

2/28/79

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memo w/att	<p>From Moore, Brzezinski to The President (10 pp.) re: Congressional Briefing on Trip to Mexico</p> <p><i>opened per RAC NLC-126-16-25-1-6</i></p> <p><i>8/6/13</i></p>	2/28/79	A

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THE PRESIDENT'S SCHEDULE

Wednesday - February 28, 1979

7:30 Breakfast with Freshman Democratic Governors
(60 min.) and Spouses - The State Dining Room.

8:30 Dr. Zbigniew Brzezinski - The Oval Office.

9:30 Mr. Frank Moore, Mr. Dan Tate, and Mr. Bill
(15 min.) Cable/Budget Task Force - The Cabinet Room.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Meeting with the Congressional Black Caucus.
(30 min.) (Mr. Frank Moore) - The Cabinet Room.

12:00 Lunch with Congressman and Mrs. Harold
(30 min.) T. Johnson - The Oval Office.

1:30 DNC Chairman John White. (Mr. Tim Kraft).
(15 min.) The Oval Office.

2:00 Meeting with Congressional Group/Report
(15 min.) on Mexican Trip. (Mr. Frank Moore).
The Cabinet Room.

3:00 Senator Lloyd Bentsen. (Mr. Frank Moore).
(10 min.) The Oval Office.

3:45 Drop-By Swearing-In Ceremony/Reception for
(10 min.) Small Business Conference Commission.
The East Room.

11:00 AM

Additional Briefing Material
for Black Caucus Meeting

THE WHITE HOUSE

WASHINGTON

February 28, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Jan*
BILL SPRING

SUBJECT: DOL Support for "National Programs"
and Meeting with the Black Caucus

The 1980 budget asks a \$50 million cut in the Secretary of Labor's discretionary funds, from \$172 to \$117 million.

We did not understand at the time how serious a matter this was. It is now apparent that mandated spending from discretionary funds would require the cuts to come largely from long standing nationally funded contracts to labor and civil rights organizations.

On February 16, before this issue came to the attention of the White House, letters were sent from the Employment and Training Administration to the Urban League, OIC, UAW, AFL-CIO and many smaller civil rights and union organizations telling them that they would, in all likelihood, receive no federal program money in 1980, and directing them to seek support from CETA prime sponsors.

Meanwhile, tentative plans of the Assistant Secretary for Employment and Training to abolish the Office of National Programs in an internal reorganization have become widely known.

The combination of the \$50 million funding issue and the threatened reorganization have stirred up a great deal of anxiety in the civil rights-labor community. Carl Holman, of the Urban Coalition, led an effort to organize support for the programs. The AFL-CIO passed a strong resolution in Bal Harbor supporting the programs and critical of the Administration.

A telegram was sent Sunday by Secretary Marshall to all the groups who had received the letter, asking that the

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letter be disregarded and pledging continued support for the national programs.

There are methods available, OMB staff agree, to adjust the budget request without making significant changes in 1980 outlay estimates to alleviate the problem.

You can reassure the Black Caucus, if the question arises, that we are working with the leadership of the civil rights and labor community, to take care of the problem.

-- Medicaid. The program is increasing in part because we are making all low-income children and pregnant women eligible.

The National Security Council has supplied additional information on Africa policy, which is attached.

Participants: The President, Frank Moore, Louis Martin, Valerie Pinson, Reps. Cardiss Collins, Shirley Chisholm, Bill Clay, Ron Dellums, Charles Diggs, Julian Dixon, Melvin Evans, Walter Fauntroy, Harold Ford, Bill Gray, Mickey Leland, Parren Mitchell, Charlie Rangel, Bennett Stewart, Lou Stokes.

Press Plan: White House photographer only.

III. TALKING POINTS

1. Concerning the Full Employment Act, this year in the Economic Report, we took the first steps to put that process into motion. That report reviewed the objectives set forth in the bill, and analyzed in considerable detail what it will take to reach them.

We must recognize that inflation poses the single greatest threat to reducing the rate of unemployment and getting our country back to full employment. It does so because the forces of our economy cannot sustain the strong growth needed to reduce unemployment substantially further unless the rate of inflation is reduced considerably. That is why I have made fighting inflation my number one economic priority.

We also must continue to progress against structural unemployment, particularly among minorities and youths. We cannot hope to get the unemployment rate down to four percent without creating inflationary pressures unless greater opportunities are opened in our economy for the structurally unemployed. That is why I have continued to fund counter-structural employment programs at a high level in my 1980 budget, despite the need to reduce the deficit to fight inflation.

2. My fiscal assistance program will include two principal components. The first, a standby countercyclical fiscal assistance program, will protect State and local governments against unexpected changes in the national economy. It would trigger into place if the national unemployment rate rises above 6.5 percent and would provide fiscal aid to many needy governments. The second component is a transitional, highly targeted fiscal assistance program that provides fiscal aid to only the most fiscally-distressed local governments. Relatively few cities and counties will be eligible for this highly targeted program; but those eligible will be truly in need. I will seek a \$250 million supplemental in FY '79 and \$150 million in FY '80 for this targeted fiscal assistance program.
3. Last month you announced in the State of the Union message that you would soon propose to Congress that Title VIII of the 1968 Civil Rights Act be amended to provide HUD with cease and desist powers. Senators Bayh and Mathias and Congressmen Edwards and Drinan intend to introduce a bill this week which would accomplish this goal. We will work very hard to press for its enactment. The sponsors and the leadership on both sides of the Hill need the assistance and thoughts of the Caucus on the legislative strategies that must be developed to see the bill through to enactment.
4. Although three of the first twelve judges for the Courts of Appeal that were appointed by you were black, the assistance of the various senators who have vacancies in their states for the 117 district judgeships has been far less than you have desired. In addition to the problem in Virginia which is understood by the Caucus, you and the Attorney General have recently contacted all affected senators and asked them to redouble their efforts to recommend minorities and women to you for consideration for nomination. The Caucus can assist you by informing the various senators how important this matter is to you, the black community and the Democratic party.
5. We are going to resist efforts to hold a constitutional convention on the balanced budget amendment. Those efforts are aimed in large part at removing and/or reducing programs for the disadvantaged. Although

we need to work towards a balanced budget,
we need to do it prudently.

6. I need your support on hospital cost containment.
I will be working closely with Charlie Rangel.
7. You should acknowledge Congresswoman Cardiss Collins' election as Chairperson of the Black Caucus and indicate that you hope to work closely with her.

African Policy - (Talking Points for President's meeting
with Black Caucus, 2/27/79)

Africa is a vast and troubled continent, faced with complex problems, - economic, political, social.

U.S. Interests

For better or for worse, America has many shared interests in Africa, and those interests continue to grow. This growing American interest in Africa flows from:

- The growing political importance of the African nations, now one-third of the UN membership, and assuming a growing prominence in international political affairs.
- The emergence of the African nations as an economic force in dealing with their own economic and social transformation.
- The increasing importance of African physical and human resources.
- The growing African market for American goods.
- The obvious strategic importance of Africa, based upon its size and relationship to communication routes.
- And last, but not least, the American cultural ties with Africa, and a growing perception of shared human values and vision of the future.

Basic Goals

We have stated that basic to our African foreign policy is our determination to seek in Africa which is

- free of outside domination
- free of the bitterness of racism
- free of conflict; and
- free of the burdens of poverty and underdevelopment.

Specific elements

These goals are not easily achieved, but these are the goals our policy is designed to achieve.

Our African policy therefore includes:

- The determination to identify ourselves with African aspirations concerning racial and economic justice;
- A commitment to work actively with African nations for the peaceful resolution of disputes;
- The conviction that the basic African aspirations transcend political labels and national boundaries, and provide the positive driving force of African nationalism; and
- The recognition that political and economic change flowing from this African nationalism is inevitable, and must come from cooperation and accommodation, if it is to be positive and in response to real African aspirations. If not, the change will come through violence, and bring with it a newly imposed ideology which is not responsive to African needs and desires.

