11/2/78

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THE PRESIDENT'S SCHEDULE

Thursday - November 2, 1978

8:15 — Dr. Zbigniew Brzezinski - The Oval Office.

10:40 — Depart South Grounds via helicopter en route Andrews AFB and 2-day trip to New York, Michigan, Illinois, Oregon, California and Minnesota.

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THE WHITE HOUSE

WASHINGTON

November 3, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: Treasury Position on Feed Grain Setaside

Treasury has informed us that they have changed their position and wish to be recorded as supporting the OMB/CEA option -- a 10% setaside with a $2.20 target price. All parties agree that, whatever your decision, announcement should be delayed until after the election.

ABOARD AIR FORCE ONE

Mr. President -

There is a rumor that Governor Brown is coming to the airport from L.A. with his father, Pat Brown, and Dymally. If this is true, they'll be at the airport to greet you along with those listed.

Bert Coffey, the Democratic State Chairman, is in the hospital. We have a number for you to call him from AF1 upon departure if you wish.

fran

ABOARD AIR FORCE ONE

Mr. President -

The Program in Sacramento will be in progress when we arrive, but ready for your part.

The first half hour consists of Leo McCarthy introducing the State Ticket (Burke & Dymally will speak) and Senator Cranston introducing and promoting the Congressional candidates who are there.

NOTE: Congressmen Bielenson, Miller and Sisk will now not be present.

Congressman Phil Burton who was scheduled to be on board will meet us in Sacramento .

Jan

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GRESHAM ORE RALLY 11-3-78
(Mt Hood College)
GOV Bob STRAUB, CONG Les AuCOIN, Bob DUNCAN
SEN COOK, CHMN KLONOSKI = WHITE
Fitz rain heavy. Mine lighter

2/3 → 2/3 Demo - 1/2 # > 2:1

JOBS = 12 → 5 = '76 4% → near lowest Inc Comm Forestry Base
BUSINESS/ENVIRONMENT = Renew 175, imp Clean industry
TAXES = Spec Session. Cut Property
SERVICES = Ed $625 mil >30 yrs = open govt
Lower Utility Rates, Rent = Elderly
More women, St govt
Strong - tough. Courageous - fights, Oreg.

FACED & INFL & RECESSION
Govt difficult. Need Bob Duncan, Les AuCoin
Jobs. 5.8 + 342,000 Deficit. $ - Demo team
Def. Hum Rts - Peace

AuCoin. Finance Urban, MERCHANT
Marine. Fisheries for
Duncan. Appropriations OREGON

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DULUTH MINN RALLY 11-3-78 VP MONDALE, SEN HUMPHREY
SEN ANDERSON, GOV PERPICH
CONG OBERSTAR GOV SCHREIBER
CHMN JOHN WHITE BOB SHORT DFL
2/3 → 2/3 = MICH PRIM / MIKVA / HHH
MAYOR BÓ-DEN
NOT PRES '68 = FAILURE TO SUPPORT NOMINEE

DON'T AGREE EVERY ISSUE
MINN GREAT LEADERS - NEVER BETTER
MURIEL - WENDY - OBERSTAR (PW JOBS)
+ BOB SHORT

THINK BACK 8 YEARS - AG - EMBARGOES UNEMP
(IRON RANGE 9% → 4%) DEF. INFL
DEFICIT (WENDY OPPONENT KEMP ROTH)
INFLATION 3/8 = # = TAXES
PROUD OF GOVT? VNAM - WGate → JAIL
ED, HOUSING, ELDERLY UN (SCHREIBER "MILLSTONE" OPPONENT
ENERGY SOC SEC
CIVIL SERVICE (SALT)
DEFENSE - HUM RTS - PEACE

ANDERSON = BUDGET : ARMED SERVICES : ENERGY
RUDY PERPICH = PEOPLES' GOV = OPEN = TOUGH, COMPETENT
MARTY SCHREIBER - SURPLUS - PROP TAX RELIEF
DIFFICULT = TEAM MURIEL - SHORT
HERE BECAUSE IMPORTANT DFL
JOBS - DEF - AG - ED - PRIDE - STRENGTH - PEACE

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SACRAMENTO RALLY 11-3-78

GOV BROWN - DYMALLY.

