2/27/79

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memo w/att.	~~From Owen to The President (3 pp.) re: International Energy Agency Meeting in Paris~~	2/24/79	A

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THE PRESIDENT'S SCHEDULE

Tuesday - February 27, 1979

8:15	Dr. Zbigniew Brzezinski - The Oval office.
9:30	Mr. Frank Moore - The Oval Office.
11:30 (30 min.)	Vice President Walter F. Mondale, Mr. Frank C. Carlucci, Mr. Robert Bowie, Dr. Zbigniew Brzezinski and Mr. Hamilton Jordan - Oval Office.
12:05 (3 min.)	Ms. Jerri Bigelow Smock and Husband, Jon Smock. (Mrs. Rosalynn Carter) - Oval Office.
12:15 (5 min.)	Attorney General Griffin Bell Bell/Judicial Reform Message to Congress Announcement. (Mr. Stuart Eizenstat) - The White House Press Room.
4:00 (30 min.)	News Conference. (Mr. Jody Powell). Room 450, EOB.
7:30	Dinner (Black Tie) in Honor of the Governors of the States and Territories - The State Floor.

Community Services Administration WASHINGTON, D.C. 20506

February 23, 1979

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director
Community Services Administration (CSA)

SUBJECT: Weekly Report of Significant Agency Activities
(Week Ending February 23, 1979)

Crisis Intervention Program.

The Community Services Administration (CSA) already has distributed $97.4 million of the $200 million allocated for its Crisis Intervention Program. This emergency energy assistance money has been distributed to the 20 states who submitted applications and had them approved by CSA. The states are: Connecticut, Montana, Massachusetts, Maine, Indiana, Missouri, Wyoming, Vermont, Minnesota, Kansas, Wisconsin, Oregon, Illinois, New Hampshire, Oklahoma, Iowa, North Dakota, New York, Alaska and New Mexico.

6:30 PM

Frank
Good visit.
Ed wants a) lunch with 3 Bis.
b) to see me
later re Loving
J

THE WHITE HOUSE

WASHINGTON

February 26, 1979

DINNER WITH SENATOR AND MRS. ED MUSKIE

Monday, February 26, 1979
6:30 p.m. (duration)
Residence

From: Frank Moore FM/pd

I. PURPOSE

To visit with the Muskies on an informal basis.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: As you know the Senator is Chairman of of the Budget Committee. He is also serving on the Senate Committee on Environment and Public Works and was appointed this session to the Committee on Foreign Relations.

B. Participants: The President
Rosalynn Carter
Senator Ed Muskie
Jane Muskie

C. Press Plan: White House Photo only.

III. TALKING POINTS

While this is primarily a social evening, we have prepared the attached information covering topics of interest to the Senator which you may find useful.

THE WHITE HOUSE
WASHINGTON

27 Feb 79

Frank Moore

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

Rick Hutcheson

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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

ACTION	FYI	
		VICE PRESIDENT
		EIZENSTAT
		JORDAN
		KRAFT
		LIPSHUTZ
✓		MOORE
✓		POWELL
		WATSON
		WEXLER
		BRZEZINSKI
		MCINTYRE
		SCHULTZE

		ADAMS
		ANDRUS
		BELL
		BERGLAND
		BLUMENTHAL
		BROWN
		CALIFANO
		HARRIS
		KREPS
		MARSHALL
		SCHLESINGER
		STRAUSS
		VANCE

		ARAGON
		BOURNE
		BUTLER
		H. CARTER
		CLOUGH
		COSTANZA
		CRUIKSHANK
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HUTCHESON
		JAGODA
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		PRESS
		RAFSHOON
		SCHNEIDERS
		VOORDE
		WARREN
		WISE

6:30 PM

Frank
Good visit.
Ed wants a) lunch with Zbig.
b) to see me later re Loving
J

THE WHITE HOUSE

WASHINGTON

February 26, 1979

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Rosalynn Carter
Senator Ed Muskie
Jane Muskie

C. Press Plan: White House Photo only.

III. TALKING POINTS

While this is primarily a social evening, we have prepared the attached information covering topics of interest to the Senator which you may find useful.

Regulatory Reform and Environment Protection

Potentially the most divisive issue between you and Senator Muskie involves the Administration's regulatory reform initiatives. His fundamental concern involves the possible impact of our regulatory reform proposals on the environmental protection laws which he, as Chairman of the Environmental Pollution Subcommittee (Committee on Environment and Public Works) authored. On Tuesday he will chair oversight hearings on the regulatory review program, which the press has already labeled as a major confrontation between the Administration and Muskie. Your dinner is an opportunity to defuse his concern and to put to rest misperceptions that your regulatory reform measures are hostile to environmental goals.

In a February 14 speech, Senator Muskie expressed himself publicly on these issues. His statement was a broad-ranging and in several respects an inaccurate attack on the entire gamut of the Administration's regulatory reform activities.

This is a very unpleasant subject for the Senator and he probably will not raise it at your dinner. However, if you feel the circumstances are appropriate you may find it useful to raise the issue. Some suggested talking points are:

1. I have read some of the stories in the press about your recent speech on regulatory reform and the concerns of your staff, and they trouble me a great deal.

