and explain to him our concern with Federal subsidies for these ships and the consistency of this practice with our maritime and energy policies. It is not clear that construction of this type of vessel supports any national defense requirement or if in the longrun the availability of these ships will be necessary in light of evolving natural gas import policy. We suggest that you indicate to Speaker O'Neill that we will be proposing continued funding for two of these ships in the 1979 budget, but that we intend to study this issue prior to making any commitment for further subsidies for these types of ships in the budget for 1980 and subsequent years.

Decision

✓ Discontinue Federal subsidies for LNG ship construction in 1979, pending completion of a full policy review.

? Proceed with funding for 2 LNG ships in the 1979 budget, but make no further commitment pending completion of the policy review. (OMB recommendation)

_____ Continue the current policy of subsidizing the construction of LNG ships.

_____ Other:

Jim - I see no reason other than politics to do this. If you & Schlesinger prefer option 2 I can go along

J

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THE WHITE HOUSE

WASHINGTON

Date: December 20, 1977

MEMORANDUM

FOR ACTION:
Stu Eizenstat
Frank Moore

FOR INFORMATION:
The Vice President
Jack Watson

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: McIntyre memo dated 12/20 re FY 79 Budget for Maritime Administration of the Commerce Department

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

DAY: IMMEDIATE TURNAROUND -- PHONE IN

DATE:

ACTION REQUESTED:

_X_ **Your comments**

Other:

STAFF RESPONSE:

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

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

THE PRESIDENT HAS SEEN.

C

THE WHITE HOUSE

WASHINGTON

December 21, 1977

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE
BOB THOMSON Bob

RE: Natural Gas Compromise

At midnight, the House conferees and the "Johnston nine" on the Senate conferees reached conceptual agreement on a gas compromise calling for $1.75 gas, with a six year phase-out of regulation and a floating cap thereafter.

The new gas definition is a "doughnut" that is about half way between the House and the Senate definition.

You will be asked this morning to exercise your influence with Senator Jackson and other members of the nine favoring his original approach to convince them to go along with the compromise. Jackson has not signed off on the new proposal.

The compromise may need three or four of the Jackson nine to be approved by the Senate, since some of the Republicans on the Johnston nine may jump ship.

FM has not seen

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THE WHITE HOUSE
WASHINGTON

December 21, 1977

Jim McIntyre

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

Rick Hutcheson

cc: Zbig Brzezinski

RE: U.S. GOVERNMENT EMPLOYMENT ABROAD

THE PRESIDENT HAS SEEN.

THE PRESIDENT HAS SEEN.

U.S. Government Employment Abroad

About 2.1 million Americans live abroad, of which in December 1976 about 900,000 (including 380,000 dependents) are abroad because of U.S. Government activities.

	Military Commands	Diplomatic Missions
Military personnel	443,379	6,205*
Civilian U.S. Government employees	29,600	10,704*
Peace Corps volunteers	--	5,905
Employees of contracters (est.)	18,000	7,000
Non-appropriated funds employees (est.)	6,500	--
Dependents (est.)	330,000	50,000
Total Americans	827,479	79,814

Jim - Still excessive, I believe - Let's fight on through attrition & Xfer

By law, U.S. ambassadors are responsible for the 79,814 employees, dependents, etc. attached to diplomatic missions. The State Department manages a control and reporting system for the 17,000* civilian and military employees working out of embassies. The State Department is now reviewing current control ceilings. All 22 agencies with American employees abroad have been requested to evaluate their current staffing and to propose possible reductions. Most recommend few changes. Ambassadors have made many recommendations, particularly Ambassador Brewster in London.

State's initial review has led to the conclusion that the sizable reductions made in the past ten years in American employees within diplomatic missions do not warrant another across-the-board reduction exercise with a stipulated target. American employment has decreased from 26,600 to 16,900, or 36 percent, since 1967. Rather, State believes current ceilings for American employment should continue to be reviewed under the regular procedures of the control system, such as the review now underway, which should be completed early in 1978. There is the prospect that selected reductions will result and that longer range reduction possibilities will also be identified. A report will be made to the President.