SEN ALAN CRANSTON - CNG DEL SPKR LEO MC CARTHY

=

JOHN MOSS - 26 YEARS - STANDARD

=

YVONNE BURKE → ATTY GEN = COOP & ATTY GEN CONTROL CRIME

=

VIC FAZIO (4TH)

BOB MATSUI - SACRAMENTO NATIVE HEIR TO J. MOSS TRADITION

=

JERRY BROWN = RESPONSE TO MANDATE

CUT SPENDING #38 - TAXES #18

TOUGH, HUMANE BUDGETS = #4B → LOC GOVTS

= & LG DYMALLY - 1M NEW JOBS - CORP PROFITS RECORD - DEFS INC SAME MORE FOREIGN BASED FIRMS

=

DEMO TEAM = ALAN CRANSTON - PHIL BURTON. NORM MINETA - BIZZ JOHNSON - JIM CORMAN JOHN BURTON - ~~GEO MILLER~~. PETE STARK - ~~BERNIE SISK~~. ~~TONY BEILENSON~~ = ED ROYBAL - JERRY PATTERSON + DENNIS KAZARIAN[33] - NORMA BORR[2] JOHN MC FALL

GOTV

JOBS - INFL - $ - DEF - SERVICES - BUREAURACY.
AG - OPEN - DEF - HUM RTS - PEACE - SALT

MR. PRESIDENT:

I BELIEVE AND JOHN WHITE AGREES THAT THE MOST PRESSING NEED WITH REGARD TO YOUR ECONOMIC PROGRAM IS TO PROMOTE CONFIDENCE AMONG THE PUBLIC. THE MOST SERIOUS THREAT TO THAT CONFIDENCE AT THE MOMENT IS THE BELIEF THAT YOUR ACTION TO SUPPORT THE DOLLAR VIRTUALLY INSURES A RECESSION NEXT YEAR. THAT THEME HAS NOW BEGUN TO APPEAR IN ALMOST EVERY STORY THAT IS WRITTEN.

YOU MUST MAKE PEOPLE UNDERSTAND THAT IF YOU HAD NOT ACTED DECISIVELY THE CONSENSUS AMONG ECONOMIC ADVISORS WAS THAT WE COULD WELL BE FACED WITH A SERIOUS RECESSION AND HIGH INFLATION AS WE WERE JUST A FEW YEARS AGO. IT IS IMPORTANT THAT THE PUBLIC UNDERSTAND THAT THE ACTION YOU TOOK WAS NOT A CALCULATED ATTEMPT TO WRING OUT THE ECONOMY THRU AN INDUCED RECESSION, BUT RATHER A MOVE DESIGNED TO REDUCE THE CHANCES THATA RECESSION WILL OCCUR.

SINCE YOU WILL NO DOUBT BE TALKING ABOUT THE MERIT OF FIRM DECISIVE ACTION TO DEAL WITH DIFFICULT PROBLEMS WHEN YOU SPEAK FOR GOV. STRAUB, WORKING IN SOME GOOD LANGUAGE TO MAKE YOUR POINTS WILL NOT BE DIFFICULT. IN ADDITION, I WOULD THINK THAT THE GOOD EMPLOYMENT FIGURES TODAY SHOULD HELP TO DAMPEN SOME OF THE RECESSION SPECULATION.

ONE APPROACH WOULD BE TO SAY SOMETHING LIKE THIS:

"MOST OF THE PROBLEMS THAT COME TO THE DESK OF A GOVERNOR OR A PRESIDENT ARE NOT THE EASY ONES. IF THEY WERE, SOMEONE ELSE WOULD HAVE SOLVED THEM AND GOTTEN THE CREDIT. ALMOST ALWAYS THERE ARE NO SIMPLE, GUARANTEED SOLUTIONS THAT WILL MAKE EVERYONE LOVE YOU.