2. I consider myself an environmentalist. The environmental achievements of my Administrations both here and in Georgia are among the things of which I am most proud.

3. More than anyone else you wrote the Federal environmental statutes. They are good laws -- great achievements of contemporary society. I am committed to putting regulation of all programs, including environmental programs, on a sound basis, and I am hopeful that the steps we are taking in this area will also be seen as important achievements.

4. I am also committed to putting regulation of all programs, including environmental programs, on a sound basis, and I am hopeful that the steps we are taking in this area will also be seen as important achievements.

5. None of these steps is intended, nor are they having the effect of hampering achievements of legitimate environmental or other regulatory goals.

6. I am very worried that these measures may become misperceived as harmful to effective pursuit of programs like those of EPA and OSHA. I am very interested in hearing your concerns and receiving your counsel about how to see that these misperceptions are put to rest.

7. With respect to your speech, I would like to point out a few things:

-- The Regulatory Council is certainly not an "anti-regulatory" initiative. The genesis of the idea was at EPA, and it is designed to give the regulatory agencies themselves the job of identifying interagency problems and issues, and working out solutions for themselves.

-- Neither my Executive Order on Improving Government Regulations nor the Regulatory Reform bill we are developing is intended in any way to "override" environmental or other substantive laws. Both are intended to improve agency management, increase public participation, and to encourage agencies to think carefully through the comparative cost and effectiveness of the relevant options before they issue a major regulation. Better analysis does not mean less effective regulations, and it certainly is not intended to be a device for circumventing statutory criteria.

-- The Regulatory Analysis Review Group is composed of about 20 agencies and is intended to provide an orderly way for inter-agency comment on major proposed regulations on the record, during the public comment period.

-- I do want Charlie Schultze and other senior advisors to consult with regulatory agency heads about major regulations which have large impacts on society. But I have made it clear that it is the agency heads who make the final decisions. In a rare case, I may have to step in, but I don't expect to.

8. I personally believe that the public is demanding -- legitimately -- that regulation, along with the rest of the government, be managed efficiently. It is vital that these managerial reforms be designed and implemented by people like you and me who care deeply about the goals of these programs.

Budget

1. Budget Totals: Indicate that your interest in holding to the $532 billion outlay target is just as strong as your commitment to a $29 billion deficit. (If economic growth is disappointing and receipts are thereby lower than projected, it will be easier for the Administration to maintain the spending target than the deficit target.)

2. Economic Assumptions: Express your general confidence in our economic assumptions, especially given the strong GNP in the fourth quarter and strong January employment data. Thus, those portions of the budget most sensitive to economic assumptions -- such as receipts and outlays for employment compensation -- remain viable estimates, given our most recent information.

3. Legislative Savings: Urge the active support of the Chairman in making provision in the First Resolution for 1980 budget legislative savings proposals (hospital cost containment, social security, food stamps, and child nutrition), so these savings can materialize as you recommended. Similarly, appropriations requests that contemplate savings for Amtrak and Federal impact aid should be noted by the committee.

4. Real Wage Insurance: Explain that real wage insurance is essential to the anti-inflation program and that we believe it must be contained in the First Resolution to have any chance of enactment. If the Budget Committee declines to include your proposal, inflation will be worse, and you should indicate your opposition to diverting the $2.5 billion for added discretionary spending programs.

5. Defense Budget: Explain your reasons for the three-percent growth in Defense spending and your commitment to upholding this policy.

6. Rescissions: You should encourage Senator Muskie to play a supportive role while the Senate Appropriations Committee considers our pending rescission proposals. (The recent action by the House Appropriations subcommittees is an encouraging sign.)

China

Senator Muskie led a CODEL to the PRC in November. He did an excellent job as Chairman of the delegation and wrote a first-hand report. He would be very pleased if you mentioned to him that you had read it. His wife, Jane, accompanied him on the trip, as did Frank and Nancy Moore.

After you announced normalization, Muskie was supportive. In the course of discussions about the Kennedy-Cranston resolution and other attempts to strengthen the security language of the Omnibus bill, Muskie agreed with you that no additional language was necessary and said so publicly.

SFRC/Foreign Policy Attitudes

Muskie had to give up his membership on the Committee on Foreign Relations when he became Chairman of the Budget Committee. He regretted doing so because he always enjoyed foreign policy, and he is now pleased to be able to get involved in it again.

He is generally supportive of you on foreign policy. Last year he voted with you on Panama and Arms Sales, but not on Turkey. He has been to two foreign policy evenings and particularly enjoyed the last one. He not only said that he had never spent such an interesting evening at the White House, but also that after listening to you, he would dispute anyone

who said that you did not have a complete grasp of foreign policy issues.

Personal

Although at the beginning of the Administration he felt that the rug had been pulled out from under him on the $50 rebate and that his candidates for jobs were not being considered, Muskie is now a solid supporter of yours. That is not to say that he agrees with all your budget priorities, but he generally agrees with what you are trying to accomplish. At the end of January, on one of the talk shows, he made clear that he thought you should be reelected and that he would support you. He would like to help Kennedy be a good Senator. He does not trust him, but they developed a personal relationship because of their mutual love for Phil Hart.

