**10/4/78**

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THE PRESIDENT'S SCHEDULE

Wednesday - October 4, 1978

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| | |
|---|---|
| 8:00 | Mr. David Aaron - The Oval Office. |
| 8:55<br>(2 min) | Mr. Gordon Ball, Democratic Congressional Candidate, 1st District, Tenn. (Mr. Frank Moore) - Oval Office. |
| 8:57<br>(2 min) | Mr. Jim Shannon, Democratic Congressional Candidate, 5th District, Mass. (Mr. Frank Moore) - Oval Office. |
| 9:00<br>(10 min) | Mr. Frank Moore et al - The Cabinet Room. |
| 10:30 | Mr. Jody Powell - The Oval Office. |
| 11:30<br>(20 min) | Mr. James McIntyre - The Oval Office. |
| 1:00<br>(15 min) | Mrs. Joan Mondale - The Oval Office. |
| 1:30<br>(15 min) | Mr. Robert O. Anderson, Chairman, Atlantic-Richfield, and Mr. Jack Myers - The Oval Office. |
| 2:15<br>(15 min) | Drop-By Briefing for Business Leaders on Energy. (Mrs. Anne Wexler) - The East Room. |

THE WHITE HOUSE
WASHINGTON

10/4/78

Stu Eizenstat
Jerry Rafshoon
Jim McIntyre

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

Rick Hutcheson

cc: Frank Moore
Jody Powell
Phil Wise
Fran Voorde
Richard Pettigrew

ANTI-FRAUD INITIATIVES AND BILL SIGNINGS

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a) Civil Service separate
b) Speech when others bills signed: E Room or outside Washington

THE WHITE HOUSE

WASHINGTON

October 3, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: McIntyre Memo on Anti-Fraud Initiatives and Rafshoon Memo on Bill Signings

These memos and the comments on them urge more emphasis and visibility for the Administration's attack on government fraud and waste.

The memos seek three decisions:

(1) Bill Signing Ceremonies

Jerry recommends that the Civil Service bill be signed at the same time as the Inspector General, Ethics, and Federal Information Center bills, to maximize public attention. If Jerry can arrange live, prime time commercial television coverage for the signing of all four bills, this would, of course, make a single signing worthwhile. However, if such coverage cannot be arranged, I strongly recommend against one signing ceremony for the four bills, because:

-- The press has followed the Civil Service bill closely, and it would get substantial coverage on its own.

-- Passage of Civil Service reform represents a major victory, and we should use a bill signing ceremony to demonstrate this. The accomplishment should not be diluted by signing other bills at the same time.

-- Civil Service reform is an historic achievement and deserves separate coverage.

-- The key legislators who helped pass the Civil Service bill, including Mo Udall, Ed Derwinski, Abe Ribicoff, and Chuck Percy, deserve attention on their own. They should not be grouped with the large numbers of other members who would have to be present if four bills were signed at one time.

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-- We should do a separate signing ceremony for the Inspector General, Ethics, and Federal Information Center bills. By doing two ceremonies, we would increase the attention our government reform themes get and provide an emphasis on the fraud and waste issues.

Frank Moore and Scotty Campbell concur in this recommendation.

Approve ✓ Disapprove _____ J

(2) Speech

Jerry and Jim recommend you make a major speech announcing your attack on government fraud and waste. I concur. Such a speech could be given in conjunction with signing the Inspector General bill and the other two, if the timing works out, but it could readily be done on its own, in late October or November. If you approve the idea, I will work with Jerry and Phil on timing.

East room type speech may be good - or outside Washington

Approve ✓ Disapprove _____ J

(3) Oversight Mechanism

Jim's memo recommends establishing a formal interagency mechanism, chaired by OMB, to coordinate the Inspector General offices. Jerry feels the fraud and waste efforts need more high-level emphasis and visibility and recommends you appoint a Counsellor on Government Reform. He suggests someone like Reubin Askew.

I agree with Jerry that the waste and fraud issues are critical, that you should be taking visible initiatives in this area, not reacting, and that efforts to date have been inadequate. However, appointment of another Presidential advisor is not a good solution.

OMB has the lead in this area, and at the beginning of the Administration 32 staffers were added to OMB to handle government management. In addition, a special assistant to you on reorganization was appointed. Those units are responsible for coordinating fraud and waste efforts and assuring such efforts are made visible. A new unit would increase the complexities of coordination and bureaucratic competition in the EOP. You have consistently opposed a top-heavy EOP structure and increases in the EOP's size, and creation of a new Counsellor would be an unwarranted exception to that sound policy. Our management efforts should be strengthened by strengthening the units responsible for them, not by adding another player to the game.

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I recommend instead that you direct Jim and Jerry to prepare a decision memo listing specific steps to attack waste and fraud, including ways to manage this effort and make it more visible. Jim and Jerry have already recommended some such steps in the attached memos, including:

- o discussing waste and fraud in your major speeches; and
- o selecting the 12 new Inspectors General with care and making it clear that they will be an important part of your Administration and will have your full support.

I concur with those proposals and will work with Jim and Jerry to develop more.

Approve ✓ Disapprove _____

J

Attachments

MCINTYRE

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

SEP 21 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre Jim

SUBJECT: The President's Anti-Fraud Initiatives

In view of the Proposition 13 commentary noting high public concern about waste and corruption in the Federal Government, we need to give more attention to important anti-fraud initiatives taken by this Administration. We have an excellent record in seeking to establish new institutions to root out fraud and corruption in Federal agencies and in launching enforcement actions in key problem areas. Key anti-fraud initiatives are:

1. Legislation to create new offices of Inspector General in twelve departments and major agencies with primary responsibility for domestic spending and grant programs. The IG's will search out fraud, waste, and inefficiency in agency programs. For the first time, Presidentially-appointed officials in each of these agencies will have virtually all of the audit and investigating resources of their agencies, concentrated under their control.

2. Legislation (in the civil service reform package) to create a "Special Counsel" in the Merit Systems Protection Board to investigate abuses of the merit system and to provide new protections for whistleblowers who disclose fraud or corruption in their agencies.

3. HEW's Projects Match and Integrity which, respectively, are removing welfare cheaters from Federal payrolls and exposing fraud and abuse by doctors and pharmacists in the medicaid program.

4. The continuing effort to investigate allegations of fraud and abuse in GSA operations.

5. An Office of Special Investigations established by Ray Marshall which is aggressively investigating allegations of fraud and abuse in the CETA programs. The Republicans conducted few anti-fraud investigations in domestic programs. Allegations of fraud and abuse in CETA programs were ignored.

Enforcing the law will make some programs seem worse in the short run as long neglected problems are cleared up. By 1980, however, we should have an impressive enforcement record and better programs.

With the Inspector General and Civil Service legislation, we will have impressive evidence of this Administration's serious intent to strengthen its ability to root out fraud and waste in Federal activities. This is a good theme for you to identify with in the aftermath of Proposition 13 and in the approaching campaign.

It is also critical for you to get out front on this issue now. Once all these investigators are in place, they are certain to begin to expose fraud in long neglected programs, some as early as the middle of next year. By making clear that the President is initiating the anti-fraud action, we can turn potential political problems into political credits.

Therefore, we recommend the following action:

-- Make a major public statement announcing your all out attack on fraud, waste and corruption in Federal programs.

-- Announce your intention of taking whatever steps are necessary to ensure (a) that the Federal effort will be coordinated and effective; (b) that the twelve new offices of Inspector General (together with the existing IG's) will play a major role in this initiative; and (c) that the Justice Department will remain free of White House and other forms of Executive Branch interference in prosecuting criminal acts uncovered by IG's and others.

These steps might include:

1. Assigning OMB the lead in monitoring and coordinating routine audits and investigations of deficiencies and waste by the IG's; assign the Justice Department (Criminal Division) the lead for coordinating the Administration's follow-up on the findings of the IG's relating to fraud and corruption.

2. Taking appropriate steps to ensure that people of the highest quality are chosen to serve as IG's.

3. Announcing the appointment of twelve departmental IG's all at once and characterizing them as your anti-fraud team. In cooperation with Tom Morris at HEW and Ken Mansfield at DOE and others experienced in the craft of Inspector Generalship, we have begun to develop criteria for selection. We are working with Jim Gammill to develop a pool of candidates for Inspector General positions.

Other steps might include:

-- Establishing a formal interagency coordinating mechanism chaired by OMB, to ensure that IG offices are organized in compatible ways, apply consistent policies, and respond to your priorities. Again, the Justice Department's lead in pursuing criminal prosecutions should be preserved.

-- Using the appointment of the Special Counsel to the Merit Systems Protection Board as another occasion for reiterating Presidential commitment for fighting fraud, inefficiency, and corruption.

Finally, the creation of the IG offices in twelve major departments and agencies provides you with a unique opportunity, at approximately mid-term, to renew and strengthen the management improvement efforts which the Cabinet has been urged to undertake from the beginning. Inspectors General are by no means limited to investigation of fraud and abuse. They have all audit responsibility in their agencies and share, with other top officials, responsibility for recommending material management and organizational changes, and evaluating program effectiveness. (For example, they will be expected to ensure that the cash management reforms we are implementing will be effectively carried out and overseen.)

I am attaching for your information a copy of a memorandum I sent to Charlie Kirbo, describing actions which might be taken in the GSA investigation.

ADMINISTRATIVELY CONFIDENTIAL

Jack Watson and Bob Lipshutz concur with this memo.

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

4-13-78

MEMORANDUM FOR: CHARLES KIRBO

FROM : JAMES T. McINTYRE, JR. /s/

SUBJECT : GSA Fraud and Malfeasance

My staff and I have been keeping a close watch on the situation at GSA for some time. I believe that the time has come for some decisive action to expand and accelerate the scope of the criminal investigation and to move rapidly toward administrative reforms which would prevent the recurrence of these types of fraudulent activities. I have discussed my concerns and ideas with Jerry Rafshoon, Bob Lipshutz and others. We all agreed, in light of the responsibilities the President has given you in this area, that I should bring these ideas to your attention. I would like to stress that I feel strongly that we need to make some public move prior to the Chiles hearings on Monday to demonstrate that we are on top of this matter.

We began our analysis of the situation with three basic objectives in mind. First, we wanted to see a thorough criminal investigation which would root out the corruption and set an example for the rest of the government. Second, we wanted to see immediate action on reform at GSA. And third, we wanted to see the President get credit for having successfully eliminated a problem he discovered since taking office. As we see it now, none of these objectives is likely to be met under our current course.

The criminal investigation is fragmented. Within Justice the responsibility is divided between the U. S. Attorneys, the Criminal Division and the FBI. There is no overall strategy, not all the resources of the Department have been provided to the investigation, and the work has been localized in a few cities. Our information indicates that the pattern of corruption is likely to be nationwide and calls for a concerted, top-priority, nationwide investigation.

The efforts to reform GSA have been uncoordinated and poorly conceived. Our major problem with these prospective reforms will be to convince the GSA employees and the general public that things will indeed change. In our view, GSA will need a great deal of help to determine what needs to be done and to establish internal as well as external credibility.

I must tell you frankly that I am concerned that, if we do not handle this matter carefully, not only will the President not receive credit but this could be turned into a partisan issue with the President being blamed for a problem he did not create. I am also concerned that you might be pulled into the details of this matter and face the problem of being called before congressional committees to report on your activities (with all the probing into your personal and business life which that always entails).

I would like to propose that we initiate a series of public actions which will put us on top of the situation and regain the initiative.

First, we should task Ben Civiletti, the Deputy Attorney General, to develop an aggressive, visible and directive role for the Department in marshaling the resources of both the FBI and federal prosecutors in a nationwide investigation of GSA. I understand that he has already begun to do some thinking along these lines.

Second, we should establish a blue ribbon panel of three or four private citizens to develop recommendations for Jay Solomon and the President on reforms which need to be made in GSA. The panel would be made up of people such as an executive from one of the large retail firms, a top partner from a national accounting firm, an acknowledged expert on public administration, and perhaps yourself. The group would exist for only 60-90 days. This panel would help to give credibility to the reform effort.

Third, we would propose to approve a pending GSA request for a supplemental budget request providing them with at least 100 additional staff positions to establish an Inspector General function.

I would like to see these steps announced prior to the Chiles hearings. That would require an announcement by this coming Saturday. The President need not participate in the announcemen although we would indicate that we were taking these steps at his direction.

I believe that this approach would put us on the right track, keep the President from being involved in the details of the investigation and reforms, and provide the basis for strong

public credibility. These are tangible steps with substantive impact and which will yield strong public relations and political benefits. We are prepared to follow-up these initiatives with a series of actions to highlight our comprehensive approach to eliminating fraud in the government.

I would like to discuss these ideas with you at the earliest possible time. If you agree that some action needs to be taken immediately, we will need to determine how to proceed to obtain the President's approval.

RAFSHOON

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THE WHITE HOUSE

WASHINGTON

September 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jerry Rafshoon

SUBJECT: Jim McIntyre's Anti-Fraud Memorandum

I agree fully with Jim that we need to give more attention to (and get more credit for) the anti-fraud initiatives taken by this Administration. In a memo which I will be sending you soon on the proposed agenda for the next ninety days, I recommend that we make an all out attack on waste and fraud one of your major domestic priorities. It is very important to the public and is closely related to the anti-inflation program.

The key to communicating effectively about this effort is to pull all of these various initiatives together and treat them as a whole. In other words, the public should know that you have launched a comprehensive campaign against fraud and waste in the federal government. I suggest that we begin to do this by taking the following steps:

1. Include in every major speech that you deliver a section on your campaign against fraud and waste. (This has already been done for your North Carolina, South Carolina, Pennsylvania and Ohio speeches.)

2. At some point soon deliver a major address to a good national audience exclusively on this subject.

3. Designate a Special Counsellor on Waste and Fraud (along the model of your Special Counsellor on Inflation) who would advise you and oversee the coordination of these various initiatives. It is Important that you have one person who is the focal point of attention and literally an embodiment of your commitment in this area.

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In view of the criticism of Mr. Kirbo's involvement in the GSA problem it should probably not be him. My candidate would be Reubin Askew. This individual should obviously keep arms length from the Justice Department.

I think the other steps that Jim suggests in his memo to you and his separate memo to Mr. Kirbo would also be helpful.

It is very important that we move quickly on this matter. The issue is growing in importance and we could soon appear to be reactive and to have lost the initiative. I agree

I have attached a couple of articles from U.S. News on this subject.

U.S. News & WORLD REPORT

JULY 3, 1978 $1.00

Business Outlook at Midyear

Who Will Get the Big '78 Tax Cuts

# THE GREAT NATIONAL RIP-OFF

## How People Cheat and Steal $25,000,000,000 a Year From the Government



# The Great National Rip-Off

**While Americans are screaming for tax relief, the federal government is losing about 25 billion dollars a year in fraud, theft and waste. Demands for a crackdown are starting to get some results.**

Disclosure of an apparently endless chain of fraud and abuse in federal programs is touching off outrage among taxpayers and a flurry of corrective action by embarrassed government officials.

Latest in a long litany of thefts, kickbacks and costly waste was a report by the Department of Health, Education and Welfare that cited example after example of rip-offs in that agency alone. The tab: about 7 billion dollars stolen or frittered away during the fiscal year that ended on Sept. 30, 1977.

Massive as it is, the HEW loss only hints at the drain on taxpayer dollars. Authorities estimate that the toll from fraud against federal agencies could run as high as 25 billion dollars a year.

"There isn't a program in the government that isn't affected by fraud," declares J. Roger Edgar, chief of the fraud section in the civil division of the Justice Department. "Every time the government spends money, somebody tries to steal it. In the end, it is the taxpayer who pays."

Increasing impatience at the failure of authorities to do something about the problem is being displayed by those taxpayers—a growing anger said by experts to be one of the prime factors behind the spreading taxpayer revolt and declining confidence in public officials. Reports a Capitol Hill staff member: "Every time people pick up the paper, there is some scandal, and we're receiving letters of complaint on a regular basis asking why Congress can't do more to control it."

In varying degrees, federal agencies are responding to mounting criticism by trying to plug their money leaks. Among remedial steps being taken: requiring tighter supervision of government employes, ordering auditors to scrutinize spending, using computers to track down illegal tapping of public funds, hiring private collection agencies to regain diverted money.

The battle, however, is being fought on an ad hoc basis, with little direction from the top.

The White House has yet to launch an all-out campaign against fraud, leaving it up to individual departments to set their own policies.

There are plenty of targets in the war against government fraud and waste. Some recent examples:

- Washington-area contractors received tens of thousands of dollars for work they never performed on federal buildings. Government building managers in turn collected kickbacks in the form of cash, favors of call girls, trips and free repairs for their homes.
- A Texas official responsible for the spending of 11 million dollars on federal jobs is accused of using some of those funds to pay employes of a department store he owns.
- Former officials of a St. Louis hospital are being investigated on charges of receiving unauthorized medicare funds and using them for such purposes as hiring a belly dancer to entertain doctors.
- Thirteen persons, including two postal workers, were indicted in Chicago on charges of obtaining more than $250,000 in illegal welfare checks, mostly by using a string of fictitious names.
- A federal program designed to earmark contracts for small minority firms has poured millions of dollars into the pockets of white businessmen who signed on as advisers but secretly took control of many of the businesses.
- Some federal disaster-aid money is going to Midwestern farmers who don't need it, including one with a million dollars in mortgage-free land and another with $100,000 in his checking account.

The list of horror stories goes on and on—more of them than can possibly be chased down and prosecuted with the resources at hand. Edgar's Justice Department section, for example, receives 4,000 reports of fraud each year but has only 18 lawyers to handle the load.

For a look at how thieves inside and outside government are dipping into the federal cash drawer, and what is being done about it—

## A Hornet's Nest of Scandal

One of the agencies beefing up its sleuthing staff is the General Services Administration. The GSA, which builds and maintains government buildings, has been riddled in recent months with revelations of scandal.

Investigators report that some GSA building managers have demanded and received cash and other favors from repair contractors who are then permitted to overbill the government or to collect for work they never performed. One company was paid to paint 2.4 million square feet of space at GSA headquarters in Washington, even though the entire building has an area of only 1.9 million square feet.



Similar schemes have been repeated over and over, sources say, for a period as far back as 10 years.

At a congressional hearing on June 22, Vincent Alto, named in May as a special investigator for GSA, said fraud within the agency could be costing taxpayers 66 million dollars annually and may involve as many as 500 government employes and contractors.

Investigators say that some GSA building managers may have received as much as $300,000 annually for their part in the repair shenanigans. Robert Lowry, a Maryland painting contractor who was one of the first to alert federal authorities to the GSA corruption, says he personally provided managers with cash, call girls and free painting work on their homes in return for contracts.

Chairman Lawton Chiles (D-Fla.) of the Senate's Federal Spending Subcommittee declared: "It would appear that things have come to their present sorry state because many GSA procurement officers ignore all relevant rules and procedures, while their superiors choose to look the other way. Indeed, it appears in many cases that the inventors of these illegal schemes were GSA officials, not contractors."

Besides the repair scandals, the GSA is accused of encouraging theft from the government supply stores it operates by imitating supermarkets and placing tools, film, brief-

## She's Known As Chicago's "Welfare Queen"



Chicago, a city infamous for tales of welfare fraud, has been rocked by still another scandal.

The case involves Arlene Otis who is charged with using six aliases to draw more than $150,000 in allegedly illegal welfare payments.

Cook County prosecutors have dubbed Otis Chicago's new "Welfare Queen," accusing her of the biggest fraud ever by a welfare recipient in Illinois. The U.S. record may well be held by a Los Angeles woman recently accused of illegally collecting $240,000 in welfare benefits by claiming to have 47 children.