"OVER THE PAST SEVERAL MONTHS, IT BECAME THE CONSENSUS OF MOST ECONOMIC ADVISORS THAT IF WE DID NOT ACT DECISIVELY TO DEAL WITH INFLATION AND THE EROSION IN THE VALUE OF THE DOLLAR WE WOULD VERY LIKELY FACE A SEVERE RECESSION PROBABLY COUPLED WITH A HIGH RATE OF INFLATION SUCH AS WHAT THIS COUNTRY SUFFERED THRU JUST A FEW YEARS AGO.

"WE HAVE TAKEN DECISIVE ACTION BECAUSE IT NEEDED TO BE TAKEN, BECAUSE IT IS OUR BEST CHANCE TO AVOID BOTH A RECESSION AND DOUBLE DIGIT INFLATION.

"I BELIEVE WE ARE GOING TO BE SUCCESSFUL IN THAT EFFORT BECAUSE I BELIEVE THE AMERICAN PEOPLE ARE READY TO FACE UP TO THE PROBLEM AND DEAL WITH IT. I BELIEVE WE ARE GOING TO BE SUCCESSFUL BECAUSE OF THE SUPPORT I HAVE FROM THE AVERAGE UNSELFISH AMERICAN ALL OVER THIS COUNTRY. IF YOU WILL CONTINUE TO GIVE ME THAT SUPPORT WE WILL SUCCEED, AND YOU CAN DEPEND ON IT."

CHARLIE SAYS THAT WE CAN INDEED SAY THAT THE UNEMPLOYMENT FIGURES ARE ADDITIONAL EVIDENCE THAT OUR ECONOMY IS STRONG AND THAT WE WILL CONTINUE TO HAVE HEALTHY GROWTH AS WE FIGHT INFLATION AND SUPPORT THE DOLLAR OVERSEAS.

THE PRESS HAS NO NEWS TO SPEAK OF TODAY. UNLESS YOU GIVE THEM SOMETHING LIKE THIS TO REPORT ON, THEY ARE LIKELY TO TRY TO WORK UP SOMETHING ON THE OLD FAMILIAR CARTER-BROWN THEME.

weighted average increase in value of ≈ 6% (5.9) against mjr foreign currencies since announcement.

YEN — # up 5.3% since announcement
up .5% today

DM — # up 8.0% since announcement
up 1.4% today.

GOLD — London fixing on Tues. prior to announcement at #242.60 - todays Londn fixing at #219.55 - a decline in value of gold of #23.05 an ounce or ≈ 9.5%.

THE WHITE HOUSE

WASHINGTON

November 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON, JIM FALLOWS JF

SUBJECT: Updated Stump Speech

We've provided brief talking points for all the candidates you'll be endorsing on this trip. For the rest of your remarks, we hope you'll emphasize the themes suggested by this updated stump speech.

This speech stresses two main points -- the difficult decisions we must face to deal with our current problems, and the importance of voter turnout in this election. In light of two recent developments -- your action on the dollar, and our information suggesting the peril of low voter turnout -- we think these points are very important. You will probably want to speak extremporaneously, but we hope you will read this draft carefully before and try to incorporate it in your remarks.

J. Fallows
11/1/78

STUMP SPEECH

Just a few days from now, you will go to the polls to vote for the men and women I've talked about tonight. Across our country, millions of others will go to the polls to vote for thousands of other candidates.

You've heard a lot about those elections in the last few weeks. Sometimes it seems like too much. But I'd like to speak very briefly about what's really at stake in these elections.

What's involved this year is not just the balance of power between the parties, or changes in some specific government policy, or a crop of new faces in Washington.

What's at stake is something far more important than that. It's our determination, and our ability, to govern ourselves.

There are times in our nation's history when we can get along with second-best efforts, second-rate people, second-class ideas. There are times when it does not critically matter what sort of people represent us, and how honestly and creatively they behave.

Those are the times of calm, of luxury, of simple challenges. Those are not our times.

In our times, we cannot afford to put up with the usual weaknesses in our politicians, in our politics, and in ourselves.