Ever since the limit on the amount of outside earned income a Senator can have and the presumption that politicians are crooks, he has been doing a lot of talking about the personal sacrifices those in public life must make. He may discuss his feelings that he should retire at the end of the term which comes in 1982, especially since his good friend, Henry Bellmon, is doing so. You should tell him that the Senate needs his type of dedicated public servant.

Muskie believes that you would be well served by developing close informal contacts with key Senators, who could give you their assessment of the Senate; implicit in his belief is that he should be one of them. We think you should encourage that.

Maine Issues

Loring Air Force Base: He is extremely concerned about the closing. His staff has been heard to say that it does not show much political finesse to close a base in the State of the Chairman of the Budget Committee, which will be looking at the Defense budget. One must assume that the staff has heard him voice this opinion.

Trade Issues: Although he has been basically supportive of GATT and the Tokyo Round, he has some serious problems in Maine with import injuries, i.e., shoes and potatoes. Your clothespin relief decision was a help.

The bottom line is that Ed Muskie will be your good friend and staunch supporter if we continue to treat him with the respect he deserves for his years as a Democratic leader and a clear-thinking, hard-working, and fair Chairman.

THE WHITE HOUSE
WASHINGTON

27 Feb 79

Zbig Brzezinski

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

Rick Hutcheson

765

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

Attachment was not submitted

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
✓	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

CONFIDENTIAL

MEMORANDUM

1210

THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL

INFORMATION

February 24, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY OWEN

SUBJECT: March 1-2 International Energy Agency (IEA) Meeting in Paris (U)

The ~~attached~~ memorandum from Warren Christopher (Tab A) is for your information; it requires no action. (U)

At a meeting late next week, the IEA member nations will be considering actions to meet the current oil market shortfall. State, DOE, Treasury, the Domestic Policy Staff and the NSC have agreed that our representative (Dick Cooper) should suggest a common percentage reduction of four to five percent. This reduction is required to reduce upward pressure on oil prices, and can be accomplished, as far as the U.S. is concerned, by measures that the agencies concerned consider feasible. An inter-agency task force is developing urgently a package of proposed demand restraint measures for your review and approval. (C)

CONFIDENTIAL
Review for Declassification
on February 24, 1985

CONFIDENTIAL

CONFIDENTIAL

DEPARTMENT OF STATE
WASHINGTON

February 23, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: Warren Christopher, Acting W.C.

SUBJECT: U.S. Proposals for an International Initiative to Reduce Demand for Oil

The Governing Board of the International Energy Agency (IEA) is meeting in Paris on March 1 and 2 to consider what actions the major oil-consuming nations could take to meet the current oil market shortfall and reduce upward pressures on oil prices. The U.S. position, approved by State, DOE, Treasury, the Domestic Policy Staff, and the NSC, is to propose that IEA nations commit themselves to reduce their demand for oil by a common percentage. The exact figure would be negotiated at the meeting, but we believe it should be at least equal to the IEA nations' share of the current shortfall in world production. The world shortfall is estimated to be about 2 million barrels per day (mmb/d), of which the IEA share is 1.5 mmb/d. This would require about a 4 percent reduction in projected 1979 demand. We will therefore propose a figure of 4-5 percent; this will mean the U.S. will have to save at least 750,000 b/d.

The purpose of this initiative is twofold: to dampen the pressures that are building toward an explosive price rise and to demonstrate, particularly to key producer countries, that the major oil-consuming nations are taking the oil market situation seriously and are willing to do their share to improve it.

The U.S. would meet its obligation initially through use of voluntary measures and mandatory measures as necessary. The latter might include building temperature controls, accelerated shifting of industry and utilities from oil to gas and coal, and suspending the phase-down in gasoline lead content. But the choice of measures would be up to us, and we would not commit ourselves at the IEA meeting to particular measures. An interagency task force is developing on an urgent basis a package of demand restraint measures for your decision.

CONFIDENTIAL
GDS 2/23/79

We are presenting our position to the other IEA members in advance of the March 1 meeting, making the following points:

-- While some OPEC nations have increased production in response to the cut-off of Iranian exports, we cannot expect them to fully cover the shortfall. The situation in Iran remains uncertain, and even if production is resumed, it would not approach the pre-crisis levels, and it could again be reduced or terminated. Also, as Iranian production resumes, other producing nations may reduce output before world stocks are at satisfactory levels.

-- The oil-consuming nations therefore must take effective and coordinated action to reduce oil demand to cover the shortfall in supplies. And all must act together. If only a few try to reduce demand, this will not have the desired effect on the world market.

-- The alternatives--drawing down stocks to make up the shortfall or letting the price rise to balance supply and demand--are unacceptable. The former simply will not work since those holding stocks will not be willing to draw them down substantially and even if they were, this would result in inadequate stocks to take us through the next winter. The latter would entail serious economic costs including increased inflation, disruptions in certain sectors, and possibly recession. It could also lead to a permanent increase in the OPEC price.

-- The IEA decision should also recognize the efforts of some OPEC nations to increase production of oil in response to the cut-off of exports from Iran. We should stress the shared responsibility of oil producers and consumers to meet such a situation in a way that will maintain the health of the world economy.