Ironically, Otis, indicted on 613 counts of theft from medicaid, food stamps and Aid to Families With Dependent Children programs, was arrested in the criminal courts building. She had gone there to interview a judge as part of her studies in criminology.

Officials say that Otis, 30, has received welfare assistance for her four children under her own name since 1969, and under several aliases since 1972.

The use of an alias, Greta Stewart, led to Otis's arrest. The real Greta Stewart, a member of a cast of the musical "Hair," died in 1975, and that name was promptly removed from the welfare rolls.

Otis allegedly confronted welfare authorities with "proof" of her existence as Stewart. Welfare officials restored the name Greta Stewart to its rolls and gave Otis $3,000 in back payments withheld during her "death." Investigation eventually revealed the hoax with which she is charged.

Prosecutor James Piper, who convicted Linda Taylor, Chicago's previous Welfare Queen, says Otis makes Taylor look like an amateur. Taylor was found guilty of cheating the government out of $8,000, but Piper said that it was suspected her take was more than $100,000. She drove luxury autos and wore expensive clothes. By contrast, Otis, arrested wearing blue jeans, lived simply.

Prosecutors say Otis has bank accounts in several names, owns some property and was renting apartments on the North and South sides of the city. Says Piper: "She's not the typical welfare cheat. She's a graduate student of the University of Illinois in criminal justice. She applied to law schools, asking that application fees be waived because she's indigent."

Piper contends that the welfare system perpetuates fraud. "It's a can of worms from top to bottom," he says. "In Illinois, photo identification cards are used, but when they take a picture, they only make one copy. So we don't have another photo to use for comparison with the suspect."

Multiple-account fraud in which a recipient is on the welfare rolls under several names is rampant, Piper notes. Social Security numbers are easily acquired, or a single digit is changed to confuse the computers.

"Atrocious things are going on in the welfare system, and the taxpayer is catching it," says Piper. "If this Otis case doesn't prove to the taxpayer that something needs to be done, nothing will."

cases and other "impulse items" at the checkout counte
State Department employe loaded up on $124,000 wort
unauthorized film over 13 days without being challenge

Auditors in mid-June said that the GSA has been sel
surplus chemicals to selected companies at below-mar
prices, resulting in potential loss to the taxpayer of m
than 100 million dollars.

Jay Solomon, the GSA chief who inherited most of th
headaches, has assigned 150 employes to root out fraud
least 10 cases have been referred to the Federal Bureau
Investigation so far, and more are expected. Authority
building managers has been reduced to the point wh
they cannot even have a ceiling painted without the p
mission of a regional supervisor.

Alto, a former Justice Department attorney, has be
appointed to head a task force to review operations m
susceptible to abuse in the agency, which spends 4.5 bill
dollars annually.

His major goals: Give the GSA administrator stron
powers to punish offenders and to set up an elite crimi
fraud branch within the agency. Says Alto: "When I le
here in four to six months, I want to have establish
something of permanence. I don't want to hold up
scalps of some minor clerks, only to have the same practi
go on after they've been dismissed."

### Trouble in the Federal-Jobs Program

Ask economists if the 11.8-billion-dollar public-serv
jobs program has helped shave the nation's unemployme
rate, and most will answer, "Yes."

However, those same analysts are quick to add that t
Labor Department program would be much more effect
if it were not for the large sums being raked off by unsc
pulous local administrators and the scores of checks that go to people who have no business receiving them.



Some examples:

- In Cincinnati, a private job-placement agency is accused of collecting $47,250 for 78 jobs it never filled.
- In South Florida, a grand jury found that a community council that received 1.3 million dollars a year in job-training funds shunted $22,000 to a privately run gas station, paid money to a staff "psychologist" with no degree and made loans to friends and family members.
- In South Carolina, former State Senator Ralph Gasque of Marion and two employes of the Marion Cour
Manpower Program were convicted of defrauding the g
ernment by using secretaries paid with federal funds
other duties.

Authorities charge that federal-jobs money has been us
illegally in some cities to pay campaign aides of politicia
and to pay regular city employes who would be on t
municipal payroll even if the Washington money were
available, a practice called "displacement." A study by t
Brookings Institution showed that 1 out of every 5 publ
service jobs involved displacement.

Investigators looking into job-training programs report
that nine young women in Maryland were paid $145
week to attend a ballet school. In another instance, the w
of a dentist received $11,000 a year in payments under t

Comprehensive Education and Training Act (CETA). One economist estimates that fewer than 46 percent of those hired under the program fit the government's description of disadvantaged persons. Committees in both houses of Congress recently voted to limit CETA eligibility to needy individuals who have been jobless for at least eight weeks.

Labor Department Secretary Ray Marshall also has set up a special investigative unit that now is looking into allegations of fraud in several cities.

Among the targets: Indianapolis, Gary, East St. Louis, Los Angeles, New York, Atlanta, Washington and Cass City, Mich. Also being probed are reported irregularities in Oklahoma and Texas. Marshall already has taken away control of the jobs program from East St. Louis and has threatened similar action in other cities. Chicago has been forced to repay misused funds to the Labor Department, and the same punishment is being considered for other cities.

Richard Ross, operations chief for the new 200-person Labor Department investigative section, says: "Until now, the Labor Department had only a small unit charged with looking at fraud. One of our biggest jobs is to alert people to the possibility that their programs can be ripped off."

## HEW: Losses at Every Turn

Choking off fraud and waste in the multitudinous programs of the Department of Health, Education and Welfare shapes up as the toughest challenge of all. Even for a department noted for wrongdoing, the report listing 7 billion dollars in losses was a shocker.

Much of the waste centered on medicaid and medicare, which serve poor people and the elderly. Misuse of those two programs alone cost taxpayers nearly 5 billion dollars in the fiscal year that ended Sept. 30, 1977.



In Boston, two prominent physicians have been accused of filing $200,000 in fraudulent medicare billings. One of them has pleaded guilty, and the other will stand trial.

Five employes of a Houston medical-equipment company are charged with submitting 1,000 false claims for medicare payments over a two-year period. Assistant U.S. Attorney James Powers reports: "Medicare is a sitting duck and can be defrauded very easily. Nationally, about 95 percent of the fraud is going undetected."

Serving time in a South Carolina prison is a Columbia dentist who extracted healthy teeth from poor children to collect fees from a medicaid dental plan. "There was one girl about 13 years old who only had three teeth left," recalls Joel Collins, who prosecuted the case. "Looking at her just broke your heart."

In the same state, Dr. Allan Thurmond, brother of U.S. Senator Strom Thurmond, has been convicted of 26 counts of medicaid fraud, mostly involving the billing of patients for services performed by interns.

Such tales have prompted HEW to launch a computer program to track down health-care professionals guilty of fraud. Called Project Integrity, the program reviews medicaid billings of physicians and pharmacists to identify those charges that range beyond "reasonable limits" determined by the department. So far, 535 cases have been earmarked for criminal investigation. One example cited by HEW Inspector General Thomas Morris: a doctor who billed the government for three hysterectomies on the same woman. Project Integrity soon will be extended to dentists, hospital outpatient services and medical laboratories that participate in the nearly 20-billion-dollar medicaid program. Another major step: new federal funding to set up and operate state offices to root out health-care fraud.

Computers also are being called on in a new crackdown on welfare cheaters. One computer program called Project Match, which cross-checks welfare rolls with rosters of federal employes, has turned up 30,000 people who were on both lists, some of them illegally. Beginning in October, 1979, the program will go a step further, requiring states to match Social Security wage reports against welfare rolls. Also, private employers have been asked to make their payroll lists available to the government. Morris predicts that the campaign will result in removing several thousand ineligible cases from the welfare rolls.

Other computer checks of federal employes alone have traced nearly 6,800 people who defaulted on college loans worth 7.5 million dollars. Some 411,000 former students nationwide have failed to repay 459 million dollars in government-insured loans. Private collection agencies will be enlisted in pilot programs in Atlanta and San Francisco to see how much of the debt they can recover.

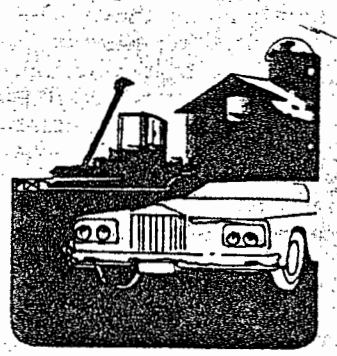
Observers say that such efforts signal an important change. Notes one Washington economist: "It used to be that HEW officials had a 'look-the-other-way attitude' about fraud, figuring that it was mostly poor people involved. But the catch is that you can't ask the public to support welfare programs that aren't well managed."

Congress recently gave HEW what lawmakers called "an incentive" to cut waste and fraud when the House cut 1 billion dollars from the department's budget.

## Milking the Small Business Administration

A series of scandals in recent months has shaken the Small Business Administration, a relatively minor agency charged with overseeing billions of dollars in loans and grants to developing firms.

The biggest problem has been with the SBA's 555-million-dollar program that takes contracts provided by other agencies of the government and awards them to new minority-owned firms. Senate hearings disclosed that much of this assistance went to firms that didn't need the help. Many contracts also ended up in the hands of white-owned firms that signed on supposedly to provide management assistance but instead took control of the minority companies.



In one instance, a white businessman who was neither socially nor economically deprived was given 29 million dollars in contracts. In another case, a dilapidated cannery in Florida was converted almost overnight into a minority enterprise. However, the black officers of the firm were mere fronts, collecting only $2.35 an hour for picking tomatoes, while white sponsors ran the business and benefited from $200,000 in SBA help. Another white firm installed an illiterate, 73-year-old black laborer as secretary-treasurer to conceal its illegal activities.

Exactly how much public money was drained by these phony setups is not yet known, although the SBA is auditing the 1,450 companies still in the program. One SBA official said he knew of 25 black firms under white control with contracts of nearly 135 million dollars. Not only has the minority-business program been victimized by fraud, but it

has made little progress in achieving its purpose. Of the 3,700 companies that have participated in the program since 1968, only 150 have reached the point where they no longer need special help from the SBA.

An interagency task force headed by SBA Deputy Administrator Patricia Cloherty has been examining the minority-enterprise problems since last fall. Cloherty says the agency has terminated a "few dozen" firms and, through tighter auditing and supervision, will eliminate any future joint venture deals in which the minority businessman does not actually operate the company.

Says Cloherty: "The scandals have been destructive to the agency, and I won't be satisfied until things are back to normal again. The staff is demoralized, and the people in the program feel tarnished by what has happened."

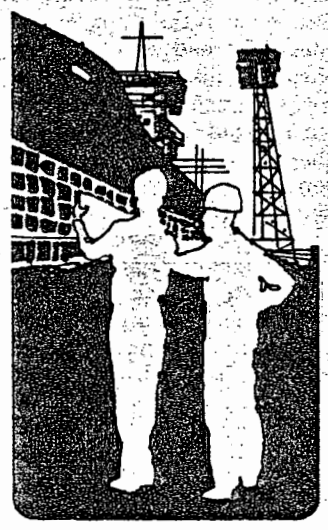
Unfortunately, the minority-contracting program isn't the only headache for the SBA. The agency, whose staff has remained about steady at 4,400 persons since 1968 despite a raft of new programs, also is struggling to clean up fraud and waste in its farm-disaster loans. The problem: The loans, which carry a low interest rate of 3 percent, often go to well-heeled farmers who sometimes use the money to pay off costlier loans to farm-equipment dealers or banks. Some have even used disaster funds to pay off Farmers Home Administration loans, which is illegal.

These practices and the sheer volume of disaster loans—more than 531 million dollars in the first three months of this year alone—have prompted the SBA to ask Congress to return the program to the Agriculture Department. "We simply do not have the staff to handle the load," explains an SBA spokesman, "nor do our people have the background to estimate farm losses accurately or to monitor the loans."

## No Scarcity of Culprits

The agencies mentioned have been the center of attention in recent months, but they do not have a monopoly on trouble. There is hardly an arm of government that hasn't been embarrassed by some kind of abuse. Among them:

The Defense Department is investigating in several cities to identify packing companies that sell inferior meat to the military, often through bribing federal inspectors.



An investigation of influence peddling in the Interstate Commerce Commission has resulted in the firing of one high-ranking official and the resignation of another. Authorities are pressing their search for ICC personnel suspected of accepting gifts from regulated carriers and having links with organized crime.

The Justice Department is looking into possible fraud by shipbuilders who have filed huge contract claims against the Navy. Some authorities suspect that certain firms may have inflated their charges, falsely described their work or submitted bills for jobs never done.

Cases of fraud—and certainly gross mismanagement—are expected to turn up in the Department of Housing and Urban Development's investigation into its new-communities program. HUD is being forced to take over seven of the 13 new towns it helped fund. Cost: about 200 million.

Transportation Department officials are still red-faced following the conviction last year of a $10,000-a-year cle William Sibert, who embezzled $850,000. Sibert substitu ed his name for that of the Metropolitan Atlanta Rap Transit Authority on subway-grant forms, which his supe visors didn't check. The scheme ended only when tl clerk's bank began to question his huge deposits.

In recent months, too, an HEW computer specialist w fired for allegedly accepting more than 200 dinners from Pittsburgh computer firm that received a 9-million-doll federal contract.

Other agencies have been criticized for needless waste high living at taxpayers' expense. The General Accountin Office has charged that Robert Barnett, a former chairma of the Federal Deposit Insurance Corporation, improper spent government funds to pay for tennis-club dues an trips with his wife to foreign resorts. The GAO also repor ed the Federal Home Loan Bank Board took advantage of million-dollar slush fund hidden from congressional scru ny to treat its officials to gourmet meals, limousines an trips to fancy retreats. Barnett reimbursed the governmen for part of the money that was spent, and both agencie promised to clamp down on perquisites for its officers.

Tales abound of highly paid government employes wh do next to nothing on their jobs but cannot be fired witho going through complicated and time-consuming civil-se vice procedures. William Drayton, assistant administrato of the Environmental Protection Agency, recently told sen ators of a $40,000-a-year bureaucrat who was performing the level of a $10,000 worker. Others take repeated lon absences from work with little fear of penalty.

## Needed: Tougher Enforcement

In the face of this seemingly endless parade of corrup tion, reformers are calling for an end to what they see as lax government attitude toward white-collar crime.

John Ols, who heads the GAO study of fraud in eigh agencies, says that when his investigation started a yea ago, every office refused to admit that it had a problem.

Similar signs of neglect came out in hearings held by Representative L. H. Fountain (D-N.C.) on his proposed legislation creating inspectors general in 12 agencies. Among the revelations that came out in that testimony—



- Most of the departments make no persistent effort to detect fraud but depend mostly on complaints that come to them.
- Even when complaints are received, agency investigators sometimes are denie clearance to take action.
- Most departments are short of audit and investigativ staffs. Labor Department and SBA spokesmen said the had only one third of the audit manpower they need.
- The time period between program audits is usuall several years for most departments and agencies—as lon as 10 years for Interior, 13 years for Commerce, 20 for GSA

At least 133 agencies that spend a combined total exceed ing 20 billion dollars yearly were not audited during fisca years 1974 through 1976.

Senator Thomas Eagleton (D-Mo.) said: "Without regula certification by internal auditors, outside accountants o GAO, we have no way of knowing how much of this 2 billion dollars per year might be going down the drain du to sloppy management, waste or fraud." Such criticism ha led to tighter fiscal monitoring in some departments. In th

Veterans Administration, for example, Inspector General Allan Reynolds is tripling the number of auditors in an agency once described by the GAO as having the poorest auditing capability in government.

Reynolds insists that emphasis must be on preventing fraud rather than hunting down cheats. "It takes a long time to prosecute offenders," he explains, "and if we don't design systems to discourage abuse, we'll continue to pile up multibillion-dollar losses every year."

**The paybacks.** Tracking down offenders—and making them pay—has not been a very profitable business for the government, mostly because of a lack of staff to do the job. Last year the fraud section of the Justice Department's civil division recovered only about 8 million dollars in cash.

"If we had more people, the number of cases we could investigate would go up," says Roger Edgar, the section chief, "but we have to view the cases for what they cost and what they will return."

Edgar claims that his operation recovers $1 for every 25 cents spent. He adds: "There aren't many lawyers you can hire on a contingency basis who can get that kind of recovery for you."

A colleague of Edgar's at the Justice Department, Mark Richard, who heads the fraud section of the criminal division, would like to see an "enforcement-impact statement" clamped onto every new social program coming out of Congress, an idea also favored by Attorney General Griffin Bell. That statement would spell out specific safeguards against abuse and would designate the government agencies responsible for investigating possible fraud.

Richard explains: "What happens now is that Congress passes new aid for housing, health care or some other social need, but there's little attention given to how to protect those programs from abuse. Then, after a few years, Congress is forced to take a hard look at those programs because of fraud, and there is a flurry of remedial steps. By that time, the horse is already out of the barn."

The White House has given little backing to antifraud efforts. Complains Representative Fountain, whose inspector-general (IG) bill has passed the House and awaits Senate action: "The White House has had nothing to do with this bill. Most of the agencies have testified against it, arguing that it would give too much power to the investigator."

The Fountain bill would require that the IG's regularly report to Congress on problems in their departments. Currently, only HEW is required by law to have an IG, although some agencies have set up IG's in response to major problems. Charles Dempsey, the IG at HUD, reports that 1,779 indictments and 1,276 convictions have resulted since that office was formed in 1972.

**For risk takers.** Critics charge, too, that the Carter administration has lagged in supporting legislation protecting whistle blowers—government employes who speak up about abuse they observe in their agencies.

Senator Patrick Leahy (D-Vt.) is sponsoring a bill that will guard whistle blowers from reprisals by superiors. As it stands now, says Al Louis Ripskis, a HUD program analyst who has exposed problems in that department, whistle blowers run the risk of harassment, poor assignments and even dismissal.

Representative Fountain warns that Washington cannot afford to drag its feet any longer in fashioning better ways to block fraud. Says the lawmaker: "The situation has gotten out of hand, and, if we do nothing about it, the integrity of our programs is going to be destroyed." □

*This article was written by Senior Editor Lawrence D. Maloney with the aid of the magazine's staff in Washington and in domestic bureaus.*

## New York's Success Against Cheaters

***At a time when tales of welfare abuse are rampant, reports from New York City offer a cheering contrast.***

***Once known as a magnet for public-aid cheats, the city has launched a major compaign to root out ineligible recipients. In the process, the city has saved taxpayers nearly 175 million dollars in the last two years. Among major steps—***

■ A mail survey is being sent to public-assistance recipients twice a year to verify eligibility. The surveys are followed up carefully to eliminate claimants who provide inadequate information. The most recent survey led to the closing of 8,293 cases. Saving: an estimated 21.5 million dollars.

■ Computer searches that match names on welfare rolls with those on city and state payrolls and other lists have lopped off in the past two years more than 15,000 ineligible cases and reduced payments for thousands more. Saving: nearly 60 million dollars.

■ A new computer-match program that compares Social Security payroll information with welfare lists will result in an estimated 3,150 case closings. Saving: 11.4 million dollars.

■ Tighter scrutiny of new welfare applicants has resulted in the elimination of a greater percentage of ineligible families than in past years. There are now 930,000 people on the city's welfare rolls, down from the peak of 1,077,000 in September of 1972.

New York also is starting a program that puts policemen on the trail of 4,000 fathers who have disappeared and defaulted on child-support payments, causing their families to go on welfare.

As a result of all of these efforts, the city has managed to reduce its proportion of ineligible welfare cases from 18.3 percent to 8.4 percent in five years.