In our times, the problems we face won't go away by themselves -- and they won't be solved by slogans, one-shot solutions, or showboat politics.

Inflation, energy, government waste, our military and economic security as a nation -- these are the issues

we face in our times. Every one of them has developed over a generation, and every one of them will take our dedicated effort to correct. Not just today. Not just tomorrow. But for weeks, and months, and years to come.

I mentioned one of those problems to you a week ago -- our struggle to control inflation. There is nothing that has frustrated me more in nearly two years as President than trying to deal with this problem. There is no clear answer to inflation -- and the partial remedies that are available requires difficult, sometimes painful choices. I made one of those choices just /the day before/ yesterday, in acting to restore the strength of the dollar, and thereby pave the way for real progress against inflation.

I'm not afraid of hard choices. They're not what makes me feel frustrated. When I feel frustrated, and discouraged, it's because I know that even when I make the right decisions, it may not be enough to make the difference.

Our nation's answer to inflation is not going to come from a President alone, or from all of his advisors.

It will come from you -- and from the people you send to Congress, to your state houses, to every elective office in this country.

That is why this election means more than choosing one party rather than another, one candidate instead of another. It is a test of whether we are willing to participate in determining our own future.

There have been signs that we've lost the will to do just that.

In 1960, two thirds of the American people voted on election day. Nowadays, two-thirds of our people don't even bother.

Of all the world's democracies, we have almost the lowest rate of voter participation.

That means many things for our nation -- none of them good.

It means that more and more decisions that affect your lives are being made by government officials you did not choose.

It means that those who try to make difficult choices in the public interest do not have the full public mandate that they need to govern.

It means that we begin to change from government by the people to government by well-organized, highly-financed,

narrowly-focused special interest groups.

It may even mean that we no longer believe we can cope with our problems.

I know that our problems are difficult. But if there is any lesson we should have learned, as a nation, from these last two years, it is that we can make progress, even against the most intractable problems, if we are willing to commit ourselves, to look to our largest interests as a nation, to begin.

Two years ago I promised the American people that we would get control of the unemployment problem -- and we've done it. There is only one answer to unemployment. Jobs. We got them. Six million of them. Twenty-five per cent more Americans are off unemployment and on the job today than on election day, 1976.

Two years ago I promised the American people that we would get control of our bureaucracy, restore incentives and the work ethic to our Civil Service system; let our managers manage; get rid of dead wood and bureaucratic bottlenecks; give our public servants a new vision of dedication and service -- and, with the help of the Congress, that's what we've done.

Two years ago I told the American people that it was time for competition and market forces to determine prices -- and we've proved we meant what we said with the airline deregulation act.

I said two years ago that we would eliminate fraud, waste and corruption in our government -- and we are doing it. Not overnight -- it took a long time to create the mess we inherited and we can't get rid of it in one

year -- but we'll get rid of it, you can depend on it.

Two years ago, I promised the American people that we would get control of our runaway energy problem -- and at long last we have the national energy plan that will let us do the job.

Two years ago I told the American people that we had to bring our Federal budget under control. When I made that statement the projected Federal deficit was in the high sixties of billions of dollars. We'll get it down to forty billion dollars this year, and we are going to try and get it down to $30 billion or less next year. In fiscal 1980 the deficit will be less than half what it was when I was elected -- and we are going to keep right on cutting just as fast as the strength of the economy permits.

Two years ago I promised to maintain our national security and keep our nation strong -- and we have done that. The defense establishment has never been so strong.

So long as I'm President, America will continue to be the strongest nation on earth -- you can depend on it.

Every one of those problems is difficult. Every one of them might seem overwhelming. Every one is still far from complete solution.

But in every one of them, we have already made progress -- and we will continue.

We'll continue not just because of what I'm able to do as President, or because of the people you elect to Congress. The things we do are important -- but

they're not the whole difference. We will only truly continue to control inflation, reform our government, and maintain our place in the world if all the people in this nation are determined to make America function the way we have always believed it should.

You can express that determination in many ways. At your work, in your schools, among your neighbors.