Special Areas of Concern

Among the areas of special concern to us:

- Southern Africa: Our attempts to stop the fighting in Rhodesia; our hopes for a settlement in Namibia; our desires for improving relationship with Angola and Mozambique; and our continuing concern over the basic social injustice in the Republic of South Africa.
- The Horn of Africa: The continued influence of the Soviets and Cubans in Ethiopia, which is a real and potential source of instability to the entire area.

- Zaire: Our concern over continuing instability in Shaba province, and in Zaire as a whole remains, although President Mobutu is instituting internal reforms which provide some basis for optimism. Zairian stability has a direct bearing on Angola and the Namibian settlement, as well as upon Zambia and the Rhodesian problem.

- Nigeria: Our policy of working toward closer cooperation with Nigeria remains, and is based on Nigeria's actual and potential political role of leadership in Africa, as well as upon the growing economic interests shared with Nigeria.

The Rhodesian Situation

Perhaps the most intractable problem presently facing us in Africa is the problem of trying to end the conflict in Rhodesia on the basis of justice and equity.

Although at the present time neither the Salisbury government nor the Patriotic Front appears to be willing to negotiate in good faith on the elements essential to an acceptable solution, we remain in contact with all interested parties - Salisbury, the Nkhomo and Mugabe factions of the Patriotic Front, the "front-line" states, and South Africa, - and we remain committed to the concept that there can be no final acceptable settlement that does not include a free and impartial election supervised by some sort of neutral international body.

The Namibian Situation

Although there are logistical problems remaining, and although there is some uncertainty about the intention of certain elements in SWAPO, both SWAPO and the South African government appear to remain genuinely committed to a peaceful settlement to the Namibian problem, including the presence of a UN transitional force and UN supervised elections.

THE WHITE HOUSE
WASHINGTON

2/28/79

Mr. President:

Since Trudeau will not be
going to Camp David do you
want to offer:

- 1) lunch at the White House
on saturday
- 2) a meeting at the White House
on saturday

Phil

21.9



B. J. Hunter

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THE WHITE HOUSE
WASHINGTON

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785 1400 -

9

accepts luncheon invitation

workin lunch - Oval office - Rowlyn - lets on good-bye

Schlyer to New York

motorcade

4-6 small party

11:30 am Andrews

11:35 Depart Andrews

RmCP

Sup Mueir

Jacque Roy - internal relations

Arnie Patterson - press

Allen Luffy

Süssana Dehl - P.M. secretary

During the course of today's meetings, President Carter put forward several suggestions designed to help resolve some of the outstanding differences between Egypt and Israel. Prime Minister Begin stated that he would seriously study these suggestions and consult with his colleagues.

In the meantime, President Carter will be in touch with President Sadat to review the situation in light of the American-Israeli discussions over the past few days.

THE WHITE HOUSE

WASHINGTON

MEETING WITH SENATORS AND CONGRESSMEN

Wednesday, February 28, 1979
2:00 p.m. (15 minutes)
Cabinet Room

From: Frank Moore *F.M./BR*
Zbigniew Brzezinski *ZB*

- I. PURPOSE: To debrief Members of Congress on your trip to Mexico.
- II. BACKGROUND, PARTICIPANTS, AND PRESS ARRANGEMENTS:
- A. Background: A number of Members from the border states, the Hispanic Caucus, and with pertinent Committee assignments wrote to you about your trip before you went. Various members of the Administration met with some of them before the trip. A debriefing by you will now respond to a number of their concerns.
- You will open the session with your remarks and remain for about 15 minutes. Zbigniew Brzezinski and Stu Eizenstat will continue for 45 minutes to respond to questions after you leave.
- B. Participants:
- Sen Lloyd Bentsen (D-Texas)
 - Sen Dennis Deconcini (D-Ariz.)
 - Sen Pete Domenici (R-N. Mex.)
 - Sen Barry Goldwater (R-Ariz.)
 - Sen S.I. Hayakawa (R-Cal.)
 - Sen Dee Huddleston (D-Kentucky)
 - Sen Jacob Javits (R-New York)
 - Sen Richard Lugar (R-Indiana)
 - Sen Charles Mathias (R-Maryland)
 - Sen Paul Sarbanes (D-Maryland)
 - Sen Richard Stone (D-Florida)
 - Sen Edward Zorinsky (D-Nebraska)

Rep Jonathan Bingham (D-N.Y.)
Rep Clair Burgener (R-Cal.)
Rep Robert Garcia (D-N.Y.)
Rep Benjamin Gilman (R-N.Y.)
Rep Henry Gonzalez (D-Texas)
Rep Abraham Kazen (D-Texas)
Rep Mickey Leland (D-Texas)
Rep Tom Loeffler (R-Texas)
Rep Donald Pease (D-Ohio)
Rep Edward Roybal (D-Cal.)
Rep Harold Runnels (D-N.Mex.)
Rep James Scheuer (D-N.Y.)
Rep Bob Stump (D-Ariz.)
Rep Morris Udall (D-Ariz.)
Rep Lionel Van Deerlin (D-Cal.)
Rep Bob Wilson (R-Cal.)
Rep Lester Wolff (D-N.Y.)
Rep Jim Wright (D-Texas)
Rep Gus Yatron (D-Pa.)

Zbigniew Brzezinski, Frank Moore, Stu Eizenstat

WH/NSC: Bob Beckel, Madeleine Albright,
Bob Pastor

C. Press Arrangements: White House photo

III. TALKING POINTS: As provided

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THE WHITE HOUSE.

ATTACHMENT

WASHINGTON

February 27, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*
SUBJECT: Debriefing on Mexico (U)

You will be meeting with a group of Congressmen and Senators from 2:00 - 2:15 on Wednesday to debrief them on your trip to Mexico because many will be on their way to Los Angeles for the Democratic Conference there. Your meeting with a group of leaders from business, labor, and Hispanic organizations interested in U.S. - Mexican affairs has been rescheduled for a week from Thursday. Your two meetings will give you the opportunity to explain in detail why the trip was a success. That point, of course, is not obvious from reading press reports. Talking points are at Tab A. (U)

We have organized both sessions so that you will speak for the first 15 minutes, and then leave. I will follow for about 10 minutes to discuss our overall relationship with Mexico in a bilateral and in a global context. I will also discuss some of the international issues -- including trade -- which were the subject of your first conversation with Lopez Portillo. Then Stu Eizenstat will speak for about 10 minutes on immigration, energy and border issues. Then Stu and I will take questions for the remainder of the hour. (At Tab B is a copy of the memorandum on Congressional concerns about Mexico which I gave to you prior to the trip.)

We will distribute to all those who attend your meeting copies of your speech before the Chamber of Deputies, the Joint Communique, and President Lopez Portillo's press conference after your departure, in which he was extremely complimentary to you, your speech, and the conversations. (U)

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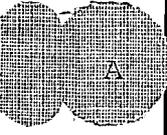
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ESDN: NLC-126-16-25-1-6

BY 145 NARA DATE 7/27/13



Talking Points for
De-Briefings on Mexico

-- I went to Mexico for the same reason that you came here today. We all recognize Mexico's growing importance to the U.S. and to the world. We all are deeply interested in a Mexico which is humane, politically creative, socially just, and economically prosperous. We all are concerned that the major issues which face our countries -- trade, energy, immigration, and the border -- need to be managed cooperatively, least our relationship slide backwards.

-- I must confess that I travelled to Mexico with some anxiety. Our countries and our relationship are changing rapidly, and our peoples have become so sensitive to each other that it is sometimes difficult to communicate candidly. The principle objectives I set for myself were to renew my dialogue with President Lopez Portillo and to convey to him and the people of Mexico my wish that we could build a new relationship based on mutual respect and full and frequent consultations. I hoped that my trip would improve the climate of our relationship, making future candid discussions on important issues possible.