The strongest resistance to our proposal will probably come from the Germans and the Japanese. The Germans prefer to avoid demand restraint measures and instead rely on a rise in oil prices to balance supply and demand. The Germans are, of course, more able than most other IEA nations to manage the economic consequences of such a course of action. The Japanese are wary of demand restraint measures, claiming that in their case the only alternative would be to cut oil supplies to industry which would slow economic growth.

IN MY TWO YEARS AS PRESIDENT, I HAVE SPENT MORE TIME AND INVESTED MORE PERSONAL EFFORT IN THE SEARCH FOR PEACE IN THE MIDDLE EAST THAN ON ANY OTHER INTERNATIONAL PROBLEM.

THAT INVESTMENT OF TIME AND EFFORT WAS, AND IS, APPROPRIATE BECAUSE THIS ISSUE IS SO VERY IMPORTANT TO AMERICAN NATIONAL INTERESTS AND VITAL TO THE NATIONAL INTERESTS OF THE PARTIES INVOLVED IN THE NEGOTIATIONS.

SOME PROGRESS WAS MADE IN THE TALKS LAST WEEK AT CAMP DAVID. I DO NOT SHARE THE VIEW THAT THE PROPOSALS WE PUT FORWARD THERE WERE CONTRARY TO THE CAMP DAVID AGREEMENTS OF LAST SEPTEMBER, OR THAT THEY WOULD MAKE AN EGYPTIAN-ISRAELI PEACE TREATY MEANINGLESS.

(=OVER=) (BASED UPON THE.....)

BASED UPON THE DEVELOPMENTS LAST WEEK AND THE RECOMMENDATIONS OF ALL PARTIES TO THOSE DISCUSSIONS, I HAD HOPED TO BE ABLE TO CONVENE WITHOUT DELAY NEGOTIATIONS AT A LEVEL WHICH WOULD PERMIT THE EARLY CONCLUSION OF A PEACE TREATY BETWEEN ISRAEL AND EGYPT AS A FIRST STEP TOWARD A WIDER SETTLEMENT IN THE MIDDLE EAST.

I REGRET THAT SUCH DIRECT NEGOTIATIONS ARE NOT POSSIBLE AT THE PRESENT TIME. I AM CONCERNED ABOUT THE IMPACT OF THIS DEVELOPMENT UPON THE PROSPECTS FOR PEACE.

HOWEVER, IT WAS THE BELIEF OF ALL THOSE AT CAMP DAVID LAST WEEK THAT THE CONCLUSION OF AN EGYPTIAN-ISRAELI PEACE TREATY IS AN URGENT NECESSITY. I SHARE THAT VIEW.

(=NEW CARD=) (IF WE ALLOW THE.....)

IF WE ALLOW THE PROSPECTS FOR PEACE THAT SEEMED SO BRIGHT LAST SEPTEMBER TO CONTINUE TO DIM AND PERHAPS TO DIE -- THE FUTURE IS AT BEST UNPREDICTABLE. IF WE ALLOW THAT HOPE TO VANISH, THE JUDGMENT OF HISTORY AND OF OUR CHILDREN WHO WILL PAY THE PRICE OF OUR FAILURE WILL BE HARSH.

FOR THAT REASON, I SPOKE PERSONALLY THIS AFTERNOON WITH PRIME MINISTER BEGIN. I HAVE INVITED PRIME MINISTER BEGIN TO JOIN ME AS SOON AS POSSIBLE FOR A FRANK DISCUSSION OF THE ISSUES. I AM HOPEFUL THAT THESE TALKS WILL LEAD TO AN EARLY RESUMPTION OF NEGOTIATIONS. PRIME MINISTER BEGIN HAS ACCEPTED THAT INVITATION AND WILL BE ARRIVING HERE ON THURSDAY EVENING, FOR DISCUSSIONS WITH ME.

PRES SADAT

(=OVER=) (IF THESE TALKS ARE .....)

~~IF THESE TALKS ARE FRUITFUL~~, I WILL THEN CONSIDER ASKING PRIME MINISTER KHALIL OR PRESIDENT SADAT TO JOIN IN FURTHER DISCUSSIONS.

I RECOGNIZE THE INTENSE PUBLIC INTEREST IN THIS MATTER;...HOWEVER, I HAVE MADE IT CLEAR IN THE PAST THAT I DO NOT BELIEVE PREMATURE PUBLIC DEBATE OF THE SENSITIVE ISSUES INVOLVED SERVES ANY USEFUL PURPOSE.

FOR THAT REASON, I WILL HAVE NO FURTHER COMMENTS ON THIS MATTER THIS AFTERNOON. I WILL BE HAPPY TO ENTERTAIN YOUR QUESTIONS ON ANY OTHER ISSUES.

# # #

FOR THE PRESIDENT

Keeping options open - Rules, reps, exemptions, Don't take action now -

Frank J

1. Congressman Jake Pickle (D-TX):

Position -- Opposed but still willing to talk.

Reasons -- Real Wage is complicated, another burden on business and cannot see any dramatic impact on inflation such that these are prices worth paying; hears nothing about it from constituents (but acknowledges this also gives him some latitude to support it).