But the clearest and simplest way you can demonstrate it will come this Tuesday -- when you get out and vote.

In many elections, races are decided by a handful of votes -- only one or two per precinct. That makes your vote important.

But in <u>every</u> election, something more important is decided -- whether we will take responsibility for governing our own affairs.

That is what I ask of you now. To take part; to assume responsibility; to vote.

Ten days ago, in announcing my inflation plan, I concluded with a question Winston Churchill asked of his countrymen, in response to those who thought that Britain would not survive. He asked, "What kind of people do they think we are?"

This coming Tuesday, we will show what kind of people we think we are.

I believe we are people with the confidence, the skill, and the vision to face our most basic problems, and to prevail.

I ask your help to prove me right.

# # #

R. Hertzberg
10/31/78

WALL STREET RALLY, NEW YORK CITY
Friday, November 3, 1978

Local Talking Points

A. Salutation

"Governor Carey...Mayor Koch...Senator Moynihan... Mario Cuomo and the other members of the Carey team, Bobby Abrams and Jay Goldin...Members of Congress and other distinguished guests...and friends:"

B. Humor, etc.

1. I'm delighted to be back in the Big Apple. I'm even glad to be here on Wall Street. Normally, this is not considered Democratic territory. But it is today.

2. I told Mike Blumenthal I was coming up here for a rally on Wall Street. He said, "They could use a rally on Wall Street."

3. Wall Street has been very responsive to my new anti-inflation program. The next step is to see if we can bring down the price of something besides stocks.

4. But things have been looking up for me lately. I said the other day that now, when people wave at me they use all five fingers. I've also noticed that when people give me a V for Victory sign, they don't give me just half of it.

C. Governor Carey

(Note: The overall theme of your remarks on Governor Carey might be: "Hugh Carey is a man of courage."

1. Hugh Carey was not afraid to tell the people of New York the harsh truth that the days of wine and roses were over.

2. Calling for tax cuts and spending cuts has become almost a fad in American politics.

--Some politicians call for tax cuts in an irresponsible manner, solely as a way of increasing their popularity.

--Hugh Carey was doing it before it was fashionable.

--He did it because it was right and necessary, even though it was politically costly.

3. When Hugh Carey came into office, New York's economy was sliding downhill fast. The biggest problem was jobs.

--Governor Carey cut taxes by $1.3 billion to stimulate economic activity. He rallied the spirits of New Yorkers and stopped the flight of jobs from the state.

--As a result, New York's unemployment rate is down 35 per cent since he became Governor. This is a tremendous achievement after 15 years of decline.

4. As Governor, Hugh Carey has taken on the tough issues, as we have tried to do in Washington.

5. As a candidate, he has put the dictates of his conscience above opinion polls. That too is courage. (This is an indirect reference to Carey's unpopular opposition to capital punishment.)

6. Almost as soon as he came into office, Governor Carey was faced with the unprecedented New York City financial crisis. Simply on the basis of his leadership in that crisis alone, he deserves to be re-elected overwhelmingly.

--He was calm, he was tough, he was cool, and he was smart.

--And he has followed through. He worked together with Mayor Koch and me and a host of others to convince Congress to pass the New York City Loan Guarantee Act of 1978.

--Hugh Carey served in Congress for 14 years, and one of the reasons that bill passed was that Members of Congress know him and trust him.

7. Despite the fiscal constraints, Hugh Carey has managed to continue and even increase services to the most vulnerable New Yorkers -- the sick, the poor, the retarded.

8. Hugh Carey has spoken out courageously for human rights, and especially for peace and justice in Northern Ireland.

--His activities have had a great positive impact both in Northern Ireland and in our own government's policies.

9. Hugh Carey proposed and passed the nation's first Hospital Cost Containment bill.

--Before, Medicaid costs in New York were going up at a rate of 20 per cent a year. One year it was 37 per cent.

--Last year, New York became the first State ever to have an absolute <u>decrease</u> in Medicaid costs. Those costs went down one per cent. The State with the next best record had an <u>increase</u> of nine per cent.