OMB has tried to look ahead by reviewing the 1979 budget requests of the ten agencies that employ 99% of Americans abroad within diplomatic missions. Each agency was asked to include in its 1979 budget submission a ZBB ranking of those decision packages that include such employment. OMB program divisions, as part of their 1979 budget review, evaluated their agencies' proposals and made recommendations. The current situation for the ten major agencies can be summarized as follows:

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Ceilings: Overseas Americans - Ten Major Agencies

Agency	1978 Current Ceiling	1978 Agency Req.	1979 Agency Req.	1979 OMB Recom.	OMB Recom. Revised Ceiling	Comments
Treasury*	293	+7	+65	+51	351	Increase for Customs in minimum package.
Justice*	533	-12	-44	-22	499	Partial restoration for drug agents in producing countries.
Agriculture*	277	0	+9	0	277	Reprograming can accommodate changes.
Transportation*	594	0	+14	+14	608	+10 Coast Guard and +4 Darien Gap highway.
Peace Corps*	210	+44	+75	-34	220	+10 over current ceiling for program planning overseas in 1979.
State	4,555	+88	+47	+9	4,652	Primarily consular - undocumented aliens and general workload.
Defense	6,268	-126	-60	-81	6,061	Continued reductions in military aid groups and Defense attaches.
CIA	(Data classified)					
AID	1,577	+417	+141	-25	1,969	Increases consistent with "poor people" aid strategy. OMB will review when AID reorganization issues are prepared for President.
USIA	1,082	-92	+19	+19	1,009	Increase to monitor VOA overseas construction.
Change		+326	+266	-69		
Totals	15,389	15,715	15,981	15,646	15,646	

* Presidential review held earlier.

The 1979 changes are presented as changes from current ceilings adjusted by each agency's 1978 recommendations. Some of the latter will be reduced during State's current review. Changes proposed by agencies are generally upward, but not major, except for AID. OMB recommendations and Presidential reviews held earlier result in a net increase above current ceilings but are lower than agencies' requests. It should be noted that 1979 changes requested and recommended are tentative and will not be reflected in the control system's ceilings until 1979. A year from now, the appropriations decisions made by the Congress for 1979 and new developments will change these totals somewhat.

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	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
X		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
	X	FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		KING

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

THE WHITE HOUSE
WASHINGTON

December 21, 1977

Jack Watson
Stu Eizenstat

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

Rick Hutcheson

cc: Frank Moore

RE: URBAN POLICY

THE PRESIDENT HAS SEEN.

Jack & Stu. Good ideas - We have a long way to go. J.C.

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December 16, 1977

MEMORANDUM

TO: Senator Muskie

FROM: Intergovernmental Relations Subcommittee Staff

SUBJECT: Urban Policy

As we have indicated to you in earlier memos, we believe that there is an important role for the Subcommittee to play in the upcoming debate over a new national urban policy, both through hearings and the development of legislation. This opportunity exists for at least three principal reasons.

First, both the short and long-term solutions to the problem must be intergovernmental in nature.

Second, all indications are that there is substantial disagreement within the Administration as to what the new urban policy should be, with the President recently directing his urban task force to start over from ground zero. The President may need some help from the Hill in developing an urban policy.

Third, all three economic stimulus programs will be up for renewal this year. In addition to these opportunities and whatever the President's urban policy proposes, other issues with enormous implications for state and local governments -- such as welfare reform and tax policy -- will be debated separately. There would be substantial value in discussing in a single forum how these disparate elements should fit together.

The Nature of the Problem, in Brief

Problems of the cities have been well documented and do not need repeating here. These problems are both short and long-range in nature.

For perhaps 25-50 cities, the immediate fiscal crisis is severe. Without a continuation of the massive infusion of Federal aid that has come in the last two years as part of the economic stimulus package, many of these cities could very well go under. So dependent have they become on these funds that it is not uncommon, for example, to find cities where 10 percent of the work force is being paid with CETA funds.

When regular Federal aid programs -- like general revenue sharing or community development -- are added in, you find that many of the major cities are little more than budgetary wards of the Federal government.

This situation is not in anyone's best interest -- either taxpayers or the cities themselves. But weaning the cities from the Federal dole is not as simple as just cutting off the funds. The self-sufficiency of the cities must be drastically shored up. That is where the long-range -- and intergovernmental -- solutions come in.

The Federal government cannot -- and should not -- be the sole agent in the fight to revive the cities. Both state government and the private sector must be enlisted. States, in particular, can play a pivotal role -- by increasing the revenue-raising flexibility of cities, by implementing development plans -- like that adopted in Massachusetts -- that encourage revitalization of existing city services and infrastructures, rather than abandoning cities to the effects of urban sprawl.