-- I am happy to report that my conversations and the trip far exceeded my expectations and objectives. I held over seven hours of discussions with President Lopez Portillo. I found him an extremely intelligent and eloquent man who is a genuine statesman in the sense that he views his role as not only representing the interests of the people of Mexico today, but also the interests of future generations of Mexicans. I found him extremely frank, and I welcomed that. For too long, the Presidents of our two countries were disguising problems and feelings with florid and banal toasts. Some in the press interpreted President Lopez Portillo's toast as "harsh" or as "lecturing" me. I did not hear that. What I heard was a Mexican President articulating the deeply-felt feelings of all Mexicans not with the intention of denigrating the U.S., but rather the opposite. He wanted to articulate Mexico's sensitivity and concerns because a genuine and candid dialogue would have to build from that base.

-- A real dialogue did occur, and in virtually every issue, we succeeded in narrowing our differences and expanding our areas of understanding and cooperation. Let me summarize briefly some of the achievements of the trip:

On trade, we agreed on the necessity of concluding our bilateral negotiations within the context of the Multilateral

Trade Negotiations as soon as possible. We also agreed that a further expansion of trade between our countries was a desirable objective which could be achieved only by "a continuous liberalization of both countries' trade policies." President Lopez Portillo explained to me the nature of the decision he faces on whether to join GATT. He said that his decision will be greatly affected by the extent to which the MTN will give special treatment to the developing countries. Because of the importance of Mexico joining GATT, I have asked Bob Strauss to do what he can to make the MTN more responsive to the needs and concerns of developing countries. We also agreed to continue high-level consultations on trade and financial matters.

On energy, we reached a number of important understandings. First, we decided that our two governments would immediately start designing a broad cooperative program in the field of energy, which will include not only trade in oil and gas but also science and technology exchanges. Secondly, our two governments will begin negotiations within a month or so on long-term arrangements on the sale of natural gas. (We had been stalemated on these since the Mexican Government let their Memorandum of Intentions expire in December 1977.) Third, we agreed to do a joint study on the possibility of electricity interchanges on the border. (We have done such a study with the Canadians, and it has proved very useful.) Fourth, in order to enhance our cooperation in the field of nuclear energy, I told President Lopez Portillo that I would be in touch with the NRC to speed up the export of enriched uranium to Mexico. Fifth, we agreed to promote scientific cooperation in various fields, including solar and geothermal energy.

On science and technology, we agreed that further cooperation in this area would play a key role in our relationship. Our Secretaries of Foreign Relations signed three agreements while we were there on S&T cooperation in arid land management, urban settlement, and enhancing the U.S.-Mexican Mixed Commission on S&T. We plan to expand cooperation in areas such as railroad safety, development of new agricultural crops, management of industrial technology, oceanographic exploration, and techniques for exploring for uranium.

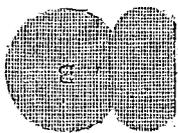
-- On border matters, perhaps the most important agreement of all was to instruct the International Boundary and Water Commission to formulate a plan for a permanent solution to the sanitation and water pollution problems on the border. Also, we agreed to strengthen and expand our efforts to suppress the production and trafficking of narcotics and to explore with Central American countries multilateral programs to assist them in this area. We also agreed to try to develop new ideas for cooperation to fight contraband.

On immigration, President Lopez Protillo was very understanding of the problem, and we agreed to undertake joint governmental studies and to share research on this matter.

On international affairs, we had wide-ranging discussions, and we agreed to cooperate and consult closely in the U.N. and in the O.A.S. on Nicaragua. We also agreed on the important work the Inter-American Commission on Human Rights is doing.

On bilateral relations, we agreed to strengthen the Consultative Mechanism and have it draft a report making concrete recommendations within four months which we could use in preparing for our next round of talks by the summer.

To summarize, I think it was a very productive trip. We accomplished a lot, and I also had time to sample Mexico's rich culture at the Ballet Folklorico and in hearing the Mexican National Symphony. My trip to Ixtlilco el Grande also permitted me to better appreciate Mexico's important efforts at integrated rural development.



THE WHITE HOUSE

WASHINGTON

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Per, Rac ProjectESDN; NLC-126-16-25-1-6BY KS NARA DATE 7/24/13

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI

SUBJECT: Congressional Concern on Mexico

As you know, there has been considerable Congressional interest in your trip to Mexico. As of February 12, you have received at least 22 letters or calls from members of Congress asking that you raise a wide range of issues with President Lopez Portillo. Let me use this memorandum to summarize these letters and suggest, when appropriate, how you may want to pursue their concerns. (I will only offer suggestions on those items with which you may not be familiar.)

1. Water Pollution Problems

Members of California
Delegation

The health hazards incurred by those living in the New River area caused by the breakdown of the City of Mexicali's wastewater treatment plant.

DeConcini:

Nogales, Arizona, troubled by raw sewage discharge into Santa Cruz River. Bisbee, Arizona, is also threatened.

Tower;
de la Garza:

Lower Rio Grande Valley below Laredo is threatened by Nuevo Laredo.

Recommendation: One of the objectives of your bilateral discussions is to obtain a commitment by Lopez Portillo to negotiate a comprehensive water quality agreement with the US. We have alerted the Mexicans to this concern by including it as an item in the communique.

2. Immigration

Thurmond:

Reminds you that historically immigration has been left to

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2. Immigration (continued)

Congress with cooperation with the Executive Branch. He wants to consult.

Panetta:
(Calif.)

Urges that you and Jose Lopez Portillo explore ways to slow down illegal immigration and speed up rate of growth of Mexican economy.

Huddleston:

Urges you to advise Mexico that you will work with the Congress to enact a comprehensive anti-illegal alien program which will reduce the flow of illegal aliens. He also urges you not to consider expanding the H-2 program because of the unemployment rate.

Scheuer:

Draws your attention to the report of his Select Committee on Population, Legal and Illegal Immigration to the United States. He believes that our immigration policy must be predicated on strict enforcement of our immigration laws. Further, we must develop a comprehensive, compassionate program including increased multilateral and bilateral aid; agricultural trade concessions; expanded legal guest worker program; amnesty to all illegal aliens; help in creating labor-intensive industries. He recommends action now.

3. Energy

Long:

Proposals to import natural gas. Louisiana especially needs access to new long-term supplies. He asks that you indicate importance of an equitable geographic distribution of imported gas to areas with substantial need -- Louisiana and Gulf Coast.

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3. Energy (continued)

Cranston:

Urges you to negotiate a firm agreement with JLP on gas. Fears that failure to consummate an agreement would curtail Mexico's plans for oil production and hurt our relations. Argues against using Schlesinger's formula, saying: (1) price should not be only factor; (2) gas is a substitute for heating oil as well as for resid.; (3) gas is clearer than resid.; and (4) Alaskan pipeline should stand or fall on its own merits.

Rep. Glenn Anderson
(Calif.)

Urges you to strike a reasonable agreement on gas and oil with the Mexicans.

Rep. Neal Smith:

Would like you to develop a 5 or 10-year agreement to trade US grain for Mexican natural gas. Suggests a formula of 1 MCF of gas for each bushel of corn.

Rep. Pease:

Encloses a copy of H. Con Res 34 (signed by 54 Congressmen), expressing concern that Mexico is not receiving proper consideration in formulation of our national and international energy policies. Urges that you agree upon a framework for energy cooperation with Mexico.

4. Vegetable Imports

Sen. Stone:

Is concerned about Mexican winter vegetable dumping practices; not trying to eliminate Mexican exports, only trying to give the Florida farmer "a fair share." He heard that the head of the Union National de Productores de Hortulizas will sit in on a conference between you and Lopez Portillo to persuade you to crush the current US Treasury investigation in Mexican dumping practices.

Comment: Obviously, Florida is very concerned about your discussions of trade. With regard to the dumping investigation, while we don't think it's likely that Treasury

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4. Vegetable imports (continued)

will conclude that Mexico has been dumping its vegetables, still you probably should not comment while the investigation is in progress.