Prior Contacts -- Treasury (Godley; O'Brien); Fred Kahn; Ray Marshall, Lloyd Hackler (National Retail Federation).

Suggested Approach -- Real Wage is very important to anti-inflation effort; you feel it will hamper you in conducting a voluntary anti-inflation program if you do not get it.

RW I not yet a factor - Hold off 10 days to see effect on Teamsters 7½% threshold = can support at 11%

2. Congressman James Jones (D-OK):

Position -- Undecided/Leaning Against.

Reasons -- Did a fairly serious analysis of Real Wage Insurance and as a result is concerned about its feasibility in terms of effectively inducing wage restraint (concedes, however, that Treasury has presented the idea in its most administrable form); considered trying to play a role in "perfecting" the proposal and assembling a compromise package but decided he could not perform such a function; instead, retired to the position noted, above.

Prior Contacts -- Treasury (O'Brien); Charles Schultze; Stu Eizenstat.

Suggested Approach -- You very much feel that Real Wage is a vital element in the voluntary inflation fight and would appreciate his assistance in at least sending the proposal to the House floor for consideration by the whole body; no reason the Democrats on the Committee cannot or should not join you at this stage of the anti-inflation effort, as evidenced by support for this proposal,

THE WHITE HOUSE

WASHINGTON

February 27, 1979

MEMORANDUM FOR: THE PRESIDENT
THE VICE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Phone Call Requests on Real Wage Insurance

Tomorrow (Wednesday) or Thursday, Democratic Members of House Ways and Means will caucus in an effort to reach agreement on Real Wage Insurance. Chairman Ullman remains a question mark in terms of his own commitment, although he has said that he will not unilaterally be the one to prevent us from getting a bill. We now count 18 votes and need one or more of the following five Members to assure a win:

1. Brodhead (Michigan)
2. Vanik (Ohio)
3. Jones (Oklahoma)
4. Pickle (Texas)
5. Jacobs (Indiana)

We are asking the President to call Jones and Pickle and the Vice President to call Brodhead, Vanik, and Jacobs.

In an effort to enhance the credibility of our departmental Congressional Liaison people, we will from time-to-time ask that you tell Members of Congress that you are calling at the suggestion of a particular CL person -- in this case, Gene Godley, Assistant Secretary at Treasury.

Background comments on individual Members and suggested talking points are attached.

THE WHITE HOUSE
WASHINGTON

2/26/79

Frank Moore

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

Rick Hutcheson

Received - 11:35 a.m.

Did not call Fritz
J

THE WHITE HOUSE

WASHINGTON

February 27, 1979

"Will check & find out overall legislation"
J

CONGRESSIONAL TELEPHONE REQUEST

TO: Senator Fritz Hollings (D-SC)

DATE: February 27, 1979 (Senator Hollings is departing for Florida at 1:00)

RECOMMENDED BY: Frank Moore FM.

PURPOSE: To urge Senator Hollings to reconsider his objection to reprogramming of State Department funds for the establishment of the Institute on Taiwan on March 1, 1979.

BACKGROUND: Secretary Vance requested that you call Senator Hollings after the Cabinet meeting on Monday to urge him to approve the reprogramming funds. If you recall I asked that you withhold the call until we had an opportunity to discuss the matter with Hollings one more time. Hollings refused to discuss the matter with us until tomorrow and I now think it is time for you to call him. Time is quickly running out and Secretary Vance is concerned about the consequences of the embassy closing at midnight on February 28.

I am attaching a copy of Secretary Vance's memorandum to you of last evening. You will note he suggests you not call Hollings. Please disregard since he was waiting to hear the results of our discussions with Hollings today. You should use the talking points included in the Secretary's memorandum.

THE SECRETARY OF STATE

WASHINGTON

February 26, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM : Cyrus Vance CRV

SUBJECT : Hollings on Taiwan Reprogramming

Hollings has had some heavy industry pressure over the weekend and we believe he is now looking for a graceful way to back off his present opposition to our reprogramming request. He has said he wants to read the Foreign Relations report on the Omnibus Bill which will be available in draft tonight, and then talk to our people tomorrow. Under these circumstances, I suggest you not call Hollings until we have further information about his position.

If it becomes necessary to call Hollings, you may wish to make the following points:

-- As you know, the Taiwanese have agreed to go along with an unofficial relationship. This has occurred since your tentative refusal to reprogram.

-- I hope you have had a chance to see the Foreign Relations Committee bill which goes further than I would have liked but which certainly secures a stable relationship between us and the Taiwanese people.

-- Our primary objective today must be a smooth transition so that U.S. business interests and the Taiwanese can adjust successfully.

-- I understand there are now long lines of Taiwanese outside the Embassy seeking visas because they fear there will be no U.S. presence operating

on Taiwan after Wednesday. This is a potentially explosive situation which, if it gets out of hand could jeopardize not only our relations with Taiwan but the Taiwanese Government itself.

-- I must therefore urge you to withdraw your tentative objection to the reprogramming.

by 3:00 PM

not done

C

THE WHITE HOUSE

WASHINGTON

February 27, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE F. M.

Senator Dick Stone phoned you earlier this afternoon. I returned the Senator's call.