A Reasonable Urban Policy -- Major Themes

Any new Federal urban policy must do two things. First, it must ease the immediate fiscal crisis in the short run. Second, it must seek, over the long haul, to restore cities to a position of greater control over their own fiscal and economic well-being. To achieve the latter goal, government at all levels must direct its efforts toward encouraging the private sector to go where jobs are needed most.

If anything is clear from our experience of the last decade, it is that Federal programs alone will not put the cities back on their feet. The real fiscal and economic well-being of the cities depends on a strong private sector -- more taxpaying residents and more private sector investment. The policies of the government should encourage, not discourage the development of the private sector.

Although it is tempting to search for new magical solutions to the urban problem, there are few, if any, truly new ideas. Even the Urbank idea, touted as the one important new ideas in the Administration package, is one which has been around for years. The problem with the Administration urban task force report was not that it contained no new ideas, but that it relied solely on the old ideas which have not brought us results.

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Nevertheless, there are "new" ways of looking at the problem.

In the past, our urban policies have been inconsistent, at best. While the Federal government gave with one hand, through direct urban programs, it took away with the other, through tax, transportation and housing policies which indirectly encouraged urban decline. State and local governments, whose own tax and development policies impact substantially on urban fiscal vitality, have seldom been enlisted in the fight.

The mental fix of the 1960's saw the solution as more Federal money. This "solution" is now largely discredited for having failed outright to halt urban decline.

Today, we function in the midst of a new political debate, to which the President has made an important contribution -- the "politics of the shrinking pie", the public cry for better, not necessarily more, government. A progressive and bold new urban policy must be constructed in light of this political climate, and what we've learned. We simply cannot afford more of the same.

Viewed in this light, we believe that the President's urban policy should emphasize the following basic themes.

(1) First, it should not cost a great deal of new money. The Federal government currently spends at least $70 billion annually on the state and local sector. We ought to be able to construct a reasonable and effective urban policy without adding significantly to that amount. State and local governments ought to be asked to consider trade-offs -- programs they would be willing to give up in return for increased Federal help in certain areas like welfare costs.

I agree

(2) Second, and most important, the new urban policy must be a partnership -- between government at all levels, and the private sector. It makes no sense whatsoever for the Federal government to launch a program like Urbank to entice businesses to locate in the city while its tax, transportation or water and sewer construction policies, or even something as simple as the location of Federal buildings, for example -- encourage those same businesses to locate in the suburbs. Or while state-approved industrial revenue bonds, state policies of locating interstate highway interchanges at rural industrial parks or shopping centers, or state construction policies encourage businesses to locate in suburbs. Or while state and local taxes and banking, insurance and other business laws discourage redevelopment or even the maintenance of urban properties which might entice middle class people back into the cities.

I agree

Jack & Stu - Push this →

The importance of all three levels of government working together cannot be underestimated, and yet such efforts received barely a footnote in the urban policy task force report. The President's urban policy should include powerful incentives for the states to become more involved in helping their cities -- through adoption of state-wide urban development plans, through development of tax-sharing arrangements between central cities and suburbs, and through reform of property tax systems which encourage, or at least do not deter, urban blight.

These are not pie-in-the-sky ideas. And there are undoubtedly many other incentives we could pursue.

(3) Third, the urban policy must call for a greater targeting of Federal aid -- both in terms of where the need is greatest, as well as in terms of the purpose for which the funds were intended.

Revenue sharing is perhaps the best example of a Federal program which provides Federal funds to communities whose only claim to the money is that they exist. With all the critical demands on the Federal budget, we simply may not be able to afford spending money on programs which address no particular need.

I agree

CETA is an example of a program where funds are not used for the original purpose for which they were intended. Up to 50% of CETA public service jobs funds can now be used to substitute for local money to pay regular local employees. This not only compromises the original purpose of the program by dramatically reducing its job impact, but it also makes it much more difficult both substantively and politically, to phase CETA down into the President's welfare reform proposal.

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Specific Elements of an Urban Policy

We believe that the initial policy proposal should think big, partly because the President is not likely to get everything that he asks for, and partly because there are some rather cosmic issues involved which ought to be part of the public debate. The Administration task force report did just the opposite -- it clung closely to the status quo.