5. International Shrimp Agreement

de la Garza:

It will expire this year and should not be renewed. It has virtually destroyed Texas shrimping industry. He urges a new agreement which will give his shrimpers greater access to Mexico.

Comment: Our position on shrimping is not very strong. The Mexicans are excluded from the US fishing area, and they are trying to gradually exclude US shrimpers. Naturally de la Garza and US shrimpers would like the best of both worlds, but the Mexicans do not accept that anymore. Nevertheless, we are raising this issue in the context of negotiating the communique. I suspect that the Mexicans will strongly request deleting the reference, but at least we will have tried.

Much more important is to try to initiate negotiations for a new international tuna arrangement. We will try to get Mexico's agreement to scheduling a new round of negotiations (the previous round broke down), and if we succeed, that will be another significant item in the communique.

6. International Bridges

de la Garza:

Pending before Mexico, US has approved construction of international bridges at Mission and Pharr, Texas, but Mexico hasn't yet. It would help chronic high unemployment in that area of Texas.

Recommendation: Mexico has said that they want to have the bridges built, but lack of money and a lethargic bureaucracy have delayed approval on their side. You may want to raise this issue quietly, perhaps at the luncheon.

7. Cooperation in the Screworm Program

de la Garza: Mexico needs to cooperate with the US in control measures.

Comment: Cooperation on the screworm program has been quite good in the past but this has broken down recently. However, two new sets of officials, who are working on this program, have recently been appointed and we recommend that you not raise this issue but instead give the new arrangement a chance to work.

8. Drug Control

de la Garza: Mexico should enhance its surveillance facilities with our assistance.

Wolff,
Gilman: Want you to stress to Mexicans that while we value their cooperation, the problem is not yet solved.

Recommendation: In discussing narcotics control, recommend that you compliment Mexico for its cooperation but also urge them to continue working with us. There is a natural temptation on the part of the Mexicans to believe that the program is completed.

9. Invitation

DeConcini: Asks that you extend invitation to Portillo to be the main speaker at the National Conference of Editorial Writers, September 25-28 in Phoenix. The theme will center on the challenges facing the Southwestern US and Mexico.

Recommendation: Lopez Portillo receives many invitations to speak in the US but rejects most of them. If you think this conference is important, you may want to mention it to him at the luncheon.

Domenici: Asks you (or Mrs. Carter) to ask for Mexican technical assistance and a loan of Mayan artifacts to show at museums in Arizona and the Southwest.

Comment: I am sending a memorandum to Mrs. Carter suggesting that she raise this issue with Mrs. Lopez Portillo.

cc: Frank Moore

Small business conference commission 2/28/71

Small Bus Adv Com WH Conf
Vernon Weaver
Arthur Levitt
Sen Nelson
Cong Smith ^{Personal initiative}
Largest WH Conf
Elected delegates
Regional conferences
SBAAman myself
We'll learn together
Loans, exports, regulation
all legislation

small

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Cuts in social programs
Polls support

- > Pellows Political assessment 10% infl
- > military budget
- Housing - renovate vs new

Bennett

Edwards = social unrest

Clay

Cardiss Collins - Black Caucus 2/28/79
 HUD - primary for cities
 UDAG + \$275m
 drop bank
 Reg Comm. EPA - IEC. OPIC - Fed Res
 CWBts '78/448 '79/555 '80/592
 Min Bus. '77/228 '79/42 +32% '80/60
 Poor. '78 -> '79 + 4 1/2 % 79 -> 80 + 4 %
 Long term unemployment
 M'And all low inc children, women ^{pregnant}
 Inflation - poor. '80 -> Republican
 Sturdy cycle trigger 6 1/2 % to 4%
 + targeted '79 sup \$250mil
 + '80 = 150mil
 Judges -
 Bal budget
 Hosp Cost
 UDAG - Antreb. Injant Aid. R&I - Hoyle

congressional black caucus 2/28/79

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THE WHITE HOUSE
WASHINGTON

= cc Budget team

Chris - Xport - Amtrak = indiv
Trans = LEAA \$85m ante vs \$496m budget
Ken may xfer funds

Sarge = Ed-Lab-Soc Sec - Health
Natcher good - Tamie - Probs E Impact bid
SocSec - more on Disab only? = Students?

Carl - En - M - Pol. H₂O reser
SRC I & II - strategic oil

Bob Keep Cost #12B → #13 → #18
House subcom (-) 4 votes = Pub pressure needed
personal

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press announcement re judicial reform
message to congress 2/27/79

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Justice ¹⁹⁵⁵ ¹⁹⁵⁷ ¹⁹⁵⁹ ¹⁹⁶⁰ ¹⁹⁶¹ ¹⁹⁶² ¹⁹⁶³ ¹⁹⁶⁴ ¹⁹⁶⁵ ¹⁹⁶⁶ ¹⁹⁶⁷ ¹⁹⁶⁸ ¹⁹⁶⁹ ¹⁹⁷⁰ ¹⁹⁷¹ ¹⁹⁷² ¹⁹⁷³ ¹⁹⁷⁴ ¹⁹⁷⁵ ¹⁹⁷⁶ ¹⁹⁷⁷ ¹⁹⁷⁸ ¹⁹⁷⁹
MS9 → Cong
Reform Fed Civil Justice System
Coop & Rodino & Kennedy
Fed Fine System -
Saddled - outmoded. burden
Delay. expense
Probs of all Americans
Court supervised arbitration
Jurisdiction Fed Magistrates
& Fed Ct. State cases - state
Sup Ct control its docket
Resource - minor disputes
resolution procedures
Fed Ct's Imp Act of '79 et al
It Claims + Customs, Patents → Appeals

(over)

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ST → FED/LOC - NOT ENOUGH
INCL - ENERGY - DEFENSE
GOVT SYSTEMS - FEDERALISM
FOR AEE = TRADE - TOURISM.
TRAVEL

SOME STATES > NATIONS
A PARTNERSHIP w/ GOV'S
GOALS.

TRILATERAL
EMERGING REG POWERS

N/S

SU

PRC

MID EAST

SOUTHERN AFRICA

ARMAMENTS, NUCL PROLIF

NATO

HUMAN RIGHTS

Black Tie Dinner honoring
Governors 2/27/79

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ALBERTA HUNTER - 83

YOUNG IN SPIRIT

LOVE - HATE - JOY - ~~DEPAIR~~

WRITTEN BY HER > 50 YRS AGO

KENNEDY CENTER - HONORS

SONGS - ADVICE - TWO STEP

HOW YOUNG WE FEEL

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7:30 AM

THE WHITE HOUSE

WASHINGTON

February 27, 1979

MEMORANDUM FOR THE PRESIDENT AND FIRST LADY

FROM: JACK WATSON

SUBJECT: Background on the National Governors' Conference

As you know, the nation's governors have been in Washington since Sunday for their midwinter meeting. Their dinner with you tonight is the final official event and highlight of the conference.

Since each of you has already participated in a part of the conference, I will not elaborate except to say that the program has focused primarily on energy and international affairs and trade. Many of the staff and almost all of the Cabinet members have participated in various sessions.

The underlying theme of all discussions has been fiscal restraint, and the most controversial issue being discussed among the governors is the proposed constitutional convention for a balanced budget. We have naturally kept a very low profile in these discussions.

I have attached a schedule of events from the conference which includes a list of the Executive Committee on the first page. As you will recall, Bill Milliken of Michigan was Chairman last year; Julian Carroll is Chairman this year; and Jim Hunt is Chairman of the Democratic Governors.