Human Resources Administrator Blanche Bernstein is especially enthusiastic about the mail surveys, and has ordered them stepped up to three times a year instead of two.

Reports Bernstein: "In the three years since the mail surveys have been conducted on a semiannual basis, they have realized substantial savings and have proved an effective way of reducing ineligibility and overpayment."

She also endorses plans by Governor Hugh Carey to require private employers to make quarterly reports on their payrolls so that names of workers can be compared with the names of welfare recipients.

Nationwide, experts are reporting progress in the reduction of welfare waste.

Some 30 states now are using quarterly reports that employers file on unemployment insurance in order to trace welfare cheats, while others match Social Security payroll information with welfare rolls, as in New York City. States will soon be rewarded for such efforts by a new federal program that will return to them some of the money saved from reducing fraud.

Economist Richard Nathan of the Brookings Institution notes that the error rate has been cut in half in the past five years for Aid to Families With Dependent Children, the major welfare program.

Says Nathan: "As an old HEW watcher, I have rare occasion to compliment that agency, but they've done a good job in cleaning up AFDC."

# Federal Waste: the 50-Billion-Dollar Rathole

**From personal perks to big-league corruption and unbridled spending, new horror stories unfold on the use of taxpayers' money by the bureaucrats.**

Prodded by the growing army of angry taxpayers, federal officials are searching with new vigor for ways to trim government spending without hurting essential programs.

What they're discovering is something that most Americans have suspected all along: Billions of tax dollars are slipping through the cracks through fraud, waste and bureaucratic inefficiencies.

When all the cheating and waste are added up, "there's no doubt the losses throughout the government are very substantial," says James T. McIntyre, Jr., director of the Office of Management and Budget and leader of a broad effort by the administration to plug some of the loopholes.

Fraud alone costs taxpayers as much as 25 billion dollars a year, authorities estimate.

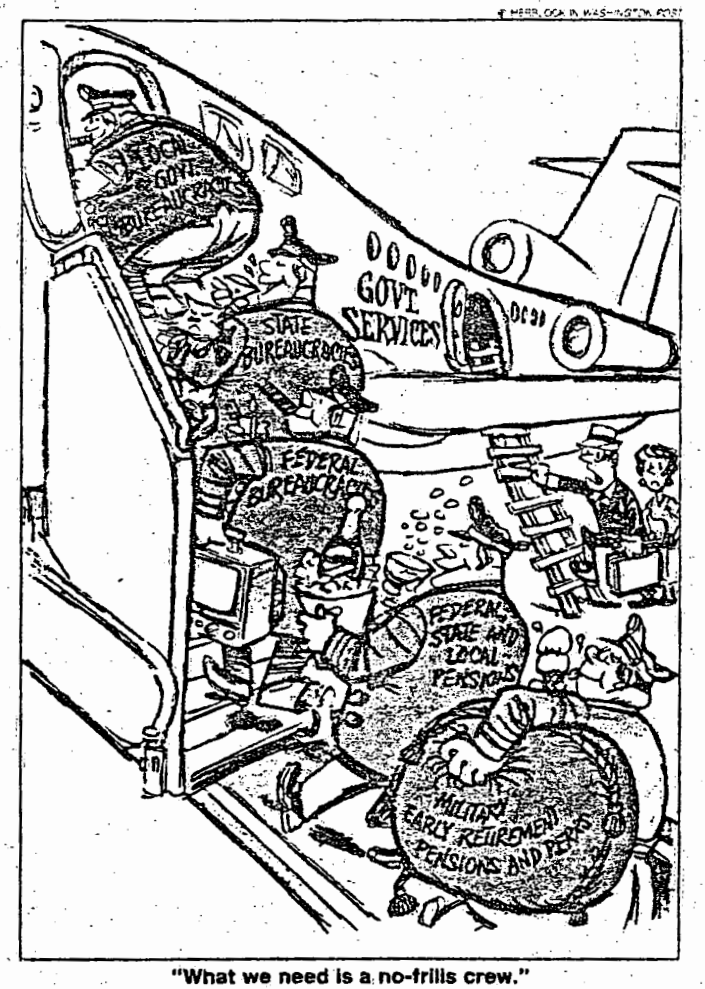
Investigation into alleged bribery, kickbacks and jacked-up prices involving the General Services Administration—provider of office space and supplies for other agencies—is revealing what prosecutors call "the biggest money scandal in the history of the federal government." Up to 50 public workers and private contractors face indictment for illegal activities said to cost taxpayers more than 66 million dollars a year. On September 4, President Carter voiced hope that the inquiry would net "even bigger fish" and appointed Atlanta attorney Charles Kirbo to monitor the probe.

Over all, however, much of the drain-off is occurring in relatively small amounts that seem almost like peanuts in the age of the half-trillion-dollar federal budget—a few hundred thousand dollars here, a couple of million there.

While no one knows for sure, the total may well exceed 50 billion dollars a year, about triple the tax reduction now moving through Congress.

Some of the leakages that siphon taxpayers' money—

- Excessive paper work, overstaffing, overpaying, low productivity and general administrative inefficiencies eat up much of the money. In some cases, less than 2 out of 3 federal dollars for such programs as aid to the poor actually reach the intended recipients.
- Agencies often pay more than is necessary for supplies and services they buy from private contractors. Among many examples: The cost of privately provided cleaning service in one small sampling of federal buildings was 5 million dollars a year higher than it could have been had contracts been awarded competitively.
- Costly duplication of programs and services flourishes within as well as between agencies. For instance, studies reveal that some low-income households participate simultaneously—and legally—in as many as six food-assistance programs. Result: Food benefits for many such families are worth considerably more than what the average American family of comparable size spends for groceries.
- Authorities pinpoint more and more agencies that appear outdated, poorly conceived or expensive far beyond their benefits to taxpayers. The Consumer Product Safety Commission, for instance, spent 157 million dollars in four years but produced only three safety standards—on swimming-pool slides, architectural glass and matchbooks.
- Many federal workers may be getting excessive salaries and fringe benefits, compared with what other comparably employed Americans receive. A recent study published by Princeton University concludes that government employes enjoy a "wage advantage . . . at least 13 percent, and possibly as much as 20 percent," over private-sector workers.




"What we need is a no-frills crew."

The list goes on and on, and new horror tales of careless and misdirected federal spending crop up almost daily.

Some progress is being made, however. For instance, more than 300 apparently useless advisory commissions have been abolished by President Carter, who was elected on a promise to do away with worthless agencies.

The administration is trying to eliminate or consolidate other agencies and programs, and to reduce unnecessary forms and regulations that, according to the Commission on Federal Paperwork, waste up to 10 billion dollars a year. Carter's proposals to streamline welfare and the civil-service system are now before Congress.

The government also has found it can earn interest on




**Waste and corruption in the [illegible] cost millions of dollars a year, investigators claim.**

the huge amounts of idle cash in federal agencies. Until recently, money flowing in and out of the bureaucracy was handled as just so much paper. Incoming checks sometimes were not cashed for weeks, and bills owed by the government frequently were paid weeks in advance.

Departments have been instructed to speed up their collections, disburse government payments on time but not sooner, and put temporary federal-cash balances to work in interest-bearing accounts. This, says OMB, will save more than 175 million dollars a year.

Strange as it may seem, only now are steps being taken to retrieve "hundreds of millions of dollars" belonging to the government in the form of unused grant money. According to the OMB's McIntyre, this is cash left over from grants to states, localities and private nonprofit organizations. Incredibly, nobody had bothered previously to see that the money was returned to the Treasury.

## Ending Waste: "a Slow Process"

Unfortunately, success stories are few and far between in the fight to eliminate government fat. The problem, experts are finding, is that wasteful practices usually are embedded deeply in the system and hard to root out.

Comments a Carter official: "It's a slow process. Any effort to change the way the government operates is certain to be resisted by those who stand to lose from it. And it's not easy to convince some powerful member of Congress that legislation for his pet program was poorly drafted or that the program itself is wasteful and unnecessary."

For all these reasons, government programs, once begun, almost never end—no matter how ineffective or useless they may become. One critic of such waste, Senator John C. Danforth (R-Mo.), attributes the problem to politicians who "seem incapable of saying no" to someone in need, "no matter what the need is." It's always easier, Danforth says, "to keep a program alive and growing."

Many questions, for instance, have been raised about the effectiveness of the Law Enforcement Assistance Administration, which has spent 6.6 billion dollars since it was created in 1968. Yet when its existence was threatened, supporters rallied to save it. The agency frequently has been under fire for awarding grants for dubious anticrime projects that have produced meager returns. One LEAA grant: a $250,000 contract to develop a shoe with a built-in pistol that could be shot through the toe.

Candidate Carter vowed to see LEAA abolished when he got to Washington, but now supports a plan to reorganize the agency and keep it alive. An administration move to abolish the Consumer Product Safety Commission and transfer its duties to other agencies also was put on the back burner this year, reportedly out of fear that consumers would react adversely. "Of all the agencies whose budgets we have considered," the CPSC "has probably done one of the least competent jobs," Senator William Proxmire (D-Wis.) told his colleagues shortly before they appropriated 38.7 million dollars to continue the program.

## Programs: "Maze of Exceptions and Loopholes"

Critics say it's hard to single out one federal agency as more wasteful of public money than another. Few if any areas of government are run as efficiently as they might be, investigations find.

"The agencies to worry about are not the ones that don't do anything, but those that are busy" is the philosophy of Sid Taylor, research director of the National Taxpayers Union, an organization devoted to lower taxes and reduced spending. There are "too many federal programs," he says, and most are impossible to administer because of a "maze of exceptions, waivers and loopholes."

Much criticism has focused on public-assistance programs within the Department of Health, Education and Welfare.

Despite growing evidence that such programs as Aid to Families With Dependent Children and medicaid are riddled with fraud and administrative waste, federal officials have traditionally argued that cleanup responsibility rests with states and localities that administer programs, not with HEW. In recent months, under pressure from an aroused public and Congress, that position has begun to shift.

According to HEW estimates, overpayments and payments to ineligible recipients in 1977 ran 1.2 billion dollars in medicaid, 900 million in AFDC and 300 million in Supplemental Security Income for the aged, blind and disabled. Some experts think these figures may be low. HEW Secretary Joseph A. Califano, Jr., has pledged to cut such losses by 1 billion dollars a year.

Even the military's reputation for Spartan efficiency comes a cropper where public money is concerned. Interservice rivalry may account for much of the seemingly unnecessary duplication and overdesign found in military facilities, supplies and weapons. A lot of waste—small change, perhaps, in an overall military budget that now tops 112 billion dollars a year—simply gets overlooked.

Example: Proxmire revealed that the Pentagon keeps a 1.2-million-dollar special fund for "gifts, parties, trips, dinners, receptions and other entertainment items." Some of the money, he said, is used to offset the cost of congressional junkets aboard military aircraft.

On a larger scale, the Air Force spent more than 250 million dollars to develop a highly complex computer system that was found to be neither practical nor necessary. Even after Congress ordered the project terminated, work on it continued for nearly three years at a cost of millions.

Construction is another area in which the armed services have been accused of overspending. When the General Accounting Office asked the Navy why it needed a new 200-seat mess hall to accommodate the crews of only three submarines, the Navy quickly chopped its request in half, saving $260,000.

All this seems small potatoes compared with the Defense Department's apparent foul-up in handling foreign orders for weapons, equipment and U.S. support services. Auditors

poring over the armed services' separately maintained books have been unable to account for billions of dollars that may have been misplaced, spent in other ways or never collected from foreign buyers. Already uncovered are numerous instances in which the services failed to bill purchasers of U.S. arms worth millions. As one official puts it: "We really don't know how big this is."

### Useless Projects: "a National Joke"

Millions, perhaps billions, of dollars are shelled out by government agencies every year in ways such as these:

- The Agriculture Department spent $113,000 on a study of children's clothes. A major finding: Mothers don't like ironing them.
- For $35,000, the National Science Foundation bought a report on the mating habits of water bugs.
- The National Endowment for the Arts paid an artist $6,025 to film the throwing of crepe paper and burning gases out of high-flying airplanes.
- Behavior and social relationships in a Peruvian brothel were among topics examined by scientists under a $97,000 grant from the National Institute of Mental Health.

"Finding ... egregious examples of federal spending is easy; in fact, it's quickly becoming a national joke," writes Frederic V. Malek, former deputy director of OMB, in his book *Washington's Hidden Tragedy*, which deals with bureaucratic mismanagement.

A pattern of waste and lack of accountability shows up in countless government studies.

The federal government, for instance, spends about 500 million dollars a year on audio-visual activities. Those efforts, concludes a White House report, are marked by "waste and questionable procedures." The study noted that one agency spent $125,000 to produce a movie, but has no record of what happened to the film or whether anybody ever saw it. More to the point, perhaps, are questions raised by critics who ask whether the government should be in the business of self-promotion in the first place.

A price-comparison study by the *Washington Post* found that the General Services Administration is paying far too much for the 1.5 billion dollars' worth of merchandise it buys each year for various agencies. GSA, for example, pays $612 for the same Royal typewriter that the state of Maryland obtains for $541.94 through competitive bidding. For such items as TV sets, cameras and other equipment, GSA often pays prices far higher than those charged by ordinary discount stores. The agency has promised that it will try to shop around for better prices in the future.

Another study found that the government could save a half billion dollars a year by requiring more competitive bidding in the purchase of computer equipment.

Still another concluded that nongovernment tenants in Washington-area buildings leased by the GSA were receiving thousands of dollars' worth of electricity and other utility services every month "at government expense."

It's the bureaucracy's frequent disregard for costs that infuriates taxpayers perhaps more than anything else. Government workers, for example, spend 2 billion dollars a year on official travel. Critics charge that the bureaucrats seldom take advantage of discount air fares. Merely by utilizing such savings, more than 50 million dollars a year could be chopped off the nation's travel bill, contends Representative Martin A. Russo (D-Ill.). In an earlier investigation of travel practices at three agencies, the GAO found that 15 percent of the trips taken for official purposes should not have been approved at all.

Even when ordering common office supplies, such as pencils and paper, agencies routinely have them shipped from supply depots on a rush basis although it means paying unnecessary extra charges for transportation, according to the GAO.

Much of the waste, officials argue, is the fault of the bureaucratic system, which offers no reward for frugality. In fact, just the opposite seems the case. Agencies fear that unless they spend all the money allotted to them in a given year, Congress will penalize them by cutting future appropriations. That's why, as the end of the year approaches, agencies with excess money scramble to unload all they can—even when it means buying unneeded supplies, paying unnecessary overtime and rushing contracts.

### Federal Employes: "Underworked, Overpaid"?

Frequently the butt of cruel jokes and unfair criticism, government workers are coming under increasing scrutiny from a cost-conscious public. President Carter said in a recent message to Congress that while "most civil-service employes perform with spirit and integrity ... the public suspects that there are too many government workers, that they are underworked, overpaid and insulated from the consequences of incompetence."

Recent findings support those suspicions, at least in part. No one questions that the federal payroll is huge—4.9

## How the Pentagon Wastes Money

In a new look at federal spending, a Brookings Institution team finds many of the Pentagon's 1 million civilian workers being paid at "unjustifiably high levels."

Bringing Pentagon pay levels into line with those in private industry could save more than 900 million dollars a year, the report said. It added that millions more could be saved by closing bases, increasing efficiency in the remaining bases and shifting thousands of jobs from military people to civilians.

The study cites many examples of the Pentagon's waste.

Five years ago, the chief of naval operations called the shore establishment in the dwindling Navy so large that "it was immoral not to make some dramatic reductions." But few reductions have been made.

The Defense Department's civilian work force has dropped by 375,000 in 10 years, but the payroll has gone up 8 billion dollars—an average 142 percent per worker. In naval shipyards, for instance, civilian totals have fallen 25 percent since 1964, but the decline has been only 10 percent for white-collar workers, who account for most of the higher-paid employes.

Gradual increases in the average grade of civilian workers add millions to costs. If the 1975 grade structure still existed in 1978, the white-collar payroll would be about 350 million dollars less. Also: Extra pay given civilians for night work in many places is nearly double that paid in private industry.

Overhaul costs for Navy ships are up fivefold since 1968—and sharply since 1975. To overhaul the guided-missile frigate *Joseph Strauss* in 1978 cost an estimated 17.9 million dollars. The cost in 1975: 10.9 million dollars.

Some progress is reported. The fleet oiler *Taluga* was run for a year by a civilian crew for 3.3 million dollars, compared with an estimated 5.3-million cost for an all-military crew to operate the vessel. And an Air Force pilot-training school operated by a civilian contractor spent 15 percent less than a comparable USAF-run school, training the same number of pilots.

million persons, including postal workers, will receive government paychecks and benefits totaling 94 billion dollars in 1979. In addition, the government indirectly supports perhaps 2 million more persons—nobody knows the exact number—through contracts, research grants and matching payments for the wages of local officials.

Whether or not Washington could make do with fewer employes, evidence is strong that many are overpaid for what they do. The Civil Service Commission recently concluded after a comprehensive study of the overpayment problem: "Agency managers are forcing a pattern of grade distortion onto large blocks of occupations," with the result that people are being put into grade levels "that are not supported by the work that is being performed."

The cost? A commission spokesman said: "Our best estimate is that the governmentwide problem costs the taxpayer 436 million dollars in salaries and benefits annually."

The federal payroll includes about 178,000 "double dippers" who draw dual compensation—salaries plus retirement benefits from previous government jobs or military service. Combined incomes of $60,000 or more a year are not unusual in government, and they cost taxpayers a billion dollars a year, says the National Taxpayers Union.

Moreover, federal salaries and benefits are among the most generous anywhere. "When people come to my office in Washington and ask about employment, I suggest department stores, office work or construction," says Representative James M. Collins (R-Tex.). "In nearly every case, they make it plain they want to work for the government."

Many would-be bureaucrats are attracted by good salaries with automatic increases, liberal retirement and other benefits generally exceeding anything in the private sector.

Another "extra" enjoyed by many government workers in traffic-congested Washington: free parking. The government provides about 129,000 spaces, 88 percent of which are assigned free to employes. Commercial lots charge up to $60 a month. Efforts to have bureaucrats pay even a token fee for parking have been vehemently resisted.

Few people, says Representative Collins, "leave the government for other jobs." Fewer still, it appears, are fired for incompetence. A total of 17,157 federal employes were dismissed in 1976, only 226 of them for unsatisfactory performance of duties. "Under the law, it is almost impossible to fire anyone after the first year," laments a White House aide who would like to see managers given a freer hand to weed out employes who can't or won't perform.



Critics blame Congress for costly excesses, including free books

Does insulation from the consequences of incompetence add to the cost of government? Experts think it is at least a factor in lowering performance standards. Measures applied to about two thirds of the government work force indicate that bureaucracy's productivity has been rising at 1.2 percent a year since 1967—compared with 1.6 per cent in the private economy.

### Congress: Setting a Poor Example

If the buck stops with the taxpayer, it starts with Congress, which levies taxes and provides money to keep the federal system running. More and more, critics argue, legislators' lack of self-restraint sets an example for the rest of government. Asks Senator William V. Roth, Jr. (R-Del.): "How can we expect the bureaucracy to cut back on wasteful spending when we spend lavishly on ourselves?"

The cost of Congress has been escalating at a much faster

## In States and Cities: Penny-Pinching Back in Style

Proposition 13 fever is teaching state and local leaders that necessity can be the mother of invention in saving taxpayers' money.