The list of policy options below includes some ideas which may be politically unrealistic. Nevertheless, we believe they should be raised.

The list includes only those initiatives with an intergovernmental angle. Obviously, there are other components of a comprehensive urban policy -- such as tax policies, welfare reform, or even the idea of education vouchers -- which should be considered as well.

(1) First and foremost, we would start with a reorganization of existing Federal urban programs and agencies. One of the points Jim McIntyre raised with us was his frustration that so many agencies were involved in urban affairs and yet have so little knowledge of what each other was doing. We would highlight the reorganization with the creation -- either new or from an existing agency -- of a lead agency to direct and coordinate Federal urban policy.

I agree

While the creation of a new office might be initially suspect, we believe it could have several important advantages, of which serving a coordinating function and funding innovative projects are only two. We believe such an agency should have major policy responsibilities, both with regard to any program it might administer itself as well as the programs of other agencies. It should be highly visible, and have sufficiently long tentacles to reach into the policy structures of existing agencies. Consideration might even be given to abolishing agencies which have consistently fallen short of their mandate.

No new office

(2) Of all Federal programs, general revenue sharing reaches by far the biggest audience. If we are serious about trying to encourage state and local reforms, we should consider placing conditions on the receipt of revenue sharing money.

True →

The President campaigned on eliminating revenue sharing for the states. Rather than tampering with the entire revenue sharing program, consideration might be given to attaching

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strings to the states' share, on the condition that they give increased attention to the needs of their cities.

(3) Consideration should be given to the creation of an aid program sharply targeted for distressed cities, preferably to take the place of the 50 percent substitution portion of CETA. Such a program would represent the short-range effort to keep the most hard-hit cities from going bankrupt. However, such aid should be linked to the long-range objective of lessening the cities' dependency on the Federal government. That could be done by tying the aid in succeeding years to the undertaking of certain reforms by the recipient government. Such a program could be administered by the lead urban agency described in (1).

(4) The abolition or consolidation of programs found to be ineffective or duplicative, -- such as impact aid or Hill-Burton -- in return for increased aid in other areas -- like welfare costs, for example.

True

(5) Provision for special consideration to urban or depressed areas in the location or relocation of Federal installations.

agree - few possibilities

(6) Elimination of red tape in the grant-in-aid system, through such things as uniform Federal regulations for all programs in areas such as nondiscrimination, environmental impact, relocation assistance, etc. Such an effort would also benefit small communities who are already at a disadvantage in competing for Federal funds and might become even more so if the Federal grant package were tilted more toward urban areas.

I agree

(7) Urban redevelopment is now occurring in many cities throughout the nation, and in a large number of these instances, it is occurring in spite of, rather than because of, Federal urban efforts. In other words, it is largely a small-scale, private effort. In Boston and the South Bronx, self-help community development tenant corporations are engaged in rehabilitating tenant-occupied buildings, providing improved housing and on-the-job construction training, as well as giving tenants a greater stake in the health of their neighborhood. Consideration should be given to Federal pilot projects to support and encourage such efforts, on the theory that stable neighborhoods are the cornerstone of all other efforts - private or public - to promote the urban health.

I agree

(8) To address the special needs of small communities which might be left out of heavily targeted programs,

consideration should be given to something like an add-on to the revenue sharing entitlements of small communities, in return for eliminating them from eligibility for big-city oriented programs. Such an approach would ease administrative burdens on both the Federal government and on the small communities. It might also encourage Congress to resist the temptation to give something to everybody under each Federal program.

MEMORANDUM

THE PRESIDENT HAS SEEN.

done
F

THE WHITE HOUSE

WASHINGTON

December 20, 1977

TO: Phil Wise

FROM: Fran from

RE: Schedule for the President - Wednesday, Dec. 21

1:30 p.m. (5 min.) Telephone Hook-up to Marietta Civic Center* (approximately 1,000 attending to celebrate the completion of the final segment of I-75).

See memo attached.

* WHCA will place the call to Area 404/424-0690, and will have Bert Lance on the line when they ring the residence at 1:30 p.m. WHCA will record the President's comments, transcribe them and make them available to the press soon thereafter.