# # #

R.Hertzberg
11/1/78

SUPPLEMENTARY TALKING POINTS FOR WALL STREET RALLY, 11/2/78

1. The New York City financial crisis was a time of adversity for the city and the state.

-- Governor Carey stepped in. He could have played a passive role. Instead, he faced up to one of the toughest emergencies any governor has ever faced.

-- His actions didn't please everyone, but his duty was not to make everybody love him. His duty was to save this city and state from a disaster of unprecedented magnitude.

-- It was a great test of his leadership and of the resilience of New Yorkers. He and the state he leads both passed that test.

2. Economically our nation now faces a similar test -- a similar time of adversity -- because of the threat to the dollar and the need to control inflation.

-- Yesterday, we took strong actions.

-- We acted because the protection of our economic well-being calls for the same determination and decisiveness that Hugh Carey showed during the crisis here.

-- Again, we face a situation that calls for stringent measures ... a situation in which none of the available alternatives are pleasant.

-- We are committed to the defense of the dollar.

-- We are committed to controlling inflation without plunging the economy into recession. It's a tight line to walk. But we are going to walk it.

3. When the chips were down, Hugh Carey made the tough decisions. I am determined to do the same.

# # #

THE SECRETARY OF THE TREASURY
WASHINGTON 20220

November 1, 1978

MEMORANDUM FOR: PHIL WISE

These are the talking points which I promised the President on the telephone this afternoon. They should be incorporated into his Hugh Carey speech on the steps of the Treasury.

Mike

W. Michael Blumenthal

Attachment

Talking Points for the President

-- Yesterday the Department of Treasury and the Federal Reserve Board announced at my direction a program designed to correct the excessive decline in the dollar that has recently taken place. I am happy to note that the stock market and the bond markets received this announcement favorably, just as the foreign exchange market turned around dramatically. I am gratified that the markets realize we mean business.

-- Let me make clear that this is not a one-shot affair. Last week I pledged my Administration to a balanced, concerted, and sustained program to fight inflation. That program requires an effective policy to assure a strong dollar. I am determined to see that the policy announced yesterday be followed with persistance. We will not let down our guard.

-- We now have an energy program. Our trade deficit is declining. We have implemented a program to enhance exports as a national priority. We have launched a tough and determined anti-inflation campaign. We have taken steps to reduce the government's preemption of the nation's financial resources by cutting dramatically our budget deficit. We have moved decisively towards undoing the over-regulation of our great economy. We have enacted a tax bill which will enhance capital formation and improve productivity.

-- Assisted by the actions we are taking to directly strengthen the dollar, this economic program will provide an improved framework for a restoration of more stable stock and bond and exchange markets.

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FM THE SITUATION ROOM
TO SUSAN CLOUGH FOR THE PRESIDENT - ABOARD AF-1
ZEM
UNCLAS WH81488

NOVEMBER 2, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE
SUBJECT: EMPLOYMENT AND UNEMPLOYMENT IN OCTOBER

TOMORROW (FRIDAY, NOVEMBER 3) AT 9:00 A.M. THE BUREAU OF LABOR STATISTICS WILL RELEASE FIGURES ON EMPLOYMENT AND UNEMPLOYMENT IN OCTOBER. THE UNEMPLOYMENT RATE DROPPED TWO-TENTHS LAST MONTH, TO 5.8 PERCENT. EMPLOYMENT ROSE 324,000, WHICH IS A SOLID INCREASE.

UNEMPLOYMENT

THE REDUCTION IN THE UNEMPLOYMENT RATE LAST MONTH WAS MAINLY AMONG ADULT WOMEN. FOR OTHER GROUPS, THE UNEMPLOYMENT RATE WAS RELATIVELY UNCHANGED. SINCE THE RATE FOR ANY PARTICULAR GROUP CAN MOVE ERRATICALLY FROM ONE MONTH, THE OCTOBER FIGURES DO NOT INDICATE ANY MAJOR CHANGE IN THE UNEMPLOYMENT PICTURE. THE OVERALL UNEMPLOYMENT RATE HAS BEEN IN THE NEIGHBORHOOD OF 6 PERCENT SINCE LAST FEBRUARY.