The Senator mentioned that last year when you met with a group of Members in the Map Room, you indicated that if you ever got to a deadlock on the Middle East, you might have to call on someone to jump on a plane for Israel. Senator Stone said that Senator Javits has made one trip to Israel on your behalf.

Senator Stone volunteered to go to Israel on your behalf, meet with the Cabinet, find out what the real price is, or whatever you would have him do, prior to a Summit under any flag.

I do not think you need to telephone the Senator. I recommend that at this afternoon's meeting, you mention to Senator Stone that I gave you the message about his offer to go to Israel. You might want to suggest that the Senator discuss this further with Secretary Vance.

THE WHITE HOUSE
WASHINGTON

27 Feb 79

Frank Moore

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

Rick Hutcheson

done
J

THE WHITE HOUSE

WASHINGTON

February 26, 1979

RECOMMENDED TELEPHONE CALLS

"one has been wants to help"

TO: 1. Congressman Bill Natcher (D-KY)
2. Congressman Jamie Whitten (D-MISS) - "trying to hold the line"

DATE: February 27, 1979

RECOMMENDED BY: Frank Moore F.M. / Les Francis

PURPOSE: To thank Natcher for his management of the Labor-HEW Appropriations Subcommittee and the Subcommittee's approval of recommended rescissions.

To encourage Chairman Whitten to maintain his apparent tacit approval of the rescissions.

BACKGROUND: As I mentioned in the weekly report, Natcher led the Labor-HEW Appropriations Subcommittee in an unprecedented approval of $61.8 million in rescissions of the FY '79 appropriations for HEW programs.

Chairman Whitten was present for the Subcommittee mark-up. Although he did not participate, his presence must mean approval of this Subcommittee's action.

The full committee mark-up could be as early as Thursday. Floor action could be as early as March 6 or 7.

TOPICS OF DISCUSSION:

1. Thank Congressman Natcher for his support last week and urge him to continue to work closely with the Administration.

2. Thank Congressman Whitten for his cooperation on the rescission approval and ask for his help when the full committee holds mark-up.

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

cc VP
Jim
Stu
J

ADMINISTRATIVELY
CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM McINTYRE Jim
STU EIZENSTAT Stu

SUBJECT: Reorganization

This memorandum describes our final recommendations on reorganization and briefly suggests a way to proceed. We have attached an outline of the substantive points that you could make in your announcement. Pending your approval of these draft talking points, we will work with Jerry and Jody to convert them into an announcement statement at an appropriate time, after consultation and Congressional notification.

Brief Description of Recommendation:

1. Natural Resources

   too hazy

   - Submit the DNR plan to Congress as soon as we have developed Congressional and timber support. The plan will include NOAA and the Forest Service.

   Set a definite time for submission

2. Economic Development

   - Announce some economic development consolidation as part of our long-term effort to simplify and consolidate Federal grant-in-aid programs, particularly those in the economic development, community development and housing areas.

   too hazy

   - As a first step in this effort, consolidate the economic development loan and loan guarantee programs. This consolidation will include EDA's Title II program, SBA's 501 and 502 programs, FmHA's business and industry loan program and the financing incentives (loan guarantees, interest subsidies and secondary market mechanism) included in the original Development Bank proposal. The economic development financing entity in EDA will administer the consolidated loan and loan guarantee programs.

   Drop this phrase

Why not put as much as possible in a 60 day plan?

- The consolidation of loan and loan guarantee programs would be included in EDA's reauthorizing legislation. We would prefer to accomplish this fully through EDA reauthorization legislation. If this fails, we could consider submitting a modest reorganization plan to achieve some of the program consolidation. (The plan, if necessary, could include SBA's 501 and 502 programs and FmHA's business and industry loan program.)

- In addition, consolidate EDA's grant and planning programs as part of EDA's reauthorization.

- Rather than propose an independent National Development Bank, the loan guarantee and interest subsidy authorities of the Bank will be consolidated into the Title II loan and loan guarantee programs in the Commerce Department. As you are aware, our budget proposes $275 million of UDAG grants and $275 million of EDA grants to be used in conjunction with the Development Bank. These grants would remain in UDAG and EDA respectively.

- Announce all of the economic development actions in a Presidential Message to Congress on your economic development programs.

Suggested Way to Proceed:

I agree

- We believe that it is important that you announce these proposals shortly, after adequate consultation. This will give us the time to prepare the necessary documents and to pave the way for a successful announcement.

- Working with the Vice President and Frank, we will set out a strategy for passing these proposals. A White House task force, as described by Jim and Frank, will manage the day to day effort.

Decision:

Agree*_____ Disagree_____ See me ✓ today

*Recommended by Jim, Stu and Frank.

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Do not apologize for what we propose

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Possible Talking Points for Announcement

General Points:

- My reorganization advisors and senior staff have provided to me reorganization proposals in two key areas of the Federal government -- natural resources and development assistance. Their proposals are designed to eliminate overlap and duplication, to make the Federal government more efficient and to reduce unnecessary administrative expenditures. In each area, my advisors presented several possible options to me.

NO

- Since receiving my staff's natural resources and development assistance reorganization proposals, I have consulted closely with Congress and State and local officials. These consultations have clearly indicated that we can not achieve major natural resources and development assistance reorganization in the same year. Virtually all of the Members of Congress with whom we consulted urged me to submit only one of these major reorganization plans this year.