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THE WHITE HOUSE

WASHINGTON

December 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON

SUBJECT: Background Information on I-75 Dedication
Wednesday, December 21, 1977

The final segment of I-75 is now complete and will be open beginning tomorrow, Wednesday. As requested by Bert Lance, you are scheduled to make a phone call from Plains to the Cobb County Civic Center to congratulate the state, local and federal persons who will attend the celebration.

This is a landmark week for Georgia interstate projects. New linkages are being opened for I-95 near Brunswick; I-20 west of Atlanta; and I-16 between Macon and Savannah; in addition to the completion of I-75.

Although 17 other interstate highways have been completed, I-75 is the first cross-country highway open for travel. It stretches 1,564 miles from Sault Saint Marie, Canada and Sault Saint Marie, Michigan (sister cities) all the way to Tampa and goes through Florida, Georgia, Tennessee, Kentucky, Ohio and Michigan. The total cost (90%federal, 10% state) is estimated to be $3.4 billion. Federal and state funds expended for I-75 in Georgia are about $566 million.

The project began in the late 1950's after the Interstate Highway Program was established in 1956. As you remember, the specific route for this particular 24 mile segment was selected by Dr. Eugene Odum after the original route was rejected for environmental reasons. Because of the extra-ordinary effort and cooperation of the seven project contractors, the highway has been completed in three years, one year ahead of the original work schedule. This is especially significant since it will be open for holiday traffic; the Federal Highway Administration estimates that some 1100 lives will be saved in a year because of traffic on the interstate, as opposed to traffic on regular roads.

The day's festivities will include the following:

11:00 am Ribbon Cutting Ceremony at the interchange of I-75 and Chastain Road, just north of Marietta. Master of Ceremonies is Harold Willingham, Chairman of the Cobb County I-75 Citizens Committee. There will be brief remarks from

Tom Moreland, Commissioner, Ga. DOT
Governor George Busbee
William Cox, Federal Highway Administrator
Secretary Brock Adams

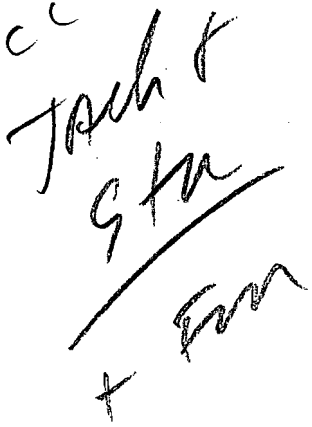
Other dignitaries who will be present for some part of the program are Senator Sam Nunn, Congressmen Larry McDonald and Edgar Jenkins, former Congressman Phil Landrum, Mayor Eastham of Marietta, and Cobb County Commission Chairman Ernest Barrett. Various government representatives from the other states will also be there.

12:00 pm The group moves to the Cobb County Civic Center in Marietta for a barbeque and celebration. With the possible exception of your phone call, the most interesting event will probably be the premier performance of a specially commissioned country music tune entitled "The Ballad of I-75."

Merry Christmas!!

Jack

THE WHITE HOUSE
WASHINGTON



THE WHITE HOUSE

WASHINGTON

12-15-77

To Bob Bergland
Jody Powell

Prepare a brief summary of the farm situation and compared to a year ago - both prices in the market and farm legislation.

Make it simple and in the form of a letter to individual farmers. Give it to me Monday so I can let Georgia (Ga. Tech) farmers hear what we are doing for them.

Thanks.

Powell called & said Mr. Strauss wanted it.

12/20/77

Dear :

I realize this has been a difficult year for many farmers and ranchers.

Drought was extreme in some parts of the country. In Georgia only 24 million bushels of corn were produced, compared with 134 million last year. This is a disaster, and the disaster programs we inherited were inadequate.

Cattlemen were still trying to overcome the devastating inventory liquidation and low prices brought about by the combination of meat price controls, consumer boycotts, and high feed costs during 1972-75.

Declining crop prices combined with continually rising prices for the items used to produce crops continued to squeeze income. Lower prices were the consequence of favorable world weather patterns during 1976 and 1977.

Since January, we've taken over 16 administrative actions, and the Congress has provided additional authorities to help America's farmers through this serious situation.

In April, we reduced the interest rates on commodity and storage loans, boosted feed grain loan prices, and established a farmer-owned wheat and rice reserve. Later this was expanded and a feed grain reserve was announced. To keep excess grain from being turned over to the government, we liberalized the farm storage loan program.