I have also included a picture book of the governors and their spouses, in the event that you have not yet had a chance to meet some of the new governors. The new democratic governors who will have breakfast with you tomorrow morning are:

Bruce and Hattie Babbitt--Arizona
Joe Brennan (single)--Maine
John and Ramona Carlin--Kansas
Hillary Rodham and Bill Clinton--Arkansas
Hugh and Irene Gallen--New Hampshire
Bob and Adele Graham--Florida
Harry and Patricia Hughes--Maryland
Ed and Jody King--Massachusetts
Bruce and Alice King--New Mexico
George and Donna Nigh--Oklahoma
Dick and Ann Riley--South Carolina

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3:00 PM

THE WHITE HOUSE

WASHINGTON

February 28, 1979

MEETING WITH SENATOR BENTSEN

Wednesday, February 28, 1979

3:00 p.m. (10 minutes)

The Oval Office

FROM: FRANK MOORE *F.M. /br*

I. PURPOSE

To discuss oil pricing.

II. PARTICIPANTS AND PRESS PLAN

A. Participants

The President
Senator Bentsen

B. Press Plan

White House photo only.

III. TALKING POINTS

See attached.

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BACKGROUND

On domestic crude oil pricing, Senator Bentsen's objective is to legislatively decontrol as much domestic production as possible, recognizing that full decontrol is not politically possible at this time. He has already introduced legislation which focusses on the three categories of domestic oil production which he believes to be the easiest to decontrol. These are:

- o newly discovered, or "new, new" oil.
- o oil from marginal wells -- that is, wells whose production has fallen below a certain volume, or wells which are very deep.
- o oil where enhanced recovery methods are required for extraction, that is, so-called tertiary recovery.

In each of these instances, the Bentsen definition of oil meeting these criteria is very generous. While we have not yet worked out final estimates, our best guess is that all but 10 to 20% of oil currently under control would be decontrolled under these definitions. From an inflation standpoint these approaches would be costly. If implemented, however, they would also produce new domestic oil supplies.

The Department of Energy has proposed rulemakings -- on which public comment is now being received -- which would make significant adjustments in each of these categories. The DoE proposals, as written, are not as generous as Bentsen's bill. It is significant, however, that we are focussing on the same areas as he is. While much of the oil industry still advocates full decontrol, many of its representatives are beginning to recognize that changes along the lines of the Bentsen proposal may be the best they can hope for.

TALKING POINTS

1. I appreciate the opportunity to discuss the oil pricing issue with you. It is one of the most important, if difficult, decisions I am currently facing. Members of my staff have had lengthy discussions with numerous representatives of the oil industry, and I believe all agree that some adjustment to the current regulatory system is necessary if we are to maximize domestic oil production.
2. The most difficult question for me is how far in this direction we can afford to move given an equally intractable but important problem with inflation. If we as a government are to make voluntary controls work, we must also indicate our willingness to do our part to control inflation. A balance must be struck between those incentives needed to produce new oil supplies and those which go beyond that point.
3. I am interested in your view of the supply response which we might

expect under the types of proposals which you have advocated, and how that balances with our inflation concerns. I would also be interested in your views on whether some sort of tax proposal would be helpful in reaching resolution of this issue. (Note: Bentsen will vigorously oppose a tax, but it is probably wise to mention it in order to indicate that this approach is still under consideration.)

4. At yesterday's hearing on regulations, Senator Bentsen made a very helpful statement that said it is critical to control regulation and the President is on the right track. He carefully reserved judgment on the "secret meeting" issue, but he was supportive and he helped defuse the hearing.

THE WHITE HOUSE
WASHINGTON

February 27, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI 
SUBJECT: Your Meeting with Senator Bentsen

We understand that Senator Bentsen will raise a number of questions with you about the natural gas negotiations with Mexico. He wants to know whether there will be any role for the gas companies, or whether the United States Government will negotiate the entire contract. Secondly, he wants to know who will be the negotiators and what relationship they will have to the private sector.

Let me suggest the following talking points for you to use:

-- I agreed with President Lopez Portillo that we would have government-to-government negotiations to develop a framework within which the gas companies could reach negotiating an agreement.

-- As far as the representatives of the U.S. negotiating team is concerned, Jules Katz will be representing State; Jim Schlesinger has not formally designated his representative; and Rutherford Poats and/or Bob Pastor will represent the NSC. This team will develop a negotiating strategy and instructions which I will approve before they begin negotiations.

-- I intend to set up an advisory committee, which includes industrial representatives, to discuss these issues before their trip.

3:45 PM

THE WHITE HOUSE

WASHINGTON

February 27, 1979

MEETING WITH ADVISORY COMMISSION TO THE
WHITE HOUSE CONFERENCE ON SMALL BUSINESS

Wednesday, February 28, 1979

3:45 p.m. (10 minutes)

East Room

From: Stu Eizenstat

Stu

I. PURPOSE

To greet and speak briefly to the Members of the Advisory Commission to the White House Conference on Small Business.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background

The Advisory Commission to the White House Conference on Small Business was established by you last May in the same Executive Order which initiated the White House Conference. The Commission is intended to serve as the principal policy advisor to the White House Conference on Small Business, which will be held in January of 1980.

The Advisory Commission is chaired by Arthur Levitt, Jr., the President of the American Stock Exchange and an active and early supporter of yours.

The other 10 members are:

Ann Davis, California
Margaret Hanson, Colorado
Shepard Lee, Maine
Steve Weinstein, Georgia
Ernest Camacho, California
Tom Chan, Illinois
Sheldon Lubar, Wisconsin
Louise Saunders, Minnesota
Dale Sights, Kentucky
Antonio Walker, Tennessee

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The White House Conference on Small Business will be the largest White House Conference in history and the only one to have its delegates elected by the states and to have been preceded by a full year of regional conferences. Because of the importance of the small business constituency and the timing of the Conference, Vernon Weaver and others involved in the small business area believe that the Conference represents an excellent opportunity for you to be identified even more closely with the small business community. The White House staff has been active thus far in helping the White House Conference prepare for its meeting next year, and your staff has also been active in working with Arthur Levitt as he begins to undertake the Chairmanship of the Advisory Commission.

The Advisory Commission will play a major role in helping to prepare for the Conference and your brief remarks to it today will help further your identity with small business and reaffirm your commitment to a vibrant and active White House Conference on Small Business.

Prior to your arrival, the Vice-President will have sworn in the Commission members and made brief remarks. He will be followed by Vernon Weaver, Senator Nelson and Congressman Neal Smith. After their remarks are concluded, the Members and the guests will stay in the East Room for a reception. You will arrive during the reception and proceed to the platform. Your remarks are scheduled to be brief and informal, so they will remain standing while you speak.

Participants

In addition to the members of the Advisory Commission, other participants will include the two Chairs of the Small Business Committees, Congressman Neal Smith and Senator Gaylord Nelson, and also Vernon Weaver. Those expected to be in the audience include:

Congressman Joseph Addabbo
Bette Anderson, Undersecretary of the Treasury
Congressman Max Bauxus
Congressman Silvio Conte
Congressman James Corman
Governor Julian Carroll
Congressman Tim Lee Carter
Governor Ken Curtis
Congressman Wyche Fowler
Congressman James Hanley

Senator Dale Hathaway
William Isaac, Director, Federal Deposit Insurance
Corporation
Congressman Dale Kildee
Congressman John LaFalce
Congressman Claude Leach
Congressman Thomas Luken
Robert H. McKinney, Chairman, Federal Home Loan
Bank Board
Senator Edmund Muskie
Senator Gaylord Nelson
Congressman Toby Roth
Congressman Neal Smith
Congressman Thomas Tauke
Congressman Tim Wirth
Harold M. Williams, Chairman, Securities Exchange
Commission

Press

Open Press Coverage

III. TALKING POINTS

Attached.