THE UMEMPLOYMENT RATE FOR BLACKS ROSE A FRACTION -- FROM 11.2 PERCENT IN SEPTEMBER TO 11.4 PERCENT IN OCTOBER. THAT RATE HAS CONTINUED TO DECLINE SOMEWHAT DURING THIS YEAR, AND IS NOW WELL BELOW THE 13.7 PERCENT FIGURE OF A YEAR AGO.

EMPLOYMENT

THE SIZABLE INCREASE IN EMPLOYMENT LAST MONTH DOES INDICATE THAT DEMAND FOR LABOR IS STRONG AND THAT THE ECONOMY IS CONTINUING TO GROW AT A HEALTHY PACE. INCREASES WERE WIDESPREAD BY INDUSTRY. AFTER REMAINING ROUGHLY STABLE FROM APRIL THRO UGH SEPTEMBER, AGGREGATE HOURS WORKED IN THE PRIVATE NONFARM ECONOMY INCREASED BY 0.5 PERCENT LAST MONTH. THE RISE WAS PARTICULARLY SHARP IN DURABLE MANUFACTURING INDUSTRIES (PLUS 1.5 PERCENT). INDUSTRIAL PRODUCTION LAST MONTH MUST THEREFORE HAVE SHOW N A SIZABLE GAIN.

THESE SIGNS OF CONTINUED HEALTHY GROWTH ARE OCCURRING AT A GOOD TIME IN TERMS OF OUR PUBLIC POSTURE. THE NEWSPAPERS ARE

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FULL OF STORIES THAT OUR WEDNESDAY ACTIONS MAY PUSH THE ECONOMY INTO A RECESSION. THESE FIGURES MAY CAUSE SOME RETHINKING OF THAT ARGUMENT.

MONEY SUPPLY GROWTH

ONE OTHER GOOD BIT OF NEWS BECAME AVAILABLE THIS AFTERNOON -- THE NARROWLY-DEFINED MONEY SUPPLY, M1, DROPPED SHARPLY IN THE WEEK ENDING OCTOBER 25. THIS NEWS SHOULD HAVE A FAVORABLE EFFECT ON THE STOCK AND FOREIGN EXCHANGE MARKETS. AND IT WILL TAKE SOME OF THE IMMEDIATE PRESSURE OFF THE FEDERAL RESERVE TO RAISE INTEREST RATES.
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0424

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 2, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze CLS

Subject: Employment and Unemployment in October

Tomorrow (Friday, November 3) at 9:00 a. m. the Bureau of Labor Statistics will release figures on employment and unemployment in October. The unemployment rate dropped two-tenths last month, to 5.8 percent. Employment rose 324,000, which is a solid increase.

Unemployment

The reduction in the unemployment rate last month was mainly among adult women. For other groups, the unemployment rate was relatively unchanged. Since the rate for any particular group can move erratically from one month, the October figures do not indicate any major change in the unemployment picture. The overall unemployment rate has been in the neighborhood of 6 percent since last February.

The unemployment rate for blacks rose a fraction -- from 11.2 percent in September to 11.4 percent in October. That rate has continued to decline somewhat during this year, and is now well below the 13.7 percent figure of a year ago.

Employment

The sizable increase in employment last month does indicate that demand for labor is strong and that the economy is continuing to grow at a healthy pace. Increases were widespread by industry. After remaining roughly stable

from April through September, aggregate hours worked in the private nonfarm economy increased by 0.5 percent last month. The rise was particularly sharp in durable manufacturing industries (+1.5%). Industrial production last month must therefore have showed a sizable gain.

These signs of continued healthy growth are occurring at a good time in terms of our public posture. The newspapers are full of stories that our Wednesday actions may push the economy into a recession. These figures may cause some rethinking of that argument.

Money Supply Growth

One other good bit of news became available this afternoon -- the narrowly-defined money supply, M1, dropped sharply in the week ending October 25. This news should have a favorable effect on the stock and foreign exchange markets. And it will take some of the immediate pressure off the Federal Reserve to raise interest rates.