Cost-cutting innovations are bobbing up everywhere—

- Officials in Grafton, Ohio, turned lawn mowing at the local sewage-treatment plant over to six sheep and two goats. The borrowed animals save the village about $55 a year on lawnmower repairs and gas.
- Florida is saving $414,000 annually by not issuing new auto-license plates every year.
- Louisiana hires couriers to rush state funds from the capital to banks in New Orleans before the close of business each day. "We are able to pick up an average of $1,000 a day in interest by doing this," says Governor Edwin Edwards.
- Michigan stopped paying all the medical costs for crippled children with private insurance coverage. By asking insurers to pick up a share of the cost, the state has saved $700,000 so far, officials estimate.
- By controlling specifications and consolidating all agency purchasing, Oklahoma is getting big discounts on thousands of items—from cars to shoes—that the state buys annually.

Comments Kathy Whitmire, controller for the city of Houston: "Cutting costs is a hot topic, and it's easier to make a case now."

In seeking more efficiency, many states are getting advice from business leaders who are appalled at waste they find in government.

One such group in Illinois turned up 678 ways the state could improve efficiency. If all are followed, it's estimated that Illinois could save 322 million dollars a year.

Florida already has implemented 402 recommendations made by a team of business executives and managers. These moves, which include such simple steps as standardizing parking fees at all state universities, will mean annual savings of 51 million dollars, says the governor's office.

**"A whole new attitude."** One of the states hardest swept by cost-cutting fever is California, where passage of Proposition 13 last June sharply limited property taxes but also forced state and local officials to carefully re-examine priorities and eliminate frills. "We have to cultivate a whole new attitude toward conserving public resources," observes Neil Jacoby, a member of Governor Jerry Brown's new Commission on Governmental Reform.

Broadly, the effect is described by Herbert J. Ranschburg, research director of a citizens' watchdog group in





that go unread, an oversized police force and subsidized haircuts.

rate than has that of government as a whole. Legislative-branch appropriations ballooned from 251 million in 1970 to an estimated 857 million in 1978 and next year are expected to top 1.1 billion dollars—a 338 percent increase in nine years against a 153 percent rise in overall federal outlays.

Much of this growth comes from Congress's desire to stay abreast of the government's rapidly spreading involvement in everyday affairs. This has required more oversight committees, staff, computers and office space. But along with needs have come frills that critics question.

Congress has provided itself with perks that, in most cases, outstrip those offered other branches of government. Last year, members got a 29 percent pay increase to $57,500 a year. That comes on top of fringe benefits that include a liberal retirement plan, generous staff and office allowances, virtually unlimited domestic and foreign travel, a special income-tax deduction and other items ranging from free postage to subsidized haircuts.

Every member of Congress receives a hard-bound set of the *Congressional Record*, which costs $1,400 a set. What happens to the books? In many cases, they "end up in trash barrels without ever having been used," according to Senator Claiborne Pell (D-R.I.), who supported a drive this year to stop automatic distribution of the volumes.

The Capitol's Marble Room, used exclusively by senators, displays 229 daily newspapers. Annual subscription cost: $38,000. Most of the papers are never read, according to the secretary of the Senate, who wants to cut back on them.

Some also doubt Congress's need for a 1,186-member Capitol Hill police force—enough to serve a city of half a million, complains Missouri's Senator Danforth.

Congressional spending habits have come into sharper focus in recent weeks as debate raged over plans to build a third Senate office building. Labeled "a monument to waste," it will have lavish private offices with 16-foot ceilings and expensive wood paneling, 100 private bathrooms, marble corridors, a special room for televising events, a tennis court and a senators-only rooftop restaurant. Plans also call for another gymnasium for senators—though, Proxmire says, an existing Senate gym is rarely used.

Senator John H. Chafee (R-R.I.), an opponent of the project, says the final cost may reach 213 million dollars—the most expensive structure of its kind in U.S. history. About 16 million dollars already has been spent to acquire the property, dig the foundation and erect a steel skeleton.

Rising public criticism has left the building's fate somewhat clouded. In August, the Senate put a 130-million-dollar cap on the project. This was followed by a House vote to cut off all future spending for the building.

The impasse between the two houses has yet to be resolved. Instead of building more offices, some senators want to eliminate unneeded, often overpaid personnel, such as attendants on automatic elevators and $18,000-a-year messengers. "We've got to draw the line somewhere on this constant, constant expansion," says Chafee.

From the White House to Capitol Hill, awareness grows that much of today's tax revolt is aimed at government's lack of concern about waste. People would not object so strongly to high taxes, says Danforth, "if they believed they were getting their money's worth in response." □

*This article was reported and written by Associate Editor Donald C. Bacon.*

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New York City, this way: "The only time that governments seem to get religion is when the cold hand of fiscal disaster is closing around their throats."

On the brink of bankruptcy three years ago, New York City discovered many ways to reduce spending. Often it meant curtailing services, but some savings have come with little or no sacrifice by residents.

For instance, the city's Board of Water Supply was found to be a "redundant agency." By shifting its duties to the local environmental-protection agency, New Yorkers are saving about 1 million dollars a year. Another cost saver: The city-marshal system is slowly being phased out, and its duties are coming under the city sheriff's office, which performs a similar service.

**"Planned attrition."** Through "planned and forced attrition," Boston has pared its city work force by about 20 percent since 1972, according to Deputy Mayor James Young. Cited was the elimination of the city's civil-defense office, which was "just sitting around waiting for a nuclear catastrophe." The city harbor patrol was also ended, and its chores were shifted to the Coast Guard.

Big savings are being reaped by states and localities through consolidated purchasing of services and supplies. Just by standardizing the daily menus at all of its mental hospitals, Georgia has reduced food costs by $700,000 in two years.

Oklahoma has made it easier to bid on state purchases by eliminating "a lot of the red tape which couldn't be read or understood," claims James H. Peterson, state director of purchasing. As a result of this and other changes, the state, for example, was able to save $11 on each of the 16,000 tires it buys every year, 2 cents on each of 7 million gallons of gasoline, and $70 on each of 423 cars.

In many cases, states and localities are claiming that they have achieved a double gain for taxpayers: reducing expenditures while improving services. This often happens, officials say, when they contract with private groups and firms for such necessities as garbage collection, bill processing and park maintenance.

**Clerical controls.** Kansas City, Mo., for instance, hires temporary clerical help for peak periods rather than add workers to the permanent payroll. And San Diego County contracts out for a wide variety of services with about 350 organizations, something it couldn't do until voters approved a charter change two years ago.

While hailing the progress by state and local governments so far, management experts say that internal resistance to more reductions is stiffening. Jacoby of the California reform effort explains: "We've developed a set of bureaucracies that are so used to spending more money that the idea of saving something is almost foreign to their thinking." □

ID 784745 THE WHITE HOUSE

WASHINGTON

DATE: 21 SEP 78

FOR ACTION: STU EIZENSTAT BOB LIPSHUTZ concur

JODY POWELL JERRY RAFSHOON - attached

JACK WATSON attached

INFO ONLY: THE VICE PRESIDENT HAMILTON JORDAN

SUBJECT: ADMINISTRATIVELY CONFIDENTIAL MCINTYRE MEMO RE THE PRESIDENT'S FRAUD INITIATIVES

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM SATURDAY 23 SEP 78 +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

September 22, 1978

MEMORANDUM FOR RICK HUTCHESON

FROM: JACK WATSON Jack

SUBJECT: McIntyre Memorandum regarding the President's Fraud Initiatives

I concur with this memorandum. I think we should add that the President should personally call for the close working cooperation of Federal Inspectors General with State and local investigators and prosecutors. Most of the Federal program dollars are, in fact, managed by State and local governments. Their investigatory and prosecutorial capabilities are critical to this effort and deserve Presidential notice. Tom Morris of HEW has been very successful in this regard.

ID 784745 THE WHITE HOUSE

WASHINGTON

DATE: 21 SEP 78

FOR ACTION: STU EIZENSTAT BOB LIPSHUTZ

JODY POWELL JERRY RAFSHOON

JACK WATSON

INFO ONLY: THE VICE PRESIDENT HAMILTON JORDAN

SUBJECT: ADMINISTRATIVELY CONFIDENTIAL MCINTYRE MEMO RE THE PRESIDENT'S FRAUD INITIATIVES

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM SATURDAY 23 SEP 78 +

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ACTION REQUESTED:

STAFF RESPONSE: (✓) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

See separate memo.

ID 784745

# THE WHITE HOUSE

WASHINGTON

DATE: 21 SEP 78

FOR ACTION: STU EIZENSTAT — BOB LIPSHUTZ
JODY POWELL — JERRY RAFSHOON
JACK WATSON

INFO ONLY: THE VICE PRESIDENT — HAMILTON JORDAN

SUBJECT: ADMINISTRATIVELY CONFIDENTIAL MCINTYRE MEMO RE THE PRESIDENT'S FRAUD INITIATIVES

RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052)
BY: ~~1200 PM SATURDAY~~ 23 SEP 78

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

SEP 21 1978

MEMORANDUM FOR RICK HUTCHESON

FROM: Harrison Wellford

SUBJECT: Anti-fraud Initiative Memorandum

Attached are two documents for the President from Jim McIntyre.

One is an original memorandum from Jim which we expect, of course, to be circulated in the normal manner for comment.

The other is a copy of a highly confidential memo from Jim to Charlie Kirbo on the same subject. The President should see this at the same time he sees Jim's memo to him with the relevant staff comments.

If there is any problem with this procedure please let me know.

Attachments

ADMINISTRATIVELY CONFIDENTIAL

ID 785004 THE WHITE HOUSE

WASHINGTON

DATE: 02 OCT 78

FOR ACTION: FRAN VOORDE PHIL WISE

INFO ONLY:

SUBJECT: POWELL MEMO RE REQUEST FOR AN APPOINTMENT FOR EMMETT HUGHES

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| RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) |
| BY: 1200 PM WEDNESDAY 04 OCT 78 |

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. (X) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: JODY POWELL JP

SUBJECT: Request for an Appointment for Emmett Hughes

Emmett John Hughes, the former Eisenhower speechwriter and Time, Inc., Chief of Correspondence who is now a scholar in residence at Rutgers, is writing a piece on the Presidency and the problems of Presidential leadership for Fortune magazine.

Emmett Hughes is a serious and thoughtful writer whose piece will be widely read and quoted beyond Fortune. He would like to spend about 20 minutes with you under any ground rules we want to establish.

Hughes wants to discuss your views of the Presidency, the models you look to, your own reflections about the office, and the difficulties of leadership. His piece would be politically neutral and he is concerned primarily about your philosophy of the Presidency.

I think it would be good for you to see him after Congress adjourns at the end of the day or some other time when you could relax with him.

_____ APPROVE _____ DISAPPROVE

ID 789434 THE WHITE HOUSE

WASHINGTON

DATE: 29 SEP 78

FOR ACTION: FRANK MOORE (LES FRANCIS)

INFO ONLY: STU EIZENSTAT

SUBJECT: RAFSHOON MEMO RE BILL SIGNINGS

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM MONDAY 02 OCT 78 +

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ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 3 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr.

SUBJECT: Signing Ceremony for Civil Service Reform Act

I understand that it has been suggested that the Civil Service Reform bill should be signed at the same time as the ethics bill, the Inspector General legislation and the Federal Information Center Act, in a ceremony that would strike a common theme of anti-waste, fraud and pro-better management.

I disagree with this suggestion and believe that the Civil Service Reform bill should be signed separately, because:

(1) Putting reform together with anti-fraud legislation would cast the civil service legislation in a punitive mode and unfairly characterize the Federal career service as dishonest. This would further reduce the credibility of government and its institutions, and greatly complicate the job of implementing the reforms.

(2) A joint ceremony would substantially reduce our opportunity to honor the Members, Senators, organizations and individuals who supported and participated in the effort.

(3) The remaining three pieces of legislation could still be signed jointly in a ceremony concerned with fraud and waste.

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10-4-78

To Jerry.

I need 3 or 4
names who might serve
on selection committee
for Arts awards. 1st
Meeting will be 11/17.
These persons should relate
to TV - Movies - popular
music.

J. C.

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| | LOG IN/TO PRESIDENT TODAY |
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pg-1

THE WHITE HOUSE
WASHINGTON

RETURN TO RICK HUTCHESON

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THE WHITE HOUSE
WASHINGTON

This is for INFORMATION ONLY....

I'm putting it in Immediate Action because you'll be with Joan tomorrow (Thursday) and it's possible that she might mention it.

m

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1:00 PM
Joan
See me
J

September 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JOAN MONDALE

SUBJECT: YOUR ARTS MEDAL

After our talk earlier this year concerning a Presidential Medal for the Arts, I asked Liv Biddle if he would have the Arts Council make recommendations to you on:

- a selection process
- the number of awards
- the artist or artists to receive the award
- an artist to design the medal

Here are those recommendations:

Selection process

The Arts Council would suggest a list of distinguished artists. You would select from this list -- or add to it.

Number of awards

If planned annually, a single medal would be "too few"; and 10, "too many". The Council's recommendation is 3 to 6; however, they suggest that the exact number remain flexible. In addition, it is recommended that categories (i.e., a medal for dance, a medal for painting, etc.) not be established -- one year you might want to give 3 in music and none in dance, or 2 in painting and none in music.

Those to receive the award

The list that came from the council had starred three artists. They are:

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Horowitz?

Georgia O'Keeffe

Her stark and personal paintings have earned her a secure position in the history of American art. A pioneer modernist since the early years of this century, her creative production has continued undiminished to the present time. Her work and her life have given inspiration and strength to several generations of artists and art lovers.

George Balanchine

Mr. Balanchine is one of the world's great choreographers. He was born in Russia and came to this country when the dance was in an embryonic stage here. He brought with him the art of classical ballet in its purest form and was a catalytic force in the development of dance, dancers and dance audiences in this country. He has been the guiding force behind the creation and staying power of the New York City Ballet.

James Hubert (Eubie) Blake

At age 95, he is America's oldest living black composer and jazz artist. He is best known as a leading ragtime pianist and composer of early black musical revues, and has also been an orchestra leader. He is still a creative composer and performer.

The full list of suggestions is attached.

The medal

It should be handsome, classic and appropriate in design. Anyone of the following three medalists could design and execute a medal that you would be proud of. I am in the process of gathering photographs of their work.

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Leonard Baskin

Mr. Baskin is internationally acclaimed as a sculptor and printmaker. His subject matter is humanity. He is more than a portraitist -- his work is full of commentary and emotion. Among his cast of characters he has given special attention to artists and poets. Of these 3 artists, Baskin has received the most honors, the most recognition and his work is in the most collections.

Demitri Hadzi

He is a sculptor and printmaker and is noted for his work in bronze and marble. His sculpture is included in the permanent collections of the Museum of Modern Art, the Guggenheim, the Whitney and the Hirshhorn. Hadzi has been a Sculptor in Residence at the American Academy in Rome, at Dartmouth and at many other universities. He has received Fulbright and Guggenheim Fellowships, and a grant from the National Institute of Arts and Letters. When I was in Rome I saw his bas-relief bronze doors in St. Paul's Episcopal Church. They are magnificent.

Merlin Szosz

Mr. Szosz has taught sculpture at the Rhode Island School of Design for 19 years. He is the recipient of numerous awards and his work is included in many private and public collections. His figurative work is primarily in bronze and cast metals. One of his medals, given to me by Barnard College, stands on the mantelpiece at the Vice President's House. The work is handsome and beautifully executed.

A date for presentation of awards

Could I work with your scheduling office to find an appropriate date -- hopefully sometime in November or December.

Yes

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Roger Stevens tells me the Kennedy Center is going to present several performing arts awards at their December 3rd event. I hope your awards can be before this; otherwise, I would suggest postponing until next year.

The presentation

It could be an East Room ceremony followed by a reception. But, I would love to see you pull out all the stops and have a dinner in honor of the artists, with a ceremony and special entertainment. This could be as special as President Kennedy's dinner for the Nobel Prize winners. But whatever is planned will be memorable and exciting.

Joan Mondale's request

I would very much like to talk with you about this as soon as possible. And, I would like to bring Liv Biddle. ok

You have so many grim problems to cope with -- but this will be fun!

9/14/78

# RECOMMENDATIONS ON CANDIDATES FOR THE PRESIDENTIAL MEDAL OF EXCELLENCE IN THE ARTS

## In Architecture and Design

### Ray Eames

Ray Eames is an innovative designer who, working with her late husband Charles (deceased 8/23/78), created many of the recognized classics of modern American design. The Eames were pioneers in experimenting with a wide variety of materials and techniques, using plastics, plywood, and metal to create elegant furniture adaptable to mass production (best typified by the Eames Lounge Chair). The Eames are recognized as masters of any art form in which they worked. Their film, "The Powers of Ten," currently shown at the Air and Space Museum, their famous Franklin and Jefferson exhibition, and the award-winning design of their own steel frame home in Santa Monica, California are examples of the creative power of the collaboration of these two great design minds.

### I.M. Pei

I.M. Pei is known for both his large-scale urban projects, such as Boston's Government Center and Washington, D.C.'s L'Enfant Plaza, and for his smaller, sculptural buildings, including the National Gallery of Art's new East Wing. He is also a master at the pavilion idiom as exemplified by his design for the National Airlines Terminal at Kennedy International Airport, New York. He is highly skilled in the use of concrete and many of his buildings demonstrate exceptionally well-designed poured-in-place concrete systems.

### Harry Weese

A leading Chicago architect, Harry Weese is known for his elegant but simple designs. His projects have ranged from housing developments and office buildings to the U.S. Embassy in Ghana and to Washington, D.C.'s new subway system. He has designed a number of performing arts centers, including Arena Stage in D.C. Weese has also demonstrated a sustained interest in historic preservation as evidenced by his work in restoring the Auditorium Theatre, a Chicago landmark dating from the 1880's.

## In Dance

### Alvin Ailey

A dancer and major choreographer, Alvin Ailey has been a vital force behind the current popularity of American dance. He is Founder and Artistic Director of the Alvin Ailey American Dance Theatre, a racially mixed company whose style and enthusiasm have had a significant impact on broadening the dance audience, particularly among blacks and younger Americans. Ailey has also been instrumental in helping to preserve the heritage of black dance and music, and in inspiring a whole generation of black dancers.

### Fred Astaire

Fred Astaire's elegant and debonaire style of dancing is well known to millions of American movie-goers. He is generally acclaimed as the greatest dancer of the silver screen.

### George Balanchine

George Balanchine is considered by many to be this generation's greatest choreographer of ballet. He has changed the vocabulary and style of dance by creating the "abstract" or plotless ballet, where movement and structure are paramount. His mark is felt upon all elements of American dance--dancers, choreography, repertoire. And the New York City Ballet, of which he is Co-Founder and Director, serves as an inspiration for companies worldwide. Indeed, numerous companies around the world have Balanchine ballets in their repertoires. Balanchine is also renowned as a teacher. The School of American Ballet, founded by Balanchine and Lincoln Kirstein in 1934, has produced some of the greatest dancers in America and has trained dancers found in almost all companies throughout the United States.

### Merce Cunningham

Merce Cunningham is a major contemporary choreographer and Founder and Artistic Director of the Merce Cunningham Dance Company. A pioneer in experimental movement and new forms of dance, he has trained and inspired countless dancers who have gone on to choreograph and form their own companies. Cunningham's work continues to have a significant impact on the dance field.

Katherine Dunham

Katherine Dunham is one of the leading innovators in American dance. Her technique, combining elements of African and Afro-Caribbean dance with modern movements, has strongly influenced the work of numerous American choreographers including Martha Graham and Jerome Robbins. In addition to her dancing and choreography, Ms. Dunham has also been a leader in the neighborhood arts movement. She has had her own schools of dance, theatre and cultural arts in Chicago, New York, Haiti and Europe, and is now Director of the Performing Arts Training Center and Dynamic Museum at Southern Illinois University in East St. Louis, Illinois.