TALKING POINTS

1. I am very pleased to be able to welcome each one of you to the White House today for this important occasion -- the swearing-in of the Members of the Advisory Commission on the White House Conference on Small Business. I am particularly pleased that so many of the outstanding members of the small business community, both in the government and the private sector, were able to be here today.
2. Today's swearing-in, and the official launching of the Advisory Commission, represents another important milestone along the road toward a very successful White House Conference on Small Business next January. I have no doubt that this Conference will be among the finest White House Conferences ever held. I intend to maintain a personal interest throughout this year and during the time of the Conference in its work and its recommendations.
3. I am especially interested in this Conference for a number of reasons:
 - o I personally initiated this White House Conference. As many of you know, I issued an Executive Order last May establishing the Conference as well as the Advisory Commission, which we are honoring today.
 - o I have been a small businessman. I know the importance of small business. As I said last week in issuing a Small Business Week proclamation for May 13-20, "small business has been the economic backbone of American life since our colonial days." I have also learned the problems of the small business community and I have been determined, since taking office, to use my small business experience to correct many of the problems I found and to expand opportunities for small businessmen and women.
 - o The White House Conference represents a major opportunity to help us learn what the small business community needs and, perhaps, most importantly, to learn this from the grass roots level in every state. Since taking office, I have undertaken a number of activities to improve opportunities for small businessmen -- encouraged the private sector to play a more substantial

role in our guaranteed loan programs; simplified or eliminated unnecessary regulations; undertaken a government-wide review of major initiatives that can be proposed to aid small business; and established a first rate team at SBA, led by Vernon Weaver, to work daily on the needs of the small business community.

4. I have great confidence that Vernon, working very closely with the distinguished Chairman of the Advisory Commission, Arthur Levitt, can help lead the White House Conference to a fulfillment of its promise. Our business community, both large and small, is looking to the White House Conference to provide all of us with sound counsel and recommendations about ways in which the small business environment in this country can be improved and enhanced. I am personally awaiting those recommendations, and I am certain that the Advisory Commission, from this day on, will play a major role in helping the Conference develop a program of which all of us can be proud.
5. I look forward to seeing all of you again at the White House Conference next January. I am confident that we will find that experience enriching and rewarding.

3:45 pm

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THE WHITE HOUSE

WASHINGTON

February 26, 1979

MEMORANDUM FOR: THE PRESIDENT AND THE VICE PRESIDENT
FROM: GRETCHEN POSTON *GP*
SUBJECT: Swearing-In Ceremony/Reception for
Small Business Conference Commission.
February 28 - 3:00 p.m.

Attached is the scenario for the Small Business Conference Commission swearing-in and reception.

Attachment

SCENARIO
SMALL BUSINESS CONFERENCE COMMISSION
SWEARING-IN AND RECEPTION

2:45 p.m. All participants in Swearing-In Ceremony including, Vernon Weaver; Senator Nelson; and Congressman Smith; gather in the Red Room.

NOTE: Time permitting, the new Commissioners will have their photos taken with the Vice President at this time.

All other guests will be escorted to the East Room and will remain standing for the ceremony.

2:55 p.m. Swearing-In participants will be escorted to platform in East Room.

3:00 p.m. The Vice President proceeds to podium and ceremony begins.

3:15 p.m. Swearing-In concludes and the Vice President asks Arthur Levitt to make remarks on behalf of all of the Commissioners.

3:20 p.m. Commissioner Levitt concludes remarks.

The Vice President asks Senator Nelson to make remarks.

3:23 p.m. Senator Nelson concludes remarks.

The Vice President asks Congressman Smith to make remarks.

3:26 p.m. Congressman Smith concludes remarks.

The Vice President asks Vernon Weaver to make remarks.

3:30 p.m. Vernon Weaver concludes remarks.

Reception Begins.

3:45 p.m. THE PRESIDENT arrives the East Room and proceeds to the podium for brief remarks.

OPEN PRESS COVERAGE

3:55 p.m. THE PRESIDENT Departs.

THE WHITE HOUSE

WASHINGTON

2/28/79

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 -

ACTION
FYI

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

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

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

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

12:00 noon

THE WHITE HOUSE
WASHINGTON

Frank
J

LUNCH WITH CHAIRMAN AND MRS. HAROLD T. (BIZZ) JOHNSON

Wednesday, February 28, 1979
12:00 noon (30 minutes)
The Oval Office

From: Frank Moore *F.M.*

I. PURPOSE

To discuss trucking deregulation legislation and water policy.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

Chairman Johnson is Chairman of the full House Committee on Public Works and Transportation and will have much to say about trucking deregulation legislation. You have seen Representative Jim Howard (Chairman of the Surface Transportation Subcommittee) which will handle trucking deregulation. Chairman Johnson is not as favorably inclined toward deregulation as is Rep. Howard.

Johnson is very close to the trucking industry of California and has let it be known that he will represent their best interests in truck deregulation legislation. He is also openly critical of the liberal moves that the ICC has made under the direction of Chairman Dan O'Neal and has called on Chairman O'Neal to moderate his positions on the ICC. As was the case with airline deregulation, if the ICC continues in its present posture, Chairman Johnson and the Congress will see fit to pass legislation to bring the ICC under congressional guidelines. Congressman Johnson is aware of the Administration's consultations with interest groups and that these meetings have confirmed our thinking that the general economy would benefit from such liberalization of regulations.

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Chairman Johnson responds well to presidential requests and the luncheon should be one where you ask the Chairman to remain open on the question of deregulation, and emphasize that the Administration is still open on the specific recommendations which will be made on the prominent issues. Finally, you should request his cooperation on this legislation with the Administration.

he will

The other major area that Chairman Johnson's committee will be dealing with the Administration will be the area of water policy legislation. The Administration will very soon transmit legislation to require State cost-sharing for water projects and to establish additional state water planning and conservation grants through the Water Resources Council. The purpose of these proposals is to increase the role of states in water project and policy decisions. We recognize that the cost-sharing proposal contains new concepts and expect close congressional scrutiny but would very much appreciate Congressman Johnson's cooperation in securing consideration of the bill in his committee.

he will

Chairman Johnson has told the White House CL that he would support a cost-sharing provision as long as it did not affect already authorized projects. Another aspect of our water policy legislation will be water project authorizations and de-authorizations. We would like to work with Chairman Johnson's committee to assure that the bill is acceptable to the Administration. Meetings have already occurred at the staff level. We are willing to support some new water project authorizations if they are consistent with planning procedures and cost-benefit criteria. We are also very interested in securing de-authorization of defunct water projects. In addition to the "automatic" procedures for de-authorizing Corps projects (inactive for eight years with no Congressional objections), we are interested in passage of legislative de-authorization of such projects as the Cross-Florida Barge Canal and Meramec Park Dam.

Says Key Cong. Sen. must support

The most important water project to Chairman Johnson is the Auburn Dam and he is likely to bring up the Interior-related issues concerning the construction of the Central Valley Project. Attached is an in depth description of where the Administration is currently on the Auburn Dam and other smaller portions of the Central Valley Project.

B. Additional Background:

Chairman Johnson's district extends from the Oregon border to south of Lake Tahoe. It is physically the largest of California's congressional districts. It does not extend to the Pacific Coast, but includes most of the Sierra Nevada and much of the upper valley of the Sacramento River.

This area, with the streams which run down from the Sierra and from now dormant volcanoes, once supplied the area with water. There were plans to have this northern section of the state supply water to Los Angeles and Orange County. However, the 1976 and 1977 droughts were so severe that the water was barely enough for the region it had previously served, much less to share with another region.

Chairman Johnson's district is one that makes him very conscious of water policy legislation.

C. Participants: The President, Chairman Bizz Johnson, Mrs. Albra Johnson, Frank Moore, Jim Free.

D. Press Plan: White House Photographer.

III. TALKING POINTS

1. The Administration is still open on the specific recommendations concerning truck deregulation (i.e. pricing, entry, intercorporate hauling).
2. While we approve many of the decisions toward liberalization that the ICC has made, we feel that to insure permanency, institutional changes must be undertaken legislatively, not just administratively; and, that you will be submitting four additional nominees to the ICC in four to eight weeks.
3. You need to request Chairman Johnson's continued counsel and support of water policy legislation, specifically the State cost-sharing legislation, and water project de-authorizations. You should ask Congressman Johnson if he would help sponsor the cost-sharing legislation.