Natural Resources:

- Within the next few weeks, I will submit a reorganization plan to Congress that consolidates the Interior Department, the Forest Service and NOAA into a Department of Natural Resources.

- I have decided to submit [my] this natural resources reorganization [first,] because it offers [by far the] greatest cost savings; and [It also] eliminates troublesome overlap and duplication in the critical area of natural resource management.

Economic Development:

- My proposals in the economic development area are part of my long-term effort to simplify the admin-

istration of the economic development, community development and housing programs.

- As a first step in this effort, I will consolidate all of the economic development loan and loan guarantee programs of the Federal government. This initiative will consolidate the loan guarantee and interest subsidy programs that were included in my urban policy message last year, with EDA's Title II program, SBA's 501 and 502 programs and FmHA's business and industry loan programs. It will consolidate the four separate business loan and loan guarantee programs into one economic development financing program. I will accomplish this consolidation by building on the Title II program in EDA's reauthorization.

- In addition, my proposed EDA reauthorization will consolidate the various grant programs already in EDA into one economic development grant program. This action will consolidate and streamline the three EDA grant programs.

- Finally, I have decided that the authorities proposed for the National Development Bank should be consolidated into HUD and Commerce. While there is a great need for strong economic development programs for urban and rural areas, my reorganization studies have convinced me that it is better to strengthen existing programs by giving them the tools the Bank would have had, rather than to create a new agency. This decision is consistent with my urban policy message in which I state that the Bank would operate as an interagency Bank, pending my reorganization decision.

- My budget already includes $275 million of UDAG grants and $275 million of EDA grants, to be used in conjunction with the National Development Bank. These grants will remain in HUD and EDA respectively.

- These actions will strengthen the economic development programs that already are functioning effectively. With Congress' cooperation, we can achieve a more rapid implementation of these programs and better use the resources included in the original National Development Bank proposal.

- All of these program consolidations and improvements will be described in a Message to Congress on the economic development programs. This message will stress my continued commitment to strengthening both urban and rural economic development programs.

I will transmit this message to Congress within the next few weeks.

- I will continue
- In the future, I intend to work closely with Congress and State and local officials to propose additional program consolidations, management improvements and streamlining of planning requirements in the economic development, community development and housing programs. My economic development Message to Congress will be the first step in this process.

Summary:

- Our Nation's future, in large measure, rests on how well we manage our natural resources and how effectively we promote economic development. My reorganization proposals will both strengthen our ability to solve today's problems and meet tomorrow's challenges.

12:10 PM

THE WHITE HOUSE

WASHINGTON

February 26, 1979

MEMORANDUM FOR THE PRESIDENT AND MRS. CARTER

FROM CAROL BENEFIELD - EW

SUBJECT: PHOTOGRAPH WITH JERRI BIGELOW AND JON SMOCK

DATE OF APPOINTMENT:	Tuesday, February 27, 1979
TIME:	12:10 P.M. (5 minutes)
LOCATION:	Oval Office
PURPOSE:	Photograph
PRESS COVERAGE:	White House photographer only
BACKGROUND:	Jerri Bigelow is an old friend and early supporter. She and her husband, Jon Smock, are from California.

THE WHITE HOUSE
WASHINGTON

2/26/79

Mr. President:

Zbig said you wanted to meet with Amb. Dobrynin. How soon (this week or wait on Camp David) and for how long?

Phil

Very Soon - One hour

J

5 pm Tues Feb 27

THE WHITE HOUSE
WASHINGTON 2/26/79

Mr. President:

Judge Bell would like to clear 10 non-controversial judges with you before the 12:15 pm announcement. May I set this up?

✓ yes _____ no

Phil

J

12:15

THE WHITE HOUSE

WASHINGTON

PRESS BRIEFING ON JUDICIAL REFORM MESSAGE
Tuesday, February 27, 1979
12:15 p.m. (15 minutes)
Press Briefing Room

From: Stu Eizenstat Stu
Frank Moore FM by BLT

I. PURPOSE

To announce the sending to Congress of your Federal Civil Justice System Reform Message.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Your Civil Justice Reform package should increase efficiency, cut costs, and improve the fairness of the Federal Court System. It emphasizes your commitment to greater Government efficiency, improving access to justice and reducing litigation costs for all Americans. The bills stand a good chance of passage. Although not on your list of highest legislative priorities, it is a worthwhile exception to the rule of involving you in the announcement of only high priority items.

The appearance will also provide an opportunity for Senator Kennedy to appear publicly with you to discuss an issue upon which you both agree. As you know, Kennedy votes with us most of the time, but the press highlights those rare instances of disagreement.

The Senator has made it known to us that he would welcome the opportunity to appear in such a setting. We recommend you stay on the platform to listen to brief remarks from Chairman Rodino and Chairman Kennedy after you finish. Since Rodino is the senior Chairman, he should be recognized first.

The Attorney General and his staff will stay after you leave to respond to questions.