## In Literature

### James Baldwin

James Baldwin has been the most influential young black writer in the second half of the 20th century. His novels have been highly successful, both critically and as best sellers. His controversial book, The Fire Next Time, was the first essay to call attention to the growing unrest among younger blacks in urban regions.

### Saul Bellow

Saul Bellow. winner of the Nobel Prize for fiction and both a Pulitzer Prize and National Book Award, has had a seminal effect on contemporary literature, especially in regard to the effects of urban living upon modern man, primarily within American Jewish society. Among his best known works are The Adventures of Augie March and Herzog.

### Lillian Hellman

Lillian Hellman is among the most important playwrights--and certainly the most important and influential woman writer for theatre--of the 20th century. Her plays are widely produced each year. Two volumes of personal memoir--Pentimento and An Unfinished Woman--were published during the past five years.

### Eudora Welty

Eudora Welty is one of America's best-known and loved writers of novels and short fiction. She has published more than a dozen books, including the Pulitzer Prize-winning The Optimist's Daughter. She was born in Jackson, Mississippi, and, aside from brief years in New York City, has lived in Jackson all her life. Her most recent book is a collection of critical essays about fiction.

### E.B. White

E.B. White, the most influential essayist for The New Yorker magazine, is now retired and living in Maine. Two large volumes--one devoted to his essays and the other to his letters to other editors and writers--have been published during the past year and a half. He is universally admired as a lucid and economical stylist whose work shaped the history of The New Yorker just as surely as did its first editor, Harold Ross. He is also known for his books for children.

In Media Arts

Orson Welles

Author, director, producer, actor, editor, designer--Orson Welles is one of the rare examples of the total filmmaker in the American cinema. Welles has taught us that a work of art as complex, as fraught with possibilities for dissention and confusion as a feature film can still be a work of genius. But this can only happen when there is an artist in control with the talent, the total filmmaking sense, and the immense humanity of an Orson Welles. Citizen Kane, The Magnificent Ambersons, Chimes at Midnight, Touch of Evil--these are the works that nourish and teach young filmmakers throughout the world.

## In Music

### Kurt Herbert Adler

OPERA America, the service organization for professional opera companies in the United States and Canada, has cited Kurt Herbert Adler as the "dean of American opera producers." This is his 25th anniversary season as General Director of the San Francisco Opera Association and his 50th year as an opera professional. During his years with the San Francisco Opera, he has more than doubled the length of the season, presented a number of American and world premiers, provided American debuts for many important artists, discovered and nurtured young American talent, and created a variety of affiliate organizations providing outreach and developmental opportunities.

### Marian Anderson

Marian Anderson is an American contralto. She has toured extensively both nationally and internationally and was the first black singer engaged as a permanent member of the Metropolitan Opera.

### Leonard Bernstein

Leonard Bernstein has had a distinguished, multi-faceted career as conductor, composer, pianist, educator, and author. He has many different kinds of compositions to his credit, ranging from Broadway shows and movies to scores for operas and ballets to works for choruses, symphony orchestras, and solo piano. He is also widely known for his innovative use of television to further music education, through such programs as his "Young People's Concerts." Formerly the Conductor and Music Director of the New York Philharmonic, he is now Laureate Conductor for Life of that orchestra.

### Eubie Blake

At age 95, Eubie Blake is America's oldest living black composer and jazz artist. He is best known as a leading ragtime pianist and composer of early black musical revues, and has also been an orchestra leader. He is still a creative composer and performer.

Aaron Copland

The dean of American composers, Aaron Copland has written many different kinds of music, including scores for ballets and operas. Among his best known works is the Pulitzer Prize-winning Appalachian Spring. Copland is also a guest conductor, author, and educator.

Maria Jeritza

A leading international opera star of the 1920's and 1930's, Maria Jeritza was famous for her Puccini heroine roles, especially in Tosca.

Arthur Rubinstein

Arthur Rubinstein is a legendary pianist well recognized throughout the world. He has made concert tours worldwide, given many charity performances, appeared on television, and made a number of recordings.

Georg Solti

A conductor and pianist, Georg Solti is currently conductor of the Chicago Symphony Orchestra. He has formerly served as director of some of the world's major opera companies, including the Royal House Opera in England. He has also made many recordings, including several outstanding opera albums.

## In Theatre

### Lillian Hellman

See write-up under Literature.

## In Visual Arts

### Ansel Adams

Ansel Adams is probably the best known American photographer. For over fifty years he has photographed the American landscape, carrying on the 19th century tradition of documenting the majestic terrain of the West. Adams has long supported the field of photography and was recently endowed a position at the Museum of Modern Art. His photographs have been shown frequently, his work is in major collections throughout this country, and there are at least seven books on his work.

### Willem de Kooning

Willem de Kooning was one of the major figures in the Abstract Expressionist movement of the 1950's. This movement brought American artists to prominence throughout the world and made New York the international center of visual arts. His figure studies of women are among the best known and most influential series in the history of contemporary art. He has exhibited extensively in European and American shows.

### Jasper Johns

Jasper Johns, with Robert Rauschenberg, bridged the gap between Abstract Expressionism and Pop Art. Among the familiar images that he employs are the American flag, targets and Ballantine beer cans. He has exhibited widely in the United States and has represented the United States in exhibitions in Milan, Paris, London, Tokyo and Venice.

### Louise Nevelson

Louise Nevelson is the first American woman sculptor to gain prominence in this country in her own time. Her monumental monochromatic assemblages composed of compartmentalized wood boxes filled with fragmented objects dominate the environment with their forcefulness. Nevelson's sculpture has been exhibited in major group shows since the early 1960's and one-woman shows have been organized in cities throughout the world.

Isamu Noguchi

Isamu Noguchi was one of the pioneers in creating monumental sculptu for public places in this country. His designs for lampshades and children's playgrounds in addition to his large abstract stone and wood sculptures demonstrate his concern for the aesthetic quality of everyday life. Commissions in Tokyo, Paris, and Jerusale as well as several cities in the United States reflect his international significance.

Georgia O'Keeffe

Georgia O'Keeffe has remained in the forefront of the American art scene from the early 20th century until the present day. She participated in one of the most significant movements of the early century, one that sought to identify a distinctively American art style separate from the then dominant European tradition. During her long career, her subject has consistently focused on the American city and Southwestern architecture and nature. Her paintings have been exhibited widely. A television special recently explored her life and work.

Robert Rauschenberg

Robert Rauschenberg, with Jasper Johns, bridged the gap between Abstract Expressionism and Pop Art. He has continually explored new approaches to various art media, incorporating the technology of industrial society. His versatility is also reflected in the works he has created in collaboration with leading figures in the performing arts--choreographer Merce Cunningham and musician John Cage. Rauschenberg was one of the first to become interested in the potential of interdisciplinary art work in an age of specialization. He has shown throughout the United States and in the major cultural capitals of the world.

THE WHITE HOUSE
WASHINGTON

9/21/78

Mrs. Mondale

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

Rick Hutcheson

cc: Tim Kraft
Jim Gammill
Phil Wise
Fran Voorde

VP's office to Mrs Mondale

ID 784690 THE WHITE HOUSE

WASHINGTON

DATE: 20 SEP 78

FOR ACTION:

INFO ONLY: THE FIRST LADY JERRY RAFSHOON

STU EIZENSTAT

SUBJECT: MRS. MONDALE MEMO RE YOUR ARTS MEDAL

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: No Response necessary +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

10/4/78

Frank Moore

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

Rick Hutcheson

cc: Hamilton Jordan
Stu Eizenstat
Jerry Rafshoon
Jim McIntyre

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THE WHITE HOUSE
WASHINGTON

10/4/78

Mr. President:

Congressional Liaison urges you not to veto the State authorization bill.

"Chairman Zablocki will not send back a new bill this year. This means we must seek a continuing resolution which may be blocked by opponents of foreign aid, Panama, Rhodesia, and numerous other issues which are embodied in this bill. Additionally, the bill calls for $251 million in new authorization for migration and refugee programs, increases in assessed dues for international organizations, increases for the ICA and the Board for International Broadcasting, and other programs. Lastly, Chairman Zablocki feels that he has produced a good bill in a bad climate with no assurances that rewriting the bill will produce as strong a product. Zablocki has been our most supportive Chairman. A veto of this bill will be seen by him as a slap in the face. He is not a supporter of "high-one" and assures us that he will work actively to keep it off the FY 80 bill. We will comment further on the bill when OMB forwards its memo to you."

Rick

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

Frank - Clean up Ex-Im Repeal High one - "Sunset" ok w. Hz me, etc - all if possible. I have open mind on Hz veto J

2 OCT 1978

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. Jim
Director

SUBJECT: Veto of "high one" Retirement Provision in Foreign Relations Authorization Act (H.R. 12598)

H.R. 12598, the Foreign Relations Authorization Act, is now enrolled and you have until midnight, Saturday, October 7, to approve or veto the bill. This legislation contains the seriously objectionable "high one" retirement provision for Foreign Service Officers and the Administration is seeking to have the "high one" provision repealed by attaching an appropriate rider to legislation still pending in the Congress and thus avoid a possible veto of the entire Foreign Relations Authorization Act. I will hold up providing you with our regular enrolled bill memorandum until we have a better picture of how the Administration's efforts to enact a repealer are proceeding.

Last Friday, acting on behalf of the Administration, Sen. Inouye attached a "high one" repealer (by voice vote) to S. 3077, the "Export-Import Bank Act Amendments of 1978." However, the Senate has also attached several very objectionable riders to the Ex-Im authorization bill, and Senate consideration of S. 3077 continues today. One of these would prohibit any U.S. concessions on textile tariffs during the multilateral trade negotiations, and if not eliminated from the bill in conference, may require a veto of the Ex-Im bill. The House has already passed its Ex-Im authorization bill, H.R. 12157, and conference action could begin soon after the Senate enacts its version. However, given these difficulties and the Senate schedule, it is unlikely that conference action will be completed on the Ex-Im bill before you must act on H.R. 12598 next Saturday.

Of course, bills other than Ex-Im could be used to enact a repealer and we are exploring all of our possible options. The outcome of a successful repealer effort will remain uncertain for several more days, and in the meantime, the remainder of this memorandum gives you my views of the "high one" provision.

As you know, the major issue in H.R. 12598 is Section 406, which provides that Foreign Service employees whose salary is "capped" at $47,500 may retire prior to December 1979 with an annuity based on the highest one year of salary rather than an average of three as required for all other federal employees. Section 406 resulted from initiatives on the Hill by some State officials and the American Foreign Service Association. On May 23, you indicated in writing to Cy Vance that the provision may incur a veto. The message was passed to appropriate Members of Congress by State and by me. Nevertheless, it is included in the bill as it cleared the Congress.

Deputy Secretary Christopher met with me on September 26 and strongly supported "high one" and recommended against a veto. He argues that:

-- State would save $5.6 million in 1979-80 by early retirement of an estimated 140 high paid employees which would not be replaced;

-- State does not have reduction-in-force (RIF) authority for Foreign Service employees, as agencies have for the civil service, and thus must resort to special retirement inducement;

-- The legislative history is clear that neither the Senate nor the House intend the provision to be a precedent for similar government-wide legislation; and

-- A veto at this late date would jeopardize 1979 appropriations, which are about to be enacted, but must be authorized before they can be utilized.

I indicated to Warren that I did not find his arguments persuasive. Any savings would be small and of a one-time nature. In any case, the "capped" employees will be eligible in Feburary 1980 for the same annuity under present rules (at that point they will have completed three years at $47,500). Thus, any "savings" exist only to the extent that certain people may retire a few months earlier than they could under current law.

Furthermore, State's lack of RIF authority is not relevant to this issue, because civil service RIF procedures cannot be applied to all employees in particular organizational units. RIF procedures invariably downgrade or separate

younger and thus lower paid employees rather than senior, highly paid employees. Finally, the impact on 1979 appropriations would not be major because the 1979 continuing resolution about to be enacted could provide interim appropriations to State as it has in several past years when there were late authorizations and appropriations.

I continue to believe that the arguments are overwhelming for vetoing H.R. 12598 because of section 406.

-- "High one" for highly paid Foreign Service employees contradicts your pay freeze on Federal executives as part of your anti-inflation effort by giving a back-door increase in compensation through a liberalized annuity computation.

-- A movement in Congress to apply "high one" for Members was dropped, apparently as too controversial.

-- Provision of "high one" for the Foreign Service would lead to strong pressure to extend it to cover 2,000 other "capped" Federal employees on the grounds that it would be inequitable not to do so. (Scotty Campbell has indicated to me that he would like "high one" for all "capped" executives, evidence enough of the precedential nature of section 406.)

-- The provision could increase pressures to extend "high one" to all Federal employees, not just "capped" ones, as the American Federation of Government Employees set as a goal in its recent Chicago convention. Such extension would increase the Government's actuarial liability by about $3.5 billion.

-- Retirement liberalizations now are inappropriate in view of your recently established study commission on pension policy.

As soon as the outcome of our current congressional initiatives is reasonably clear, but no later than Friday, October 6, I will forward our regular enrolled bill memorandum with my final recommendation.

ID 785028 THE WHITE HOUSE

WASHINGTON

DATE: 03 OCT 78

FOR ACTION:

S. 12598
last day 10-7

INFO ONLY: THE VICE PRESIDENT BOB LIPSHUZ

FRANK MOORE (LES FRANCIS) JODY POWELL

JERRY RAFSHOON ANN WEXLER

ZBIG BRZEZINSKI

SUBJECT: MCINTYRE ADMINISTRATIVELY CONFIDENTIAL MEMO RE VETO OF HIGH ONE RETIREMENT PROVISION IN FOREIGN RELATIONS AUTHORIZATON ACT

| RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) |
|---|
| BY: |

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

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THE WHITE HOUSE
WASHINGTON

Mr. President:

I concur with Jerry's recommendation on the Presidential Arts Award.

Phil

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for Preservation Purposes

1:00 PM

THE WHITE HOUSE

WASHINGTON

October 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON JR

I met with Joan Mondale regarding her arts awards.

I think it is a good idea for you to eventually honor the arts by having a Presidential award. However, I am not sure that Mrs. Mondale's list best represents what you would want the first awards to be. The three that she singles out--Georgia O'Keefe, Eubie Blake, and George Balanchine--seem to be more from a political balance (a woman, a black, and a man). She also discounts motion pictures as not being art (the only truly original American art).

Aside from that, she points out in her memo that the Kennedy Center is having a performing arts celebration on December 3. It honors Balanchine, Marian Anderson, Fred Astaire, Richard Rodgers and Arthur Rubenstein. It will be telecast on CBS as a special. Joan wants us to beat them to the punch by having yours in November. I think it is too close.

Recommendation:

That you agree with Joan's concept and agree to do something significant on the arts but not until 1979. This is something we could do better in the Spring, with a broader based list, and with more fanfare. There is not enough time to do a good job with this.

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THE WHITE HOUSE

WASHINGTON

October 4, 1978

PHOTO SESSION WITH REP. ROBERT McCLORY (R-Ill)
Wedensday, October 4, 1978
11:50 a.m. (2 minutes)
The Oval Office

From: Frank Moore

I. PURPOSE

To be photographed with Rep. McClory and his daughter, Beatrice Etienne, and to discuss the bill concerning Americans living abroad.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: The Congressman's daughter has been working with others for the adoption of a bill to correct an inequity in citizenship laws. Current law requires a U.S. Citizen born abroad of one U.S. parent and one non U.S. citizen parent to live for two years in this country between the child's 14th and 28th birthday.

You received the bill on the 29th and have until the 11th of October to sign. We have asked Stu's staff to prepare a signing statement recognizing the 1.5 million Americans living abroad for their service to the United States.

His daughter may be accompanied by Andy Sundberg of Geneva, who has worked on this bill for four years. He is a Naval Academy graduate and took a one month leave of absence from his job in Geneva to work for the Carter campaign in New Hampshire.

Participants: The President, Rep. McClory, Beatrice Etienne, Andy Sundberg, Bill Cable.

Press Plan: White House photographer only.

III. TALKING POINTS

McClory is inclined to vote with us on water -- he should be encouraged.

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THE WHITE HOUSE

WASHINGTON

C

October 4, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE F.M./BR

It is a closely-held secret that Senator Byrd will put up Humphrey-Hawkins this afternoon. The biggest problem now seems to be getting around Senator Muskie's budget restraint.

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for Preservation Purposes

1:30 PM

THE WHITE HOUSE

WASHINGTON

Meeting with Robert O. Anderson
and Jack Myers
Wednesday - October 4, 1978
1:30 p.m. - 15 minutes

From: Phil Wise

I. PURPOSE

(1) To discuss the dollar and the economy and (2) Energy.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: Robert Anderson requested this meeting prior to the Bonn Summit to discuss his ideas on the economy and the energy problem. Because of Energy Bill negotiations, the Domestic Policy staff felt the meeting should be delayed until now.

B. Participants: Robert O. Anderson is Chairman of the Board of Atlantic-Richfield and one of the largest landowners in the United States. He is considered somewhat of a maverick in the energy field because of his great concern for the environment. He is a member of the Republican National Committee but has been non-partisan in many of his efforts. One of his sons is a Member of the New Mexico State Legislature and another is the Democratic nominee for Congress from Colorado. He is 61-years old.
Jack Myers - Lew Wasserman's son-in-law and early supporter of yours, will be accompanying Mr. Anderson.

C. Press Plan: White House photographer.

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for Preservation Purposes

9:00 AM

THE WHITE HOUSE

WASHINGTON

October 4, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Meeting with Congressional Liaison Staff
Wednesday, October 4 at 9:00 a.m.

This morning you will meet with my staff. Those in attendance, in addition to myself, will be:

| | |
|---|---|
| Senate Liaison: | Dan Tate<br>Bob Thomson |
| House Liaison: | Bill Cable<br>Jim Free<br>Valerie Pinson<br>Terry Straub |
| House/Senate Foreign Policy: | Bob Beckel |
| CL Coordination: | Les Francis<br>Jim Copeland |
| Special Assistant: | Bob Russell |

As you probably know, the White House CL staff has worked long and hard throughout the 95th Congress and the "wear and tear" is starting to show. The crush since Labor Day -- which will only get worse until adjournment -- has been especially hectic and exhausting. In view of what the CL staff has already been through, and what still faces us, I thought you might want to make the following points:

- I realize and appreciate the work you have done over the past 21 months. I believe that as a result of your efforts and the efforts of those with whom you work, the 95th Congress will have a great record, a record of which all of us can be proud.

- We still have some very important and very rough battles ahead. We have to win on the Public Works veto, Energy, Taxes, ERA Extension, Humphrey-Hawkins,

and other important issues. It means a tiring 10 days, but I know we can do it.

- In addition to the fine work you do -- the results of which I see every day -- I also am very much aware of the hard work, the good work, your respective staffs perform. Please let them know of my appreciation.

THE WHITE HOUSE
WASHINGTON

10/3/78

Mr. President:

Phil Wise has no comment.