Page four
Chairman Johnson

(You should avoid specific commitments to Johnson on the authorization bill because we may want to use it as leverage on the other items. The authorization bill may be the only leverage we have with the Public Works Committee in order to secure approval of the water policy items.)

- not done*
4. You should inform Chairman Johnson that the Economic Development Administration has approved a \$190,000 grant to help create immediate jobs for unemployed construction workers in Lassen County, California.

The Susanville Indian Rancheria will use the Federal grant for a multi-purpose building designed to serve as a skill-training center, as an office complex for a tribal construction industry.

The EDA grant will meet the total cost of construction of the center.

IV. ADDITIONAL INFORMATION

Administration Support: 72.3% (95th Congress)

His wife's name is Albra and they have two children. Mrs. Johnson drives in from home to lunch with the Congressman in the Members Dining Room several times a week.

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United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

FEB 26 1979

Memorandum

To: The President

From: The Department of the Interior
by: /s/ Guy R. Martin

Subject: Briefing Paper for Luncheon with Congressman Bizz Johnson

The Interior-related issues which Congressman Johnson will likely raise relate to the Central Valley Project of the Bureau of Reclamation and the President's Water Policy.

CENTRAL VALLEY PROJECT

Auburn Dam - This dam was authorized in 1965, and \$192.6 million has been spent to date preparing the site for a thin arch dam now estimated to cost \$1.2 billion. The dam is in Congressman Johnson's district. An earthquake at Oroville, California, in 1975 resulted in a suspension of construction, and the initiation of a dam safety study which is being carried out by the Bureau of Reclamation.

The study involves the Bureau, the USGS, independent consultants and the State, and is now virtually complete. A full public process is also being used.

All technical data relating to the safety issue have been provided to the State of California for its policy review and comment. We are currently awaiting a final report from the State on the seismic parameters before proceeding with our safety review. We expect to receive this report by March 1, 1979, and to be in a position for the Secretary to make a final decision on the seismic parameters by May 22, 1979. If a decision is made to continue work on the project, a formal decision on a new design could be made in early January 1980.

Based on the investigation to date, the thin arch double curvature structure proposed by the Bureau of Reclamation can no longer be considered viable. The Bureau is currently investigating other alternatives which include a modified curved concrete-gravity dam at the existing dam site and a concrete-faced rockfill dam at a site approximately 1 mile downstream from the existing site.

Regardless of design or location, reauthorization will be required. Current cost estimates for the proposed dam exceed \$1.2 billion, while the ceiling is \$966 million. Any alternative to the thin arch structure would cost even more, depending on the design and site selected.

Congressman Johnson is interested in completing the decision on design parameters and a new design as soon as possible, and moving quickly to a new authorization. This latter action will be controversial as the higher costs will alter the dams benefit/cost calculation, which is currently 2.9:1, and substantial opposition to the dam exists.

California Delta Water Quality - The Sacramento-San-Joaquin Delta is one of California's most fertile and important agricultural areas and supports a considerable industrial complex in the vicinity of Antioch. It is also a major fishery and waterfowl habitat. The Federal Central Valley Project (CVP) and the State Water Project (SWP) funnel water from the reservoirs in the northern reaches of the Sacramento Valley, through the Delta, to the water-short areas in the San Joaquin Valley. As a result, operation of the two projects influences the water quality of the Delta and provides the key to repelling salt water intrusion in the Delta from San Francisco Bay. The California Water Resources Control Board's Decision 1485 established water quality standards for the Delta as a condition of retaining water rights and permits for both the CVP and the SWP.

Both the President and the Secretary have made general statements in the past pledging to protect Delta water quality. Recently, the Secretary made this commitment specific by formally announcing that the Bureau of Reclamation would operate the CVP so as to meet State standards except in extraordinarily dry years.

The Department of the Interior intends to meet those standards voluntarily but will continue to preserve the rights of the United States to challenge the jurisdiction of the State Water Resources Control Board in imposing standards on the CVP. This will be reflected in a temporary joint CVP-SWP operating agreement to be negotiated this spring. The commitment extends to all years - normal, dry and critical - with the only exception being in years of extraordinary drought such as occurred in 1977. In such years, the Secretary reserves the right to reevaluate his commitment. The commitment is a voluntary one premised on an ultimate legislative solution to Delta protection. Legislation will be prepared by the Department for submission to the Congress, along with a draft EIS, early next year.

From the perspective of Congressman Johnson, this is a further call on the "yield" of the CVP which may limit future irrigation. He has expressed no opposition to the Secretary's decision, however.

New Melones - New Melones Dam and reservoir is now largely complete, but problems about its filling have created substantial controversy. Congressman Johnson believes these problems should be rapidly resolved, and full filling and operation should begin. The situation is far too complex for this to occur. The problems include:

a. On April 4, 1973, the State Water Resources Control Board issued its Decision-1422 relative to the appropriation of water for the New Melones Project. The decision would place restrictions upon the operation of New Melones Dam, reservoir and powerplant that would impair the authorized project purposes. Power yield would be restricted and irrigation, M&I water and recreation would be severely restricted or eliminated. Lower filling would occur.

The Federal Government filed suit against the State Water Resources Control Board for the purposes of adjudicating the right of the State board to condition water rights permits issued in accordance with Decision-1422 for water to be made available from New Melones reservoir. On October 9, 1975, the District Court rendered a decision that the State Water Resources Control Board cannot condition the operation of a Federal project. The State appealed the decision and the Ninth Circuit Court of Appeals upheld the ruling.

On July 3, 1978, the United States Supreme Court reversed and remanded the District Court on the State of California's Decision-1422, where the decision is not inconsistent with Congressional directives authorizing the New Melones Project. Whether the conditions imposed by the State are inconsistent with Congressional directives as to the New Melones Dam and just how the Supreme Court decision will affect the operation of the reservoir has yet to be determined.

Representatives of this Department, the Corps of Engineers, and the Department of Justice have met over the past several weeks to determine the Federal position on the extent to which the State Water Resources Control Board Decision-1422 is consistent with Congressional directives. Those discussions have resulted in the Department of the Interior's decision to voluntarily comply with the State's conditions until a final court decision is made on the remand or other agreement is reached with the State of California. This has allowed the Bureau of Reclamation to file an operations plan consistent with Decision-1422 and, subject to the approval of the State of California, will allow the Corps to clear and fill the reservoir to the level authorized by Decision-1422.

b. Before the water can be allocated among users and long-term water supply contracts can be executed for water from New Melones reservoir, an EIS must be completed by Reclamation. From those studies, it will be determined which areas should receive water from the New Melones reservoir. Work on the EIS has begun. Final determinations will be made regarding the area to be served and the quantity of water to be stored in the New Melones reservoir in August 1980.

c. There is substantial political opposition to filling the reservoir in order to save the white water of the Stanislaus River. Congressman Johnson opposes partial filling. The following list desires to save the white water.

Don Edwards
Lionel Van Deerlin
Henry A. Waxman
Norman Y. Mineta
Ronald V. Dellums
Paul N. McCloskey, Jr.
Anthony C. Beilenson

Mark W. Hannaford
John L. Burton
Phillip Burton
Edward R. Roybal
George E. Braun, Jr.
Jerry M. Patterson

Congressman Norman D. Shumway and Tony Coelho have not expressed official opinions on the project as yet. However, there is no reason to believe that they would not actively support the project.

The Administration has thus far taken no position on the question of "partial filling," and no legislation has been introduced. The Administration has been pursuing the plan as authorized with partial filling continuing only while the EIS is completed.