B. Participants: Senator Dennis DeConcini (Dem., Arizona)
Senator Edward M. Kennedy (Dem., Mass.)
Senator Howard Metzenbaum (Dem., Ohio)
Rep. Robert W. Kastenmeier (Dem., Wisc.)
Rep. Robert McClory (Rep., Ill.)
Rep. Peter W. Rodino, Jr. (Dem., N.J.)
Rep. Thomas Railsback (Rep., Ill.)
Attorney General Griffin Bell
Assistant Attorney General Dan Meador

C. Press Plan: Full press coverage.

III. TALKING POINTS

1. I want to welcome the distinguished Chairmen and Members of the House and Senate Judiciary Committees.

2. Today I am sending to Congress a message describing my program to reform the Federal Civil Justice System. My proposals are intended to increase the efficiency, cut the costs, and maintain the integrity of our Federal Courts. They have been developed in close cooperation with Chairman Rodino, Chairman Kennedy, and other Members of their Committees who are here today.

3. The American Federal Court System has long been the envy of people throughout the world. We have an impartial and talented judiciary which protects the rights of all Americans. But the courts cannot perform their traditional function if they are saddled with outmoded procedures and burdened with more business than they can fairly dispose of.

4. Delay and expense play a part in our Civil Justice System. We have long recognized that justice delayed is justice denied, yet court dockets are so filled that many parties have to wait a year or two to obtain legal relief. And the benefits of a legal victory are sometimes outweighed by the costs of achieving it as litigation expenses continue to rise. Legal redress should not consume years of time and thousands of dollars.

5. These problems affect all segments of American society. I am committed to improving access to justice for all Americans so that every person involved in a legal controversy may find an available forum where that controversy can be resolved speedily, fairly and at reasonable cost.

6. The Congress has already taken one major step forward to ensure the integrity and efficiency of our Federal Courts by creating last year 152 Federal judgeships. But that step, significant as it is, is not satisfactory alone. There are procedural and institutional problems which must be resolved.

7. To this end, the Justice Department has worked closely with the Congress, and consulted with representatives of the Judicial Branch and distinguished members of the bar throughout the country.

8. The proposals which I am sending to Congress today would improve judicial machinery in the following ways:

   -- Through court supervised arbitration, an innovative means would be provided for resolving speedily, fairly and at reduced cost certain types of civil damage cases.

   -- The civil and criminal jurisdiction of Federal Magistrates would be enlarged, so that these judicial officers can help provide speedier and less costly disposition of cases, while guaranteeing due process to the parties involved.

   -- District Courts would no longer have to hear purely State law cases which are presently in the Federal Courts only because the opposing parties happen to be citizens of different States. Over 30,000 of these diversity of citizenship cases have been jamming Federal dockets annually, and they can be more than adequately handled by the State court system.

   -- The Supreme Court's control over its docket would be strengthened by eliminating statutes which compel the Court to decide certain types of cases even if they are not of genuine public importance.

   -- A resource center and seed money for minor dispute resolution procedures would be provided. This would improve the means available for resolving everyday disputes such as may result from complaints by customers and tenants. No new funding from Congress would be necessary.

9. These five proposals all made progress in the last Congress. I am hopeful that during this Congress, they will become law.

10. Today I am also transmitting a "Federal Court Improvements Act of 1979", a new piece of legislation which has been developed in close cooperation with Congressional leaders, members of the Judicial Branch and the bar. The legislation would consolidate the Court of Claims and the Court of Customs and Patent Appeals into a new U.S. Court of Appeals. Advisory Committees would make recommendations on practice and procedure to Courts of Appeals, and many other measures to improve judicial administration would be instituted.

11. I want to sincerely thank Attorney General Bell and Assistant Attorney General Dan Meador who have done an outstanding job in putting this package together and consulting with Congress and interested groups throughout the country.

12. Chairman Rodino, would you like to say a few words? [Follow with Chairman Kennedy.]

13. Thank you. I now would like to turn the podium over to Attorney General Bell who will talk further about the proposals and answer any questions you may have in conjunction with Assistant Attorney General Meador.

NOTE: (You should know Assistant Attorney General Meador, who will be with Attorney General Griffin Bell, is blind. He has done a substantial amount of work on this package, and is well respected.)

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February 26, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: Jim McIntyre Jim
Stu Eizenstat Stu

SUBJECT: Decision on Outdoor Lighting Conservation Plan

We are disturbed by the way in which decisions were reached on the question of sending this plan to the Hill.

When the decision memorandum that was submitted to you on Saturday was prepared at OMB, we gave officials from the Department of Energy an opportunity to review the memorandum to be sure that it accurately represented the Department's arguments. An official of the Department came over to OMB and read the memorandum, and in response to a request from the Special Assistant to the Secretary, we made two changes in the memorandum before it was submitted to you.

After you made your decisions--agreeing with us that the outdoor lighting plan should not be sent to the Hill--Secretary Schlesinger on Saturday and Sunday was considering an appeal to you on both the parking plan and the outdoor lighting plan. We were informed both on Sunday evening and this morning by his close associates at the Department that the Secretary had decided not to appeal your decisions, that the matter was closed, and that the material would be forwarded to the Hill after consultation with Congressional leaders. As a consequence we were surprised to hear of the reversal of a decision just made.

It goes without saying that we support your decision, but we did want to register our concern with the process.