Rick

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11/17 mtg

RECOMMENDATIONS ON CANDIDATES FOR THE PRESIDENTIAL MEDAL OF EXCELLENCE IN THE ARTS

In Architecture and Design

Harry Weese - Architect
Ray Eames - Designer; (worked with husband Charles, deceased 8/23/78)
I.M. Pei - Architect

In Dance

Alvin Ailey - Choreographer
*George Balanchine - Choreographer, co-founder, New York City Ballet - Kennedy Center
Merce Cunningham - Choreographer, dancer
Katherine Dunham - Dancer, choreographer, teacher, neighborhood arts leader
Fred Astaire - Actor, dancer - Kennedy Center

In Literature

Eudora Welty - Writer
Saul Bellow - Writer
E.B. White - Writer M/F - LBJ
James Baldwin - Writer
Lillian Hellman - Playwright (also on Theatre list)

In Media Arts

Orson Welles - Actor, writer, director, radio producer

In Music

Leonard Bernstein - Composer, conductor, pianist
Aaron Copland - Composer, conductor - M/F - LBJ
Kurt Adler - Conductor
George Solti - Conductor

*Chairman's Special Recommendation

Vladimir Horowitz

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In Music (continued)

Marian Anderson - Singer Kennedy Center
Artur Rubenstein - Pianist M/F Ford — Kennedy Center
*Eubie Blake - Jazz Artist
Maria Jeritza - Opera singer

In Theatre

Lillian Hellman - Playwright (also on Literature list)

In Visual Arts

Jasper Johns - Painter, printmaker
Ansel Adams - Photographer
Isamu Noguchi - Sculptor
Willem de Kooning - Painter M/F - LBJ
Robert Rauschenberg - Painter, printmaker, sculptor
Louise Nevelson - Sculptor
*Georgia O'Keeffe - Painter M/F - Ford

* Chairman's Special Recommendation

Kennedy Center
Astaire
Balanchine
Anderson
Rubenstein
Richard Rogers

THE WHITE HOUSE
WASHINGTON

10/4/78

Frank Moore

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

Rick hutcheson

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THE WHITE HOUSE
WASHINGTON

5:20 P.M. TUESDAY
TUESDAY - OCT. 3, 1978

MR. PRESIDENT

CONGRESSMAN ROSTENKOWSKI

RETURNED YOUR CALL.

PHIL

THE WHITE HOUSE
WASHINGTON

TUESDAY - OCTOBER 3, 1978
5:30 p.m.

MR. PRESIDENT

SECRETARY HAROLD BROWN

CALLED.

PHIL

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THE WHITE HOUSE

WASHINGTON

October 2, 1978

Frank
J

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE F.M./BR
JIM FREE

SUBJECT: PUBLIC WORKS CALLS

It now appears the vote to override the expected veto will be Wednesday or Thursday.

We think your calling the following Members of the House would be helpful if not determinative of the outcome.

1. Morris UDALL (D-Arizona) - I know I owe you a lot but I need one more. The problems on Central Arizona have been worked out.

4- Quiet help - may vote with - prob not if us

2. Bob GIAIMO (D-Connecticut) I need help on the Budget and you as Budget Chairman can help on the floor debate.

1-? Watch vote - ok if Pres has chance

3. John CAVANAUGH (D-Nebraska)

I know it's a hard vote for you but I need you on this one.

4 Difficult in Nebraska

4. Bill ARCHER (R-Texas) I need Republican help to curtail wasteful government spending. You have always supported me on the water projects issue and I need your vote to sustain this veto.

2- Inclined to support

5. Dan ROSTENKOWSKI (D-Illinois)

Danny, you said you would help me on Public Works and I need it. We need Collins, Metcalfe, Murphy, Russo, Fary and Annunzio. Will you please speak to them for me?

Simon - Mikva - Metcalfe - Collins

Price - Murphy - Russo - Fary - Annunzio

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6. Bob TRAXLER (D-Michigan) — I need your help on sustaining my veto.

7. Charlie ROSE (D-North Carolina) — I need you to work Members on sustaining the veto.

1 Nat Gas 1 – Pub Wks 1

8. Bob ECKHARDT (D-Texas) — Thank you for all of your help on energy. I need your help on my public works veto. You've been with me before on the water projects issue, and I really need your help now.

1 Will help - Making progress on Energy for Conference

9. Teno RONCALIO (D-Wyoming) — He will ask you about the Kennedy Center Board which he wants to be re-appointed to. Remind him that this is not an anti-west veto but one that will try to cut back wasteful government spending.

1 Probe G McKay Evans

10. Max BAUCUS (D-Montana) — He is undecided and we need his vote.

3 Undecided - Will try

1

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THE WHITE HOUSE
WASHINGTON

10-4-78

To Tim

Check with V.P.
& let me have recommendations re representative to Vatican by tomorrow noon.

JC

THE WHITE HOUSE
WASHINGTON

10-4-78

To Tim
Check with V.P.
& let me have recommendations re representative to Vatican by tomorrow noon.

JC

cc: Bob Lipshutz
Jim Gammill

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for Preservation Purposes

2:45 PM

Civil Service Reorg Gov't

THE WHITE HOUSE

WASHINGTON

October 2, 1978

MEETING WITH REPUBLICAN MEMBERS OF THE HOUSE ON THE FY 1979 PUBLIC WORKS APPROPRIATIONS BILL

Tuesday, October 3, 1978
2:45 p.m. (15 minutes)
The Cabinet Room

From: Frank Moore F.M./pd

I. PURPOSE

To solicit active support from these Members of Congress in sustaining a possible veto of the Public Works Appropriations Bill.

II. BACKGROUND, PARTICIPANTS, & PRESS PLAN

Background: After your remarks, Charlie Schultze will discuss the inflationary aspects of the bill. Jim McIntyre will follow with a general summary of the Administration's objections to the bill. Secretaries Andrus and Alexander will continue the briefing with a question and answer session and if time allows, Donald Crabill and Eliot Cutler of OMB will give a map presentation and describe each project.

Participants: The President, Secretary Andrus, Secretary Alexander, Charles Schultze, Jim McIntyre, Donald Crabill and Eliot Cutler of OMB, Frank Moore, Jim Free and Members of Congress on the attached list.

Press Plan: White House photographer only.

III. TALKING POINTS

My major objections to the Appropriations Bill:

-- Six projects terminated after the difficult battle and compromise last year are reinstated in this bill. The Administration carefully studied these projects and although I agreed to let a number of other unsound projects proceed, I cannot accept the reinstatement of these six:

| | | |
|---|---|---|
| Yatesville | (Kentucky) | (Perkins D-Ky) |
| Lukfata | (Oklahoma) | (Watkins D-Ok) |
| Bayou Bodcau | (Louisiana) | (Long D-La, Waggoner D-La) |
| Narrows | (Colorado) | (Evans D-Col, Johnson R-Col) |
| Savery-Pot Hook | (Colorado) | (Evans D-Col, Johnson R-Col, Roncalio D-Wyo) |
| Fruitland Mesa | (Colorado) | (Evans D-Col, Johnson R-Col) |

-- I cannot even accept "study" money for these projects. No amount of additional study will make these projects acceptable.

-- Although I proposed 26 new water projects, the bill not only funds these but includes 27 additional projects. The 27 include projects which have not been fully planned. Some have not met legal requirements; some are economically or environmentally unsound: some are low priorities we simply cannot support in a tight year (recreational boat harbors, for example).

-- In all, they cost $1.2 BILLION more than our request for 26 projects. I know some Members of the Committee feel that my proposals were too late for their consideration. However, there has been ample time since my water policy message in early June for modifications in this bill and the real issue is the quality and readiness of these projects.

-- The bill mandates the addition of 2300 employees in the Corps of Engineers and Bureau of Reclamation. We cannot hold back the growth of bureaucracy with such requirements.

-- The bill deletes funding for the Water Resources Council (only $1.3 million). While I'm aware that the Water Resources Council has been criticized for inaction in the past, I've given them important new assignments to help assure consistency and coordination. This will help the water resource program, not hurt it.

-- The bill does not use the "full funding" approach for new starts. This is a business-like procedure which is very important to me. I proposed 26 new starts this year by requesting their full cost, including inflation ($604 million). Yet this bill funds 53 new projects costing $1.8 BILLION with an appropriation appropriation of only $104 million.

-- I am not anti-water projects. I support ongoing construction on water projects costing a total of $35 BILLION. My FY 1979 request for water projects is $2.5 BILLION. I am the first President in four years to propose new water project starts. I compromised last year and accepted a number of projects I personally did not believe should be built.

-- I need your help in sustaining this possible veto, and I commit the complete effort of the White House in this fight.

-- We cannot have this veto sustained without support from Republican Members. If you believe that we must stop wasteful government spending, I urge you to talk with your Republican colleagues and urge them to sustain my veto and save the federal government $1.8 million.

John ANDERSON
(R-Illinois-16)

Chairman, House Republican Conference

Committee: # 2 Rules

Administration Support: 48.8%

Wife: Keke

---

Bob MICHEL
(R-Illinois-18)

Minority Whip

Committee: # 2 Appropriations
Subcommittees: Labor-Health, Education & Welfare (RMM)

Administration Support: 23.8%

Wife: Corinne

---

John ASHBROOK
(R-Ohio-17)

Committees: # 2 Education & Labor
Subcommittees: Labor-Management Relations (RMM)
Labor Standards

# 8 Judiciary
Subcommittees: Crime (RMM)

Administration Support: 14.3%

Wife: Jean

Silvio CONTE
(R-Massachusetts-1)

Committees: # 3 Appropriations
Subcommittees: Foreign Operations
Labor-Health, Education & Welfare
Transportation (RMM)

Small Business (Ranking Minority Member)
Subcommittees: SBA & SBIC Authority & General
Small Business Problems (RMM)

Administration Support: 78.7%

Wife: Corinne

---

Ed DERWINSKI
(R-Illinois-4)

Committees: # 2 International Relations
Subcommittees: International Organizations (RMM)

Post Office & Civil Service (Ranking Minority Member)
Subcommittees: Investigations (RMM)

Administration Support: 21.7%

Wife: Patricia

---

Bill GRADISON
(R-Ohio-1)

Committees: #12 Ways & Means
Subcommittees: Health
Public Assistance & Unemployment
Compensation

Administration Support: 31.0%

Jim JEFFORDS
(R-Vermont-AL)

Committees: # 9 Agriculture
Subcommittees: Conservation & Credit
Dairy & Poultry (RMM)

# 6 Education & Labor
Subcommittees: Employment Opportunities
Select Education (RMM)

Administration Support: 61.9%

---

Jim MARTIN
(R-North Carolina-9)

Committee: # 8 Ways & Means
Subcommittees: Health
Oversight

Administration Support: 21.3%

Wife: Dorothy

---

Bill STEIGER
(R-Wisconsin-6)

Committee: # 5 Ways & Means
Subcommittees: Social Security
Trade (RMM)

Administration Support: 43.2%

Wife: Janet

Dave STOCKMAN
(D-Michigan-4)

Committees: # 7 House Administration
Subcommittees: Libraries & Memorials
Office Systems
Policy Group on Information & Computers (RMM)

#13 Interstate & Foreign Commerce
Subcommittees: Energy & Power
Oversight & Investigations

Joint Committee on the Library

Administration Support: 35.7%

---

Chuck WHALEN
(R-Ohio-3)

Committees: # 3 District of Columbia
Subcommittees: Economic Development & Regional Affairs (RMM)
Fiscal & Government Affairs

# 6 International Relations
Subcommittees: Africa (RMM)
International Economic Policy & Trade (RMM)

Administtation Support: 94.7%

Wife: Barbara

---

Jack KEMP
(R-New York-38)

Committees: #13 Appropriations
Subcommittees: Defense
District of Columbia

Administration Support: 14.6%

Wife: Joanne

Joel PRITCHARD
(R-Washington-1)

Committees: # 6 Merchant Marine & Fisheries
Subcommittees: Coast Guard & Navigation
Oceanography (RMM)

Administration Support: 54.8%

Wife: Joan

THE WHITE HOUSE
WASHINGTON

Mr. President:

The following are points you might make about Jake Butcher:

1. I am pleased to have this opportunity of joining with Jake Butcher, Chairman of Expo '82 and Senator Sasser in announcing this essential Federal funding for this international energy exposition.

2. I want to commend Jake Butcher for his leadership and initiative in developing the exposition.

3. I would like to point out that last June I designated Federal assistance for Expo as a high White House priority and today marks the culmination of our effort to fund the first phase of the project for $12.45 M.

Frank Moore
10/3

THE WHITE HOUSE

WASHINGTON

October 3, 1978

MEMORANDUM FOR THE PRESIDENT

THROUGH FRANK MOORE BK

FROM: BRUCE KIRSCHENBAUM

The attached is a draft release which can be given to Senator Sasser concerning funding for Energy Expo '82. You should know that the total of $12.45 million is just under $1 million short of their original request but is a considerable accomplishment.

Attachment

DRAFT RELEASE

Senator Sasser announced today that the White House has informed him that a package of federal funding to assist in the development of Energy Exposition '82 in Knoxville, Tennessee, has been agreed upon. The following agencies have committed a total of $12.45 million.

Department of Housing and Urban Development

A UDAG grant for $5 million has been awarded to the City of Knoxville to leverage the commitment of a new hotel which will provide for a private sector leverage of $23 million.

Economic Development Administration

EDA has set aside $4.25 million in FY 79 grant funds for use in funding a portion of the first phase of the Exposition. Upon approval of the final application from Knoxville, the EDA funds will be used for land acquisition, demolition and site preparation.

Appalachian Regional Commission

The 13-State Commission has agreed to allocate $1.5 million of their funds to support EXPO '82. In addition, $500,000 of Tennessee's ARC allocation will be used in support of this project. This will total $2 million of ARC funds.

Department of the Interior

The Department of Interior has agreed to make available $300,000 in Land and Water Conservation funds in each of two consecutive fiscal years (1978-1979). This $600,000 comes from the Secretary's discretionery funds and it is expected to be matched by the State share of normal federal funding for an equal amount. This means that $1.2 million of Department of Interior funds has been allocated to EXPO '82.

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8:55 AM

THE WHITE HOUSE

WASHINGTON

October 3, 1978

MEETING WITH GORDON BALL (CONGRESSIONAL CANDIDATE, FIRST DISTRICT, TENNESSEE)

Wednesday, October 4, 1978
8:55 a.m. (two minutes)
The Oval Office

FROM: FRANK MOORE FM

I. PURPOSE

A photo with the President for use in campaign materials.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Gordon Ball, 29, ran unopposed in the August 3 primary and now faces incumbent Republican James Quillen in the general election. Ball is a lawyer.

The first district lies in the far northeast corner of the state (Johnston, Bristol, Kingsport). It is historically a Republican district. Quillen, a conservative Republican, will probably hold onto this seat. Although Ball has a good volunteer organization, it will be very difficult to overtake Quillen.

B. Participants: Gordon Ball
Jim Morgan (his PR man)

C. Press Plan: White House photographer

III. TALKING POINTS

A. Usual courtesies

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8:57 AM

THE WHITE HOUSE

WASHINGTON

October 3, 1978

MEETING WITH CONGRESSIONAL CANDIDATE, JIM SHANNON (5-MA)

October 4, 1978
8:57 a.m. (2 minutes)
The Oval Office

From: Frank Moore F.M. for BR

I) PURPOSE

A photo with the President

II) BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Jim Shannon is the candidate for Congress in the 5th District of Massachusetts seat being vacated by Congressman Paul Tsongas. Shannon, a 26 year old lawyer from Lawrence,Massachusetts, won a tough six way primary with 27.3% of the vote. In that primary Shannon defeated the Mayor of Lowell, Raymond O'Rourke and Congressman Ed Markey's brother, John Markey with the help of a Boston Globe endorsement. Shannon will face Middlesex County Sheriff John J. Buckley in a tough race which will be heavily targeted by the RNC. The race has attracted some national attention with a article in today's Washington Star calling it a "GOP Bellwether" race.

The District is north and west of Boston. It contains the older and depressed mill towns if Lowell and Lawrence. You will remember that you signed into law a Paul Tsongas sponsored bill creating an Urban National Park in Lowell.

Buckley is supporting Kemp-Roth but is by no means a right wing conservative. He has a rather liberal reputation which will make him a tough candidate to beat. Due to the large registration edge Shannon is a slight favorite. George McGovern carried this district and you carried it with 59% in 1976. However the district has a long tradition of sending Republicans to Congress. From 1924 to Tsongas' election in 1974, the district had a Republican Congressperson.

Miss Lillian will be in the District on October 10. Chip was in the District last week.

B. Participants: The President and Jim Shannon

C. Press Plan: White House Photographer

IV) TALKING POINTS

A. Usual courtesies

THE WHITE HOUSE
WASHINGTON

10/4/78

Frank Moore

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

Rick Hutcheson

EXPORT-IMPORT BANK AUTHORIZATION

| | |
|---|---|
| | FOR STAFFING |
| | FOR INFORMATION |
| / | FROM PRESIDENT'S OUTBOX |
| | LOG IN/TO PRESIDENT TODAY |
| | IMMEDIATE TURNAROUND |
| | NO DEADLINE |
| | LAST DAY FOR ACTION |

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| | ADMIN CONFIDENTIAL |
| | CONFIDENTIAL |
| | SECRET |
| | EYES ONLY |

| ACTION | FYI | |
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| | | VICE PRESIDENT |
| | | JORDAN |
| | | EIZENSTAT |
| | | KRAFT |
| | | LIPSHUTZ |
| / | | MOORE |
| | | POWELL |
| | | RAFSHOON |
| | | WATSON |
| | | WEXLER |
| | | BRZEZINSKI |
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| | | BLUMENTHAL |
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| | | CALIFANO |
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|---|---|
| | ARAGON |
| | BUTLER |
| | H. CARTER |
| | CLOUGH |
| | CRUIKSHANK |
| | FALLOWS |
| | FIRST LADY |
| | GAMMILL |
| | HARDEN |
| | HUTCHESON |
| | LINDER |
| | MARTIN |
| | MOE |
| | PETERSON |
| | PETTIGREW |
| | PRESS |
| | SANDERS |
| | VOORDE |
| | WARREN |
| | WISE |

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THE WHITE HOUSE

WASHINGTON

C

October 3, 1978

MEMORANDUM TO: THE PRESIDENT

FROM: FRANK MOORE FM/BB
BOB BECKEL BB

SUBJECT: EXPORT-IMPORT BANK AUTHORIZATION

The Exim Authorization bill, which passed the House cleanly some weeks ago, has gotten hung up on the Senate floor. Since it is the last major authorization bill before the Senate, which has already passed the House, Exim is becoming a "Christmas Tree" bill.

The Senate has added:

--a Hollings amendment which would effectively exclude all textile and apparel tarrifs from the trade negotiations in Geneva.

--a Stevenson amendment which authorizes construction of Lock and Dam 26 with no provision for Waterway User Fees.

--a sense of the Senate Resolution which opposes the use of federal procurement as a means of effecting price guidelines (the attached Schultze memo covers in more detail).

--an Inouye amendment which repeals the "high-one" retirement provision in the State Department Authorization Bill (now enrolled and awaiting your signature). The Administration asked Inouye to attach this amendment.

Additionally:

--We expect Muskie to offer a "sunset" amendment on federal departments, agencies, and programs.

--Glenn intends to offer a "sunset" amendment on tax expenditures.

--there could be many other issues which have not yet surfaced.

The Senate will take the bill back up tomorrow. Stevenson intends to fight all new amendments, citing the unacceptability of the bill to the Administration. If this is successful he will likely move to recommit the bill to committee to delete the textile amendment and modify his own Lock and Dam 26 Amendment to make it acceptable to us. He would then bring the bill immediately back to the floor, Given the margin of the Hollings textile amendment vote (2 to 1) it is unlikely a recommit motion will succeed. If such a motion fails and the bill goes to the House with the textile amendment, both Reuss and Neal believe the House will instruct its conferees to accept the textile provision (a letter with over 220 Members cosigning appeared weeks ago in support of a similar amendment).