To counter the drought I provided $479 million in emergency loans to producers in May. Three months later I authorized another $50 million. Later I signed legislation authorizing disaster payments based upon acreage planted instead of upon outdated allotments.

On August 31, feed grain loan rates were again increased.

On September 29, I signed the Food and Agriculture Act of 1977. This authorized $1.2 billion in wheat deficiency payments, more than $800 million above the amount authorized under the 1973 Act. Starting December 1, checks were being sent to an estimated 1.8 million farmers.

The new farm Act eliminates allotments, so that all farmers will have greater freedom in deciding how they use their land than ever before. Target prices for the major commodities were increased substantially to protect producers against economic disaster. Loan prices are at a level that will keep us competitive in world markets.

An International Sugar Agreement has been formulated, an international wheat reserve is under discussion, and the multi-lateral trade negotiations are again underway, due mainly to the positive approach of this Administration.

These administrative and congressional actions, record loan activity and good demand for our farm products has pulled farm prices up. This November, prices received by farmers averaged 4 percent above last November. The price of wheat climbed from a season low of $2.03 a bushel in June to $2.48 in November. The price of corn rose from $1.60 a bushel in September to $1.91 in November.

A hundred pounds of sorghum sold for $2.52 in September, and $3.15 in November. The average price received by farmers for soybeans moved from a season low of $5.27 to a November average of $5.68 a bushel.

Farm prices and income are still too low, but they have improved. Farm production costs appear to be moderating. Prices paid by farmers for commodities, interest, taxes and wage rates have been essentially unchanged for the last three months, but they are about five percent above last year.

I encourage you to continue to use the farm programs. They are designed to help you through periods of excess supply and low prices. The commodity loan program makes it possible for you to pay necessary expenses without selling at distress prices. The set-aside programs that have been announced for wheat and feed grains are to help bring production into balance with requirements. The reserve programs are designed to remove excess grain from the market. Reserves, held primarily by the farmer, are a hedge against bad harvests and future export controls. Reserves insure farmers' continued access to existing export markets and the development of new markets, as they permit us to be a dependable supplier in good years, as well as bad years.

With best wishes, I remain,

Sincerely,

JIMMY CARTER

PRICES RECEIVED BY FARMERS[1/]

	1971	1972	1973	1974	1975	1976	1977[2/]
Wheat ($/bu.)	1.36	1.57	3.16	4.48	3.68	3.14	2.28
Rice ($/cwt.)	5.31	6.05	11.00	13.90	10.10	6.90	7.64
Corn ($/bu.)	1.27	1.17	1.99	2.92	2.70	2.49	2.04
Sorghum ($/cwt.)	2.12	2.03	3.20	4.59	4.31	4.01	3.12
Soybeans ($/bu.)	2.94	3.30	6.50	6.42	5.24	5.58	6.94
Peanuts (cts/lb.)	13.6	14.5	16.2	17.9	19.6	20.0	
Cotton (cts/lb.)	24.40	29.04	32.46	51.26	41.17	59.68	61.9
Cattle ($/cwt.)	29.00	33.50	43.00	35.80	32.20	33.80	34.40
Hogs ($/cwt.)	17.90	26.00	39.40	34.30	47.60	42.90	39.80
Broilers (cts/lb.)	13.7	14.1	24.0	21.5	26.3	23.2	25.6
Turkeys (cts/lb.)	21.7	22.1	34.8	28.8	33.6	31.8	34.2
Eggs (cts/doz.)	31.4	30.9	52.5	53.3	52.5	58.4	54.0
Milk ($/cwt.)	5.87	6.07	7.14	8.33	8.75	9.66	9.68
Wool (cts/lb.)	20.5	35.9	79.9	58.2	44.3	65.1	73.3

1/ Calendar Year average.
2/ Through November, 1977.