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THE WHITE HOUSE
WASHINGTON

11/2/78

Mr. President:

Dick Riley would like to talk with you concerning the textile import bill so he can say to the press in south carolina that he has discussed the issue with you. He feels its important to his campaign. He can be reached at home this morning at 803/271-3715.

Phil

Campaign good
Peg running against myth
Doing better lately

November 2, 1978

Dear Sandy:

President Carter asked me to send you the attached copy of your letter which includes his notes.

With my best regards,

Sincerely,

Susan S. Clough
Personal Assistant/Secretary
to the President

Mr. Alexander Yearley, IV
The Robinson-Humphrey Company, Inc.
Two Peachtree Street, N.W.
Atlanta, Georgia 30303

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cc A Yearley IV

JC.

The Robinson-Humphrey Company, Inc.
Member All Leading Securities Exchanges
TWO PEACHTREE STREET, N.W.
ATLANTA, GEORGIA 30303

ALEXANDER YEARLEY IV

October 30, 1978

The President
The White House
Washington, D. C.

Dear Mr. President:

I recall with great pride that on April 27, 1972 I had the pleasure and privilege of introducing you as the Governor of Georgia at our Southeastern Seminar in Atlanta. Your remarks on the economy of Georgia, in particular, and the Southeast, in general, made a tremendous impact on the representatives of major financial institutions who were in attendance at the seminar.

Regret can't come

We are scheduling a similar seminar in Atlanta on April 25-28 of next year, and I take great pleasure in extending to you an invitation to speak to our guests. I can think of nothing that would give me greater pleasure than having the privilege of introducing the President of the United States.

The program speakers on the two days of the seminar will be the chief executive officers of leading Southeastern companies, and those attending the seminar, some 200 in number, will once again be the investing officers of leading financial institutions throughout the United States. The pools of capital represented by these people will be enormous and should afford an

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excellent forum for you to speak on your economic policies. Atlanta, as you well know, is delightful in the month of April. I am enclosing a list of those companies whose management will be speaking.

I am heartily in favor of your program to control inflation and your keen awareness that this is our major problem today. I am proud of your accomplishments since you have been in office and that I took an active part in your campaign for election. My most fervent hope is that you will be able to control the reckless spending on the part of the Congress and assure you that you have my complete support and backing. If I may ever be of service to you, I will be pleased to have you call me.

I understand completely the enormous task which lies ahead and the unending demands on your time, but it would be wonderful if you could be with us.

Very truly yours,

Alexander Yearley, IV

lcm
Enclosure

The Robinson-Humphrey Company, Inc.
Institutional Seminar
April 25-28, 1979

Company	Location
Scientific Atlanta	Atlanta, Ga.
Lanier Business Products	Atlanta, Ga.
Sensormatic	Ft. Lauderdale, Fla.
Harris Corp.	Melbourne, Fla.
NLT	Nashville, Tenn.
Liberty Corp.	Greenville, S. C.
Liberty National	Birmingham, Ala.
Independent Life	Jacksonville, Fla.
Humana	Louisville, Ky.
Gearhart Owens	Ft. Worth, Texas
Texas Oil & Gas	Dallas, Texas
Hughes Tool	Houston, Texas
Barnett Banks of Fla.	Jacksonville, Fla.
Alabama Bancorp.	Birmingham, Ala.
NCNB	Charlotte, N. E.
Trust Company of Georgia	Atlanta, Ga.
First National Holding	Atlanta, Ga.
Service Merchandise	Nashville, Tenn.
Lowes Companies	North Wilkesboro, N. C.
Jack Eckerd	Clearwater, Fla.
Airborne Freight	Seattle, Washington
Consolidated Freight	San Francisco, Calif.
Genuine Parts	Atlanta, Ga.
Federal Express	Memphis, Tenn.
Fuqua	Atlanta, Ga.
Malone & Hyde	Memphis, Tenn.
Rollins	Atlanta, Ga.
Flowers Industries	Thomasville, Ga.