We have told Neal and Reuss that both the textile and Lock and Dam 26 Amendments are unacceptable. Neal believes he could drop the Lock and Dam language and all other amendments we find unacceptable (he has agreed to accept the "high-one" repealer), but could not avoid textiles if the House were to instruct. Therefore, it appears the only chance we have of saving the bill is a recommit motion in the Senate. If this fails, Reuss suggests that he refuse to convene a conference and let the bill die. He would then seek a continuing resolution until June 1979 (there already is a continuing authorization resolution in both Houses until December 31, 1978). We agree with this strategy as a last resort. so do I

If Exim dies then we are again faced with the problem of "high-one". We are looking for another authorization bill to attach the repealer, but the pickings are slim. Since the State Authorization Bill is now enrolled, and the ten days expires Saturday, OCtober 7, it is impossible to get the repealer on another bill before you must decide on a veto. Although we believe the chances for finding a vehicle to repeal "high-one" are marginal at best, we urge you not to veto the State Authorization Bill.

Chairman Zablocki will not send back a new bill this year. This means we must seek a continuing resolution which may be blocked by opponents of foreign aid, Panama, Rhodesia, and numerous other issues which are embodied in this Bill. Additionally the bill calls for $251 million in new authorization for migration and refugee programs, increases in assessed dues for International Organizations, increases for the ICA and the Board for International Broadcasting, and other programs. Lastly, Chairman Zablocki feels that he has produced a good bill in a bad climate with no assurances that rewriting the bill will produce as strong a product. Zablocki has been our most supportive Chairman. A veto of this bill will be seen by him as a slap in the face. He is not a supporter of "high-one" and assures us he will work actively to keep it off the FY 80 bill. We will comment further on the bill when OMB forwards its memo to you.

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 2, 1978

C

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze CLS

SUBJECT: Sense of Senate Resolution on the Anti-Inflation Program

On Friday, during consideration of the Ex-Im Bank Amendments, the Senate by voice vote agreed to an amendment, proposed by Senator Heinz, that expressed strong Senate opposition to any use of Federal procurement, regulatory, and other similar powers as a means of enforcing wage and price guidelines. The resolution does not, itself, carry the force of law. But if agreed to by the House, it could weaken our legal case in using a procurement sanction to enforce the guidelines. (We are checking with the lawyers.)

Since there are other objectionable amendments to the Ex-Im bill, I am consulting with Frank Moore on what to do.



ID 785023 THE WHITE HOUSE

WASHINGTON

DATE: 03 OCT 78

FOR ACTION:

Hold for FM memo from Beckel tomorrow

INFO ONLY: FRANK MOORE -- BOB BECKEL

SUBJECT: SCHULTZE MEMO RE SENSE OF SENATE RESOLUTION ON THE ANTI-INFLATION PROGRAM

| RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) |
|---|
| BY: |

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

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1:45 PM

THE WHITE HOUSE

WASHINGTON

October 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jerry Rafshoon JR
Greg Schneiders GS
Jim Fallows JF

SUBJECT: Anti-Inflation "Fireside"

Your anti-inflation "fireside chat" will certainly be one of the most important speeches of your Presidency. It will be your best opportunity to address at length the nation's number one domestic problem.

Our objectives in the speech should be:

1. To educate the American people about inflation.
2. To shape the national mood on the issue.
3. To announce the most recent steps you have taken to deal with the problem.
4. To call on the American people, the Congress, business and labor to work together responsibly to fight inflation

The tone of the speech should be calm, responsible, educational, fatherly. The American people don't understand inflation - what it is, what causes it, how seriously it threatens their future plans. It has been demagogued by a lot of politicians who also do not understand very much about it. This speech could be the definitive statement in the public debate of the issue. It should put inflation in proper perspective for the public - in this way, serving the same purpose as FDR's first fireside chat.

In the speech you will have to make several very subtle points. First, while inflation is very serious we should

not panic. We must have a balanced,consistent economic policy - one that takes a steady course for the long hall, rather than reeling back and forth between inflation and recession. Second, while the steps you are now taking have a good chance of helping, we must not expect too much from these or any other measures. It's not a matter of winning a quick decisive victory as in a military campaign. Bringing inflation under control is a slow tedious, on-going process - there is no quick fix. It will be decided day by day by dozens of choices all of us make. Third, what you are announcing is not a program; these are additional steps which are related to ones taken earlier and which may have to be augmented by others later. You are describing a process. While we want to suggest that the process leads to further steps, we must carefully explain why those steps will not lead in the direction of controls. (Obviously, we have to be careful not to leave the impression that the process ends with controls.

To be successful the speech should:

- Establish you as the leader in the fight against inflation

- Define the issues and set the tone of future public discussion of the issue

- Lower the expectations of the public about "slashing" the rate of inflation rapidly

- Dampen pressures for drastic monetary and fiscal measures (e.g. much higher interest rates; mandated balanced budget)

- Increase public pressure on Congress, business and labor to act responsibly

- Instill a quiet confidence and determination in the public in dealing with inflation.

A proposed outline for the speech is attached.

PROPOSED OUTLINE FOR ANTI-INFLATION "FIRESIDE"

(Each point represents, at most, a few sentences)

- Introduction: need to discuss inflation and announce new steps being taken.
- What inflation is
- Why it is important: economic repercussions; "It threatens the American Dream."
- What causes inflation: demand-pull; cost-push.
- Why inflation is self-perpetuating.
- History of "ten-year" inflation: Vietnam, OPEC, etc.
- Why today's inflation is different, more intractable than inflation in the past.
- The role of government in causing inflation: monetary, fiscal, regulatory.
- The role of business in causing inflation.
- The role of labor in causing inflation.
- The role of each of us in continuing inflation.
- Options in dealing with inflation: no program; voluntary steps; controls.
- The pros and cons of each option.
- The status today - the deceleration program: a frank appraisal.

- Announcement of the new steps being taken:

  Government (Stress the importance of Government setting an example)

  - Reducing budget deficits (specific commitment?)
  - Vetoes of inflationary legislation
  - Pay caps and freezes
  - Employment freeze?
  - Regulatory reform; deregulation
  - Energy policy
  - Attack on waste and fraud
  - Jawboning by Council on Wage and Price Stability
  - Request for support from Federal Reserve Board
  - Legislative proposals: TIP ?; Social Security postponement ?; Minimum Wage postponement ?; ICC deregulation ?; others ?

  Business

  - Continuation of deceleration with guideline
  - Sanctions
  - Executive pay freezes

  Labor

  - Continuation of deceleration with guideline

  Average American

  - Careful purchasing
  - Pressure on Congress
  - Pressure on business and Labor

- Call for responsible action, cooperation, support

THE WHITE HOUSE
WASHINGTON

10/4/78

Tim Kraft

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

The pages will be coming out one page at a time.

Rick Hutcheson

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10/4/78

Jim Meyers
St. Louis, Missouri
(o) 314/647-6336
(o) 314/634-2115

Jim Meyers was recently elected President of the Missouri AFL-CIO at the State Convention in Kansas City, Missouri. Missouri is a labor state that could go Right-to-Work. Right-to-Work is on the Missouri ballot. AFL-CIO is the power union of the three to four unions in Missouri. The major unions have united to fight the amendment under the title of the "United Labor Committee." The Chair of the Committee is UAW President, Leland Cox. Impetus of the Committee comes from AFL-CIO, with Jim Meyers doing most of the behind the scenes pushing. The United Labor Committee has contracted Matt Reese to run the anti-Right-to-Work campaign. In a Reese poll, "do you support the Right-to-Work"? 2:1 favor. The poll showed that education is the problem. Once those polled were told the meaning of Right-to-Work, the breakdown was even. The plan to beat Right-to-Work has three phases: union voter registration; education drive and GOTV. Most of the plan is only on paper. Last week was the first for voter registration; 2,000 were registered. Right-to-Work in Missouri has national implications for the labor movement. This a chance for the Administration to show support for labor.

NOTES: Wanted telegram from me against RtoW. I said Fitz's visit yesterday was adequate.

---

Dan Lynch
Omaha, Nebraska
(o) 402/444-7025 (county offices)
(o) 402/341-2055 (store)

Dan Lynch organized the Democratic Elected County Officials group in NACo. He worked for you in the campaign. He is past President (1976-77) of NACo. He is still the county commissioner for Douglas County, Omaha, Nebraska. He's one of several NACo leaders trying to get each state's democratic elected county officials organized. He applied for the HUD Regional job in Kansas City but did not get it.

NOTES: Very pleased I call
Eyon 67:20

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THE WHITE HOUSE
WASHINGTON

10/4/78

Frank Moore

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

Rick Hutcheson

cc: Phil Wise
Fran Voorde

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THE WHITE HOUSE
WASHINGTON

October 4, 1978

MR. PRESIDENT:

FRANK MOORE WOULD LIKE YOU TO
STOP BY AN ENERGY BREAKFAST
WITH REPUBLICAN MEMBERS
AT 9:15 A.M. TOMORROW
IN THE FAMILY DINING ROOM.

APPROVE ✓ DISAPPROVE ____

THE WHITE HOUSE

WASHINGTON

October 2, 1978

MEMORANDUM FOR PHIL WISE

From Jim Free J.F.

Subject Natural Gas Breakfast -- Thursday, Oct. 5, 1978
Republican Members - Family Dining Room

In hopes that the President would like to stop by for this breakfast on Thursday, I am including a list of those Members invited. On Wednesday afternoon, I will send you the gate list and talking points.

Buchanan
Don Young
Clausen
McCloskey
Moorhead
Wiggins
Burgener
McKinney
Sarasin
Bafalis
Derwinski
Railsback
Findley
John Myers
Leach
Grassley
Sebelius
Skubitz
Snyder
Carter
Emery
Cohen
Conte
Heckler
Sawyer
Ruppe

Broomfield
Quie
Frenzel
Cochran
Cleveland
Fenwick
Hollenbeck
Rinaldo
Lent
Gilman
McEwen
Mitchell, Don
Conable
Martin, Jim
Broyhill
Gradison
Guyer
Stanton
McDade
Coughlin
Marks
Myers, Gary
Spence
Quillen
Duncan, John
Jeffords

Robinson
Wampler
Cunningham
Pritchard
Kasten

cc: Bob Russell

# 'Non-violence lives on,' Carter tells King group

By Joy Billington and Tonya Sanders
Washington Star Staff Writers

The heart of President Carter's Christianity, projected into a national aim for America, was articulated yesterday afternoon at the White House. And non-violence was at the heart of it.

Fittingly enough, Carter was speaking to a group that included Coretta King, the widow of Martin Luther King Jr., Andrew Young, his ambassador to the United Nations and a gathering of some 250 blacks from all over the country. "Unlike violent revolutions, the power of non-violence lives on," Carter said.

"It does not depend on the ability to accumulate weapons and arms. It does not depend on hatred to perpetuate it. It does not depend on terror or maiming or suffering or death. It is available not just to the strong and domineering and the eloquent, but is also available to the poor and the meek and those who are often inarticulate or ignorant."

These words, spoken at a reception designed to focus a spotlight on a national fund drive for an $8 million Martin Luther King Jr. Center for Social Change in Atlanta, seemed to spring from the very heart of Carter's Christian beliefs. King, the president said, brought together the conscience of white Americans and the courage of black Americans "in a bond of love that broke down the barriers that had existed for centuries.

"Since the time of Christ, so far as I know, there have been two major non-violent revolutions," Mahatma Gandhi's, which freed India, and King's, which freed America, he elaborated.

"It is even more important that we are to gain full human rights around the world, for us to set an example of freedom from threat and torture, freedom from disease and hunger, of freedom of ideas for all people without requiring that people be sacrificed for the worthy causes they espouse."

KING, THE PRESIDENT concluded "made our nation stronger because he made us better, and our world better because he made our nation stronger. We are better able to stand the assaults and attacks and criticisms of those who would deny freedom and justice everywhere. We must be able to hold fast, sometimes turning the other cheek to abuse, but with our feet willing to move forward, not backward, until we all overcome together."



—Associated Press

*President and Mrs. Carter, Coretta King, Christina King Ferris and Ambassador Andrew Young join hands to sing "We Shall Overcome."*

The East Room was like a prayer meeting, a revival of the what for many Americans is past — the civil rights movement. "Daddy" King prayed. Andy Young gave witness, saying that King's "dream" was no less American than Thomas Jefferson's or George Washington's. Henry Ford, who is heading the fund drive for the Martin Luther King Center and who has anted up $1 million himself, made promises for the future of the Center. And Coretta King sang excerpts from her "Freedom Concert."

Backed by the Morehouse College glee club, King, in a black chiffon afternoon dress, evoked the words and phrases of the past: Montgomery, protests, clubs, love. "And in 1955, the movement, the place, the man and the time coincided in history," she said. "We are determined to perpetuate Martin Luther King's legacy of love, truth and non-violence, to fulfill his dream, which is the American dream," she said, looking challengingly at her audience.

Finally, "We Shall Overcome" was sung, with Jimmy and Rosalynn Carter on stage, "Daddy" King, Coretta, Andy Young and Henry Ford. With George Meany clasping hands on the front row with the man next to him. With the whole room swaying in rows (except for the two secret service men behind the president) and clasping hands.

PERHAPS THERE WAS an element of *deja vu*. But whatever it was, the emotion was controled. Not exactly absent, for Coretta King's eyes were glistening with emotion at the end. Perhaps it was more as though everyone sensed that however good the intentions of their host, the president, they were in a contrived situation, there in the White House in 1978. Perhaps the zeal of "overcoming" had shifted into a different phase.

• • • •

In a way, it was a showcase for Coretta King. "During the last administration I didn't even come here. I never was invited," she said.

The reception afterwards — the White House served Plains cheese ring, steak tartare, breadsticks wrapped with ham and crab claws — was a huge success.

Andy Young, who President Carter recently vowed could stay at the U.N. for as long as he was president, grinned about staying there even longer. "I'm enjoying life since the New York papers went on strike! Maybe I'll stay beyond (Carter's presidency). We've had nine ambassadors there in 10 years. No continuity. I'd be glad to stay there through the next Democratic presidency in 1984," he said.

YOUNG, SPECULATING on whether the State Department will grant a visa to Rhodesian Prime Minister Ian Smith, said "maybe Congress has forgotten this was an illegal regime charged with treason against England. "If he (Smith) so much as changed planes in London he could be arrested.

"It might be worth running the risk " of a Smith visit "if in some way it might lead to a settlement. But if Smith had any hope of getting support from the United States for the kind of pseudo democracy he's constructed, which is still very racist and where white people vote for whites and blacks for blacks . . ." Young shrugged, not finishing his sentence.

"It's not a simple up or down question. The president and the secretary of state are weighing it. I wouldn't be embarrassed if he (Smith) got the visa. I'd have a difficult job explaining it. It would put another strain upon our credibility. When you are not using miltary power your credibility depends on your word. We'd have a job explaining this. But I think we could do it."

Henry Ford said Coretta King is "a great persuader." His company has always had good racial relations, the automobile magnate said. "Way back in the '20s my grandfather started it. I'm proud of it but I don't take credit."

Ford's million dollars starts the fund-raising for the King Center. The first part, with King's boyhood home and his gravesite, is already built. The next phase is for Freedom Hall, a leadership conference center. Big business, the unions (heavily represented among yesterday's 250 guests) and foundations, are to be approached by Ford's band of fundraisers on a basis of "everyone having so many people to call," Henry Ford explained. "Later there will be a public fund drive."

Edythe Scott Bagley, Mrs. King's sister, said "the fact that the kick-off is being held here is important for us blacks. Has there ever been a black fund-raising kick-off at the White House before? I'm sure it's because Jimmy Carter is from the South and he's part of the fruit."

There were many Kings at the reception: One, who was no relation, managed to confuse the patriarch. A fan brought 77-year-old "Daddy" King, who is hard of hearing, to meet sports promotor Don King, Muhammad Ali's manager. As the huge man from the world of violence met the old gentleman from the family of non-violence, "Daddy" King seemed confused about it all. "You're going to fight?" he asked the promotor. "No! Not me," Don King said, his eyes as big as a silver dollar, "Not me!"

THE WHITE HOUSE
WASHINGTON

Jim McIntyre agrees with
Stu Eizenstat's recommendation
that Civil Service bill
be signed separately.

THE WHITE HOUSE
WASHINGTON

10/4/78

Frank Moore

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

Rick Hutcheson

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| | FOR STAFFING |
| | FOR INFORMATION |
| ✓ | FROM PRESIDENT'S OUTBOX |
| | LOG IN/TO PRESIDENT TODAY |
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| | | WISE |

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for Preservation Purposes

Frank
J

10/3/78 -- 3:10 p.m.

Mr. President --

RSC called re her telephone conversation with Claude Pepper.

He said that Joe Califano has also called him today. He would vote for natural gas. But he had to wait until he returns to Washington from Florida and looks at the situation. (I presume re override of veto.)

He said that there is sort of a fraternity here in that if he votes against someone else's project which might be contained in the overall bill, then they would vote against his.....and it's one of those times to help one another. (RSC thought you should know that she feels, as does Pepper, that this is the problem you're running into.)

Pepper wants nothing more than to help if he can.... but he feels part of the fraternity on this one.... will look at it....but also wishes you would look at it again and realize that it wasn't so much money.

-- ssc

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THE WHITE HOUSE

WASHINGTON

October 4, 1978

C

MEMORANDUM TO THE PRESIDENT Bill

FROM: BILL CABLE

SUBJECT: House Procedure on Veto Override

After our discussion this morning, I checked. You were correct, recording yourself as "present" or not voting makes no difference in the total needed to sustain a veto. If 300 members vote on the question of whether the House will pass the bill HR 12928 the objections of the President notwithstanding and 200 vote yes and 100 vote no, the veto is overridden. Two-thirds having voted in the affirmative the veto message is sent to the other body. Both Houses need 2/3 to override, we need 1/3 plus 1 to sustain.

THE WHITE HOUSE
WASHINGTON

10/4/78

Jody Powell

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

Rick Hutcheson

cc: Phil Wise
Fran Voorde

EMMETT HUGHES

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| | FOR STAFFING |
| | FOR INFORMATION |
| ✓ | FROM PRESIDENT'S OUTBOX |
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| | | PETTIGREW |
| | | PRESS |
| | | SANDERS |
| | ✓ | VOORDE |
| | | WARREN |
| | ✓ | WISE |

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: JODY POWELL

SUBJECT: Request for an Appointment for Emmett Hughes

Emmett John Hughes, the former Eisenhower speechwriter and Time, Inc., Chief of Correspondence who is now a scholar in residence at Rutgers, is writing a piece on the Presidency and the problems of Presidential leadership for Fortune magazine.

Emmett Hughes is a serious and thoughtful writer whose piece will be widely read and quoted beyond Fortune. He would like to spend about 20 minutes with you under any ground rules we want to establish.

Hughes wants to discuss your views of the Presidency, the models you look to, your own reflections about the office, and the difficulties of leadership. His piece would be politically neutral and he is concerned primarily about your philosophy of the Presidency.

I think it would be good for you to see him after Congress adjourns at the end of the day or some other time when you could relax with him.