AVERAGE PRICES RECEIVED BY FARMERS

COMMODITY	NOV. 1977	NOV. 1976	Calendar Year 1977 LOW	Calendar Year 1977 HIGH
Wheat, All (per bu.)	2.48	2.46	2.03 6/	2.48 11/
Rice (per cwt.)	10.20	6.46	6.79 1/	10.20 11/
Corn (per bu.)	1.91	2.02	1.60 9/	2.35 3/
Sorghum (per cwt.)	3.15	3.30	2.52 9/	3.59 1/
Soybeans (per bu.)	5.68	6.11	5.17 9/	9.21 5/
Peanuts (cts/lb)	20.4	20.3	20.4 11/	21.3 8/
Cotton, Upland (cts/lb)	52.3	65.2	52.3 11	69.8 3/
Cattle, Beef (per cwt.)	34.60	31.20	32.30 1/	36.10 5/
Hogs (per cwt.)	37.50	31.20	36.00 4/	44.90 7/
Broilers (per lb.)	21.0	19.4	21.0 11/	26.2 7/
Turkeys (per lb.)	38.7	31.1	32.4 1/	38.7 11/
Eggs (per doz.)	51.3	65.5	46.8 6/	66.2 2/
Milk (per cwt.)	10.30	9.89	9.34 5/	10.30 11/
Wool (cts/lb.)	70.9	71.2	70.9 11/	75.6 3/

Footnotes denote month high or low occurred January through November 1977.

1/ January, 2/ February, 3/ March, 4/ April, 5/ May, 6/ June, 7/ July, 8/ August, 9/ September, 10/ October, 11/ November, 12/ December.

PRICES RECEIVED BY FARMERS[1/]

	1971	1972	1973	1974	1975	1976	1977[2/]
Wheat ($/bu.)	1.36	1.57	3.16	4.48	3.68	3.14	2.28
Rice ($/cwt.)	5.31	6.05	11.00	13.90	10.10	6.90	7.64
Corn ($/bu.)	1.27	1.17	1.99	2.92	2.70	2.49	2.04
Sorghum ($/cwt.)	2.12	2.03	3.20	4.59	4.31	4.01	3.12
Soybeans ($/bu.)	2.94	3.30	6.50	6.42	5.24	5.58	6.94
Peanuts (cts/lb.)	13.6	14.5	16.2	17.9	19.6	20.0	
Cotton (cts/lb.)	24.40	29.04	32.46	51.26	41.17	59.68	61.9
Cattle ($/cwt.)	29.00	33.50	43.00	35.80	32.20	33.80	34.40
Hogs ($/cwt.)	17.90	26.00	39.40	34.30	47.60	42.90	39.80
Broilers (cts/lb.)	13.7	14.1	24.0	21.5	26.3	23.2	25.6
Turkeys (cts/lb.)	21.7	22.1	34.8	28.8	33.6	31.8	34.2
Eggs (cts/doz.)	31.4	30.9	52.5	53.3	52.5	58.4	54.0
Milk ($/cwt.)	5.87	6.07	7.14	8.33	8.75	9.66	9.68
Wool (cts/lb.)	20.5	35.9	79.9	58.2	44.3	65.1	73.3

1/ Calendar Year average.
2/ Through November, 1977.

AVERAGE PRICES RECEIVED BY FARMERS

COMMODITY	NOV. 1977	NOV. 1976	Calendar Year 1977 LOW	Calendar Year 1977 HIGH
Wheat, All (per bu.)	2.48	2.46	2.03 6/	2.48 11/
Rice (per cwt.)	10.20	6.46	6.79 1/	10.20 11/
Corn (per bu.)	1.91	2.02	1.60 9/	2.35 3/
Sorghum (per cwt.)	3.15	3.30	2.52 9/	3.59 1/
Soybeans (per bu.)	5.68	6.11	5.17 9/	9.21 5/
Peanuts (cts/lb)	20.4	20.3	20.4 11/	21.3 8/
Cotton, Upland (cts/lb)	52.3	65.2	52.3 11	69.8 3/
Cattle, Beef (per cwt.)	34.60	31.20	32.30 1/	36.10 5/
Hogs (per cwt.)	37.50	31.20	36.00 4/	44.90 7/
Broilers (per lb.)	21.0	19.4	21.0 11/	26.2 7/
Turkeys (per lb.)	38.7	31.1	32.4 1/	38.7 11/
Eggs (per doz.)	51.3	65.5	46.8 6/	66.2 2/
Milk (per cwt.)	10.30	9.89	9.34 5/	10.30 11/
Wool (cts/lb.)	70.9	71.2	70.9 11/	75.6 3/

Footnotes denote month high or low occurred January through November 1977.

1/ January, 2/ February, 3/ March, 4/ April, 5/ May, 6/ June, 7/ July, 8/ August, 9/ September, 10/ October, 11/ November, 12/ December.