✓ APPROVE _____ DISAPPROVE

ID 785004 THE WHITE HOUSE

WASHINGTON

DATE: 02 OCT 78

FOR ACTION: FRAN VOORDE PHIL WISE

INFO ONLY:

SUBJECT: POWELL MEMO RE REQUEST FOR AN APPOINTMENT FOR EMMETT HUGHES

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM WEDNESDAY 04 OCT 78 +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

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for Preservation Purposes

2:15 PM

THE WHITE HOUSE

WASHINGTON

October 3, 1978

MEETING ON ENERGY LEGISLATION WITH BUSINESSPERSONS
Wednesday, October 4, 1978
2:15 p.m.
The East Room

From: Anne Wexler
Stu Eizenstat

I. PURPOSE

To greet chief executive officers and other high-ranking businesspersons from small and medium-sized corporations around the country, and to seek their help in securing House passage of the energy package.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: A number of briefings for business-related groups were held when the natural gas bill was being considered in the Senate. Among those invited to the White House were large industrial users of gas, producers of gas, chief executives of large corporations, and Washington-based corporate representatives. Last Friday, in the first briefing after the successful Senate vote, you spoke in the East Room to agricultural-related groups that were interested in the energy issue.

Like the agricultural groups, the groups invited to tomorrow's briefing are thought likely to have particular influence on members of the House of Representatives. Those invited represent small and medium-sized corporations, and they were generally selected because of their prominence and influence in their local communities. Unlike the agricultural groups, however, those invited are not necessarily supporters of the energy package; most will come into the briefing without set views on the issue.

Prior to your arrival, Anne Wexler will have made welcoming remarks and Stu Eizenstat will have discussed energy issues in the context of the Administration's overall domestic policy. After you depart, Bob Strauss will discuss the international context and the inflation factor, and Jim Schlesinger will discuss the energy legislation and answer questions from the audience.

B. Participants: Approximately 200 persons are expected to attend from throughout the country. The Commerce Department's Regional Secretarial Representatives provided the names of local businesspersons and bankers. In addition, Louis Martin, Ed Sanders, and Sarah Weddington provided lists of businesspersons from their areas of special interest.

C. Press Plan: White House press pool and photographers will be present for major aspects of your remarks. In addition, several press representatives will remain in the room for the entire briefing. They will be seated in the back of the room and they represent specialized business and energy press, as well as newspapers in some of the home cities of the participants.

III. TALKING POINTS

Talking points prepared by the Domestic Policy Staff are being submitted separately.

TALKING POINTS FOR MEETING WITH
BUSINESSES ON NATURAL GAS & ENERGY

1. I appreciate the interest and concern which your your presence here today demonstrates about the need for a national energy policy. We are nearing the end of almost two years of Congressional work on energy legislation, and with your help, I hope that a bill will be sent to my desk within the next two weeks.

2. Enactment of natural gas pricing legislation, along with conservation, electric utility rate reform, coal conversion, and some of energy taxes will demonstrate that we as a nation can take those hard first steps toward dealing with our energy future. That we can agree to move forward to develop our domestic sources of energy while at the same time learning to conserve and to make better use of alternatives to oil and natural gas.

3. The natural gas bill will provide for substantially increased supplies of this premium fuel delivered in consuming states which are currently heavily curtailed. Instead of having to turn to foreign oil as an energy source, your businesses can have access to natural gas at costs still well below the price of oil. Under the current system, however, this gas would not be available. It would either remain within the producing states or would not be produced at all. We simply cannot afford domestic policies which encourage greater reliance on imported oil.

4. The economic health and well-being of our industry, as well as our consumers depends on secure supplies of energy, control of inflation, and a healthy balance of trade. These parts of the energy bill will take us a major step further in dealing with each of these problems. It will also help us demonstrate to our allies abroad, many of whom have been skeptical about our ability to act, that the U.S. can and will begin to prepare for its energy future. That in turn will help stabilize the dollar, whose depreciation over the last year has contributed significantly to domestic inflation.

5. Your Congressmen in the House of Representatives need to hear from you about the importance of these issues. The decisions they are asked to make are not easy. Your support will be an essential factor for many in voting for the bill. I ask for your help in completing action on this energy legislation which is so vital to our nation.

THE WHITE HOUSE

WASHINGTON

# ENERGY LEGISLATION BRIEFING

October 4, 1978

East Room

## AGENDA

| | | |
|---|---|---|
| 2:00 p.m. | Welcoming Remarks | Anne Wexler |
| 2:05 p.m. | Energy Issues in the Domestic Policy Context | Stuart Eizenstat |
| 2:15 p.m. | Remarks | The President |
| 2:25 p.m. | The International Context and the Inflation Factor | Robert Strauss |
| 2:35 p.m. | The Energy Legislation | James Schlesinger |
| 2:50 p.m. | Question-and-Answer Period | |
| 3:05 p.m. | Concluding Remarks | Anne Wexler |

Reception -- The State Dining Room

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

C

OCT 4 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr.

SUBJECT: Delays in Enactment of Appropriations

At the beginning of fiscal year 1979 (on October 1), several 1979 appropriation bills remained unenacted. Normally, a continuing resolution provides interim funding authority so that government activities may lawfully continue in the absence of appropriations. To date, the Congress has passed no continuing resolution.

It is our understanding that the Congress has not passed such a resolution because it expects that all remaining unenacted appropriations will quickly be passed. (On the other hand, it is possible that the Congress has delayed enactment of a continuing resolution to make vetoes more difficult to sustain in the Congress. Some members of Congress will be hesitant to vote to sustain a veto if no funding authority exists for the agencies covered by the bill.) In the meantime, agencies without funds are technically in violation of the law when they employ persons without having funds available to pay them since the obligation to pay wages and salaries is created when services are rendered. Neither can those agencies temporarily release employees without pay, because they could, and probably would, elect to take leave instead, thereby continuing the agencies' obligations.

As long as the Congress completes its work on appropriations this week, hardships and disruptions within agencies should be minimized. Toward that end, I am sending the attached letter to the Chairmen of the House and Senate Appropriations Committees urging them to act quickly and offering my help. In the absence of appropriations, agencies are being advised to:

- make no new purchase commitments;
- incur no new travel obligations unless they are absolutely essential;
- make no promotions or new hiring commitments; and
- in general, avoid any new obligations unless required to sustain government operations.

A status report on appropriations bills follows:

Signed:

District of Columbia
Military Construction
Transportation
Legislative Branch
HUD - Independent Agencies

Enrolled:

Energy and Water Development - Memo recommending veto sent to White House 9/21/78
Agriculture - President indicated approval - Memo forwarded on 10/4/78
State-Justice - Memo recommending approval to be ready 10/5/78

Conference completed but bill not enrolled:

Foreign Assistance (report not filed)
Interior
Treasury-Postal Service

No Conference agreement:

Labor-HEW - Conferees met 10/3/78. Did not complete action.
Defense

Attachment

ATTACHMENT

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

Honorable George H. Mahon
Chairman, Committee on
Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As you know, legislative action on several 1979 appropriations bills was not completed prior to October 1. Since a continuing resolution was also not approved by that date, agencies are not conforming to the law when they employ persons without having funds available to pay them. I want to express my concern about this situation, and urge that the Congress quickly complete action on the regular 1979 appropriations bills or approve a continuing resolution.

A great deal of uncertainty in the agencies and real hardship to both beneficiaries of federal programs and government employees will be caused by this funding delay. Three kinds of such hardships have either begun to occur already or will develop in a few days.

- The first is that, in some cases, program managers will not be able to continue with transactions involving the public or other government entities. For example, letter of credit payments to State offices for vocational and disability determinations have ceased as of October 1. Many States are likely to find it very difficult to finance these programs until federal funds become available. Beneficiary payments for victims of black lung disease are another example in this category. The first and second benefit payments, due on October 2 and 15, cannot be made until appropriations are provided.

- The second is that several agencies are now without either authorization or appropriation. Among the programs in this category are those of the Community Services Administration, ACTION, and the Office of Human Development in the Department of Health, Education, and Welfare. This condition means that their programs are operating with no legal authority.

- The third involves salary payments earned by federal employees. In a very short time--by October 10 for most of the Department of Labor and by October 13 for about half of the civilian employees of the Department of Defense--salaries due the employees for work in the first week of October will be held up. Specifically, any delay in certification of payrolls by those dates will result in commensurate delays in paydays. In

general, all agencies with a pay period that ends on October 7, must certify their next payrolls within the following ten days. Those certifications must be delayed until funds are available. While some catch-up may occur, delays in certification will generally cause delays in issuing pay checks.

I am sure you agree that the situation described above, and the overriding need to maintain lawful and orderly government, make quick action by the Congress to provide the required appropriations imperative. If there is anything I can do to help facilitate such action, please let me know.

Sincerely,

James T. McIntyre, Jr.
Director

IDENTICAL LETTER SENT TO THE CHAIRMAN, SENATE APPROPRIATIONS COMMITTEE.

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11:00 public works vets - press briefing 10 AM
504

THE WHITE HOUSE
WASHINGTON

10/4/78

Mr. President:

Charles Schultz has his usual appointment scheduled for friday. He called late yesterday to ask if he could have 10 minutes with you today. He usually doesn't make these requests.

✓ approve 10 minute meeting

_____ disapprove

Phil

10:15

THE WHITE HOUSE
WASHINGTON

Phil has seen

THE WHITE HOUSE
WASHINGTON

10/4/78

jane --

president would like this
to go to archives....(probably
best to include with things that
will go into presidential library
if/when one is built)

please let me know disposition

thanks -- susan

THE WHITE HOUSE
WASHINGTON

~~Chet Read~~

Susan –

Archives

J


CARTER '70
The Difference Is You

THE WHITE HOUSE
WASHINGTON
10/4/78

Jim McIntyre
Stu Eizenstat
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

4435

THE WHITE HOUSE

WASHINGTON

October 3, 1978

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT
KATHY FLETCHER

SUBJECT: Proposed Executive Order on Pollution Control at Federal Facilities

The attached memorandum from Jim McIntyre transmits for your signature an Executive Order tightening up on requirements that Federal facilities comply with pollution control standards. This addresses an issue which has been raised by business interests and others since the passage last year of new amendments to the Clean Water and Clean Air Acts. Industry complained that one hundred out of six hundred Federal facilities were out of compliance with standards everyone else has to meet.

To help insure that Federal facilities are brought into compliance, EPA has worked with OMB and the other agencies in preparing this Executive Order which strengthens an existing order on this subject.

All agencies concur that it should be signed, and I recommend your approval. Bob Lipshutz and CEQ also concur.

This subject has also been of special interest to members of Congress, including Senators Muskie and Hart and Representatives Rogers and Wirth.

Attachment

TWO SIGNATURES REQUESTED

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

August 25, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr.
Director

SUBJECT: Executive Order on Federal Compliance with Pollution Control Standards

Background

Last summer, the Administration proposed, and the Congress enacted, amendments to the Federal Water Pollution Control Act and the Clean Air Act which require strict compliance on the part of industry with environmental standards. Subsequent to the passage of these statutes, industry, particularly the U. S. Chamber of Commerce, stated that facilities owned and operated by the Federal Government should also comply with Federal environmental standards. Industry stated that out of some six hundred facilities, nearly one hundred were out of compliance.

The FY 1979 Budget provided adequate funds to begin bringing existing Federal facilities into compliance. In order that this Administration not be confronted with this issue again, EPA proposed, in consultation with OMB and other agencies, to strengthen the existing Executive Order on Federal Facility Compliance with environmental standards.

The Executive Order before you is the product of this endeavor. The proposed Executive Order is somewhat tougher than an existing Order which addresses the same issue, and it should lead to timely compliance with environmental standards by Federal facilities--a clear statutory objective.

Impacts

The proposed Executive Order will limit your budget flexibility somewhat and will make Federal agencies subject to the substantive and procedural requirements of State and local environmental laws.

Budgetary: The FY 1979 Budget provides $484 million in outlays for Federal facilities pollution control compared to $427 million in FY 1978. We do not expect the total cost of compliance to change as a result of the proposed Executive Order, but it will be more difficult to defer any FY 1980 outlays in FY 1981 or later solely for fiscal reasons.

State Procedural Requirements: As a result of recent amendments to the Clean Air and Clean Water Acts, Federal agencies must meet not only the substantive requirements of State and local environmental laws but also the procedural requirements as well. Procedural requirements are not defined in the statutes, but they do include permits to operate and construct Federal facilities.

State and local governments could enact a wide range of procedural measures which might require, for example, the Federal Government to receive a State permit for OCS activities, or for timber cutting or mining operations on Federal lands. The Executive Order follows the statutes in allowing only for Presidential exemptions in the interest of national security or in the paramount interest of the United States. Thus, Federal land managers and facility operators could be placed in the position of having to meet State requirements that adversely affect the Federal interest, or having to take steps that are beyond their immediate means--such as installation of equipment for which Congress has not appropriated funds.

Although there are some risks inherent in these requirements, this Executive Order is necessary to implement existing laws. Further, I believe it is indefensible for the Federal Government to fail to perform as well as it expects others to perform. I recommend that you sign the Executive Order.

Enclosure

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

Today, I signed Executive Order No. which sets forth the policies which are to govern compliance with environmental standards by Federal facilities.

Federal agencies shall exercise leadership in the attainment of the Nation's environmental goals. This Executive Order makes the head of each executive agency responsible for ensuring that Federal facilities are at all times designed, constructed, operated, and maintained in compliance with all Federal, State and local environmental requirements. Consistent with existing law, there will be no exemption from these requirements except in the interests of National security or in extraordinary cases where an exemption is otherwise in the paramount interest of the United States.

The FY 1979 Budget which I submitted to the Congress provided for pollution control equipment at Federal facilities that are not in compliance with Federal environmental requirements. This policy also will govern the preparation of subsequent budgets. I have asked the Director of the Office of Management and Budget, in consultation with the Administrator of the Environmental Protection Agency, to monitor the use of funds appropriated for pollution abatement at Federal facilities so that we can be sure that Federal agencies actually comply with environmental requirements in the most direct and effective manner.

I know I can count on your cooperation in this effort.

Jimmy Carter

EXECUTIVE ORDER

- - - - - - - -

FEDERAL COMPLIANCE WITH POLLUTION CONTROL STANDARDS

By the authority vested in me as President by the Constitution and statutes of the United States of America, including Section 22 of the Toxic Substances Control Act (15 U.S.C. 2621), Section 313 of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1323), Section 1447 of the Public Health Service Act, as amended by the Safe Drinking Water Act (42 U.S.C. 300j-6), Section 118 of the Clean Air Act, as amended (42 U.S.C. 7418(b)), Section 4 of the Noise Control Act of 1972 (42 U.S.C. 4903), Section 6001 of the Solid Waste Disposal Act, as amended (42 U.S.C. 6961), and Section 301 of Title 3 of the United States Code, and to ensure Federal compliance with applicable pollution control standards, it is hereby ordered as follows:

1-1. Applicability of Pollution Control Standards.

1-101. The head of each Executive agency is responsible for ensuring that all necessary actions are taken for the prevention, control, and abatement of environmental pollution with respect to Federal facilities and activities under the control of the agency.

1-102. The head of each Executive agency is responsible for compliance with applicable pollution control standards, including those established pursuant to, but not limited to, the following:

(a) Toxic Substances Control Act (15 U.S.C. 2601 et seq.).

(b) Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.).

(c) Public Health Service Act, as amended by the Safe Drinking Water Act (42 U.S.C. 300f et seq.).

(d) Clean Air Act, as amended (42 U.S.C. 7401 et seq.).

(e) Noise Control Act of 1972 (42 U.S.C. 4901 et seq.).

(f) Solid Waste Disposal Act, as amended (42 U.S.C. 6901 et seq.).

(g) Radiation guidance pursuant to Section 274(h) of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2021(h); see also, the Radiation Protection Guidance to Federal Agencies for Diagnostic X Rays approved by the President on January 26, 1978 and published at page 4377 of the Federal Register on February 1, 1978).

(h) Marine Protection, Research, and Sanctuaries Act of 1972, as amended (33 U.S.C. 1401, 1402, 1411-1421, 1441-1444 and 16 U.S.C. 1431-1434).

(i) Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. 136 et seq.).

1-103. "Applicable pollution control standards" means the same substantive, procedural, and other requirements that would apply to a private person.

1-2. Agency Coordination.

1-201. Each Executive agency shall cooperate with the Administrator of the Environmental Protection Agency, hereinafter referred to as the Administrator, and State, interstate, and local agencies in the prevention, control, and abatement of environmental pollution.

1-202. Each Executive agency shall consult with the Administrator and with State, interstate, and local agencies concerning the best techniques and methods available for the prevention, control, and abatement of environmental pollution.

1-3. Technical Advice and Oversight.

1-301. The Administrator shall provide technical advice and assistance to Executive agencies in order to ensure their cost effective and timely compliance with applicable pollution control standards.

1-302. The administrator shall conduct such reviews and inspections as may be necessary to monitor compliance with applicable pollution control standards by Federal facilities and activities.

1-4. Pollution Control Plan.

1-401. Each Executive agency shall submit to the Director of the Office of Management and Budget, through the Administrator, an annual plan for the control of environmental pollution. The plan shall provide for any necessary improvement in the design, construction, management, operation, and maintenance of Federal facilities and activities, and shall include annual cost estimates. The Administrator shall establish guidelines for developing such plans.

1-402. In preparing its plan, each Executive agency shall ensure that the plan provides for compliance with all applicable pollution control standards.

1-403. The plan shall be submitted in accordance with any other instructions that the Director of the Office of Management and Budget may issue.

1-5. Funding.

1-501. The head of each Executive agency shall ensure that sufficient funds for compliance with applicable pollution control standards are requested in the agency budget.

1-502. The head of each Executive agency shall ensure that funds appropriated and apportioned for the prevention, control and abatement of environmental pollution are not

used for any other purpose unless permitted by law and specifically approved by the Office of Management and Budget.

1-6. Compliance With Pollution Controls.

1-601. Whenever the Administrator or the appropriate State, interstate, or local agency notifies an Executive agency that it is in violation of an applicable pollution control standard (see Section 1-102 of this Order), the Executive agency shall promptly consult with the notifying agency and provide for its approval a plan to achieve and maintain compliance with the applicable pollution control standard. This plan shall include an implementation schedule for coming into compliance as soon as practicable.

1-602. The Administrator shall make every effort to resolve conflicts regarding such violation between Executive agencies and, on request of any party, such conflicts between an Executive agency and a State, interstate, or a local agency. If the Administrator cannot resolve a conflict, the Administrator shall request the Director of the Office of Management and Budget to resolve the conflict.

1-603. The Director of the Office of Management and Budget shall consider unresolved conflicts at the request of the Administrator. The Director shall seek the Administrator's technological judgment and determination with regard to the applicability of statutes and regulations.

1-604. These conflict resolution procedures are in addition to, not in lieu of, other procedures, including sanctions, for the enforcement of applicable pollution control standards.

1-605. Except as expressly provided by a Presidential exemption under this Order, nothing in this Order, nor any action or inaction under this Order, shall be construed to revise or modify any applicable pollution control standard.

1-7. Limitation on Exemptions.

1-701. Exemptions from applicable pollution control standards may only be granted under statutes cited in

Section 1-102(a) through 1-102(f) if the President makes the required appropriate statutory determination: that such exemption is necessary (a) in the interest of national security, or (b) in the paramount interest of the United States.

1-702. The head of an Executive agency may, from time to time, recommend to the President through the Director of the Office of Management and Budget, that an activity or facility, or uses thereof, be exempt from an applicable pollution control standard.

1-703. The Administrator shall advise the President, through the Director of the Office of Management and Budget, whether he agrees or disagrees with a recommendation for exemption and his reasons therefor.

1-704. The Director of the Office of Management and Budget must advise the President within sixty days of receipt of the Administrator's views.

1-8. General Provisions.

1-801. The head of each Executive agency that is responsible for the construction or operation of Federal facilities outside the United States shall ensure that such construction or operation complies with the environmental pollution control standards of general applicability in the host country or jurisdiction.

1-802. Executive Order No. 11752 of December 17, 1973, is revoked.

Jimmy Carter

THE WHITE HOUSE,