WATER POLICY

As Chairman of the Public Works, Congressman Johnson has a vital role in legislative aspects of the policy. Thus far, he has been remarkably friendly and helpful. He has:

a. Agreed (through Congressman Bevill) to support a "reprogramming" of \$429,000 of Water Resources Council money to begin the Independent Review on April 1, 1979.

b. Been generally supportive of the cost-sharing bill. He is concerned mainly that cost sharing apply only to projects authorized after the enactment of the cost-sharing bill. Although we considered making it apply earlier, what he wants is now the policy, and he can be reassured. Feared once to be an opponent, he may now even be a sponsor, and this might be discussed.

Anti-project bias - Although it may not be raised, one of the current feelings about the policy is that it continues the "anti-water project" bias of the hit list. This theory regards all of the policy initiatives as no more than thinly veiled tactics to discourage projects.

The Secretary parries this with the statement that we are against "bad" projects, want to provide a better and more public criteria for identifying the good ones, and that in the last two years, the Administration has supported more new construction starts than any Administration in over a decade.

ADDENDUM

CHAIRMAN JOHNSON AND REORGANIZATION

*I think he'll
be supportive of
what we
decided*

Chairman Johnson is one of the Members of Congress most interested in both natural resources and development assistance reorganization. He has been vigorously opposed to any transfer of EDA or to any diminution of the role of the Corps of Engineers. Your decision on reorganization should please Johnson on both these counts. Since his committee will handle the EDA reauthorization, Johnson's active support for that is essential.

In lieu of phone call, you should take time during your meeting to inform Johnson of your decisions on reorganization and to ask his his active support.

TALKING POINTS

1. Thank Johnson for his advice on how best to proceed with reorganization and indicate that your decision was -- in part -- guided by it.
2. Inform him of the major elements of your decision:
 - A. Creation of a Department of Natural Resources which includes NOAA and the Forest Service but not any of the water transfers;
 - B. Consolidation of economic development loan programs within the Department of Commerce by transferring the Farmers Home Administration Business and Industrial Loan Program and the SBA 501 and 502 programs to EDA.
 - C. Augmentation of Title II of EDA by the addition of the loan guarantee and interest subsidy authorities that were previously slated to go to the National Development Bank.
 - D. Consolidation of economic development grant programs by combining Titles I and IX of EDA.
3. Inform Johnson that you will be making a public announcement on reorganization on Thursday and indicate that you would very much like to have his active, public support for both the Department of Natural Resources and the economic development consolidation.

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

February 27, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *cls by 7/89*

SUBJECT: January Merchandise Trade Balance
(to be released at 2:00 p.m. Wednesday,
February 28, 1979)

The Department of Commerce estimates of the January trade balance data, to be released tomorrow, are produced with new techniques for seasonally adjusting the numbers. The new techniques show that the trade balance late last year improved more than the originally published data indicated. But the January estimate of the trade deficit on the new basis rises very sharply from December:

Trade Deficit
(millions of dollars; monthly rate)

	<u>New estimates</u>	<u>Old estimates</u>
1978 1Q	-3437	-3224
2Q	-2262	-2232
3Q	-2089	-2100
4Q	-1691	-2038
December	-1749	-2040
1979 January	-3097	-1875

As you see, the old estimates showed a slight decline in the last part of 1978 and a further decline in January 1979. The new estimates show a much larger decline in 1978, but a huge rise in January. Commerce will publish both sets of estimates tomorrow to provide an overlap between the old and new series.

We think the new estimates probably give a more accurate picture than the old. The new estimates show a fairly large increase in most categories of imports. Since the economy grew strongly in the final quarter of 1978, a sharp surge in orders for imports, which are being delivered in January, probably occurred. Oil imports also

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rose by \$482 million in January, accounting for almost 40 percent of the trade balance deterioration.

The publication of the numbers may cause substantial selling of the dollar. The Treasury will issue a brief statement:

- o pointing out the significant improvement during the course of last year
- o expressing confidence that one month's bad numbers don't change our expectations of continued improvement in the balance of payments picture.

The Treasury and the Federal Reserve are prepared to intervene heavily as necessary to limit any decline in the dollar.

(A brief explanation of the change in the data:

Previously the Commerce Department seasonally adjusted the various categories of exports and imports and then, separately, seasonally adjusted total exports and total imports. Hence the seasonally adjusted components sometimes did not add up to the seasonally adjusted totals. The discrepancy, in recent years, had been particularly large in January, tending to depress the total below the sum of the parts. Under the new procedures, the totals are simply the sum of the seasonally adjusted individual components, and there is no longer a discrepancy. The new procedures, therefore, tend to raise the January figures compared to the old techniques.)

9:30 AM

THE WHITE HOUSE

WASHINGTON

February 27, 1979

MEETING WITH BUDGET TASK FORCE
Wednesday, February 28, 1979
9:30 a.m. (15 minutes)
The Cabinet Room

FROM: FRANK MOORE *F.M. 10R*

I. PURPOSE

This meeting is to introduce you to the people who have been detailed to my staff to follow the budget issues and to meet Bob Maher (formerly with Congressman Paul Rogers) who is joining our regular Congressional Liaison staff as the fifth House person.

A. Participants

Frank Moore
Bob Thomson
Bill Cable
Herky Harris (chairing the Budget Task Force)
Sarge Carlton - Budget Task Force
(detailed from Interior CL)
Gael Sullivan - Budget Task Force
(detailed from Commerce CL)
Chris Davis - Budget Task Force
(detailed from OMB)
Mark Gordon (deputy to Herky Harris)
Bob Maher - new fifth House person

B. Press Plan

White House photo only.

II. TALKING POINTS

You should stress to this group the importance which you attach to holding the line on the budget.

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10:30 a.m.

THE WHITE HOUSE

WASHINGTON

February 28, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JODY POWELL

RE: Brief Meeting with Television
Actor Ed Asner, 10:30 am, today

During my appointment with you, I plan to introduce to you Ed Asner, star of "Lou Grant". Asner is in Washington to seek congressional support for proclamation of "Medic Alert Week". Accompanying Asner will be his wife Nancy, and Jim Flood, representing the Medic Alert Foundation.

Asner does not have any medical problem, but wears a Medic Alert ID bracelet (with blood type) in case of emergency while he jogs. He is replacing Carol Burnett as honorary chairman of the Medic Alert Foundation.

Flood does some advance work for the Vice President and helped during the Carter-Mondale Campaign in California in 1976.

Asner plays the title role in "Lou Grant" as city editor of the Los Angeles Tribune. He has won five Emmys (three for his role in "The Mary Tyler Moore Show", one for "Rich Man, Poor Man", one for "Roots I").

Ed and Nancy Asner have been married since 1959 and have three children. Their initial contact with the White House was through Les Francis of Congressional Liaison.

A White House photographer will be present during the meeting.

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11:00 AM

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THE WHITE HOUSE
WASHINGTON

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February 27, 1979

MEETING WITH THE CONGRESSIONAL BLACK CAUCUS

Wednesday, February 28, 1979
11:00 a.m. (30 minutes)
The Cabinet Room

From: Frank Moore *F.M./BR*

I. PURPOSE

To discuss the budget and other issues of concern to the Black Caucus.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: The Caucus has requested time to discuss three topics: budget cuts, the inflation/unemployment trade off issue as it relates to the Full Employment Act and Judgeships.

The 1980 budget as a whole has been held down, and although many programs have been reduced, we have not reduced total assistance for minorities or the poor. For example:

- Spending for civil rights programs is increasing from \$448 million in 1978 to \$555 million in 1979 and to \$592 in 1980.
- Assistance for minority businesses is expected to increase by 36 percent from \$4.4 billion in 1979 to \$6.0 billion in 1980. In 1977 the total was only \$2.1 billion.
- Spending for programs for the poor in 1980 will increase by \$4 billion over 1979 and \$9½ billion over 1978. This represents a major effort on the part of the Administration to recognize the claims of the truly disadvantaged.
 - Education programs. Both elementary and secondary and higher education will be increased.
 - Community development. Programs will be increased.
 - Title II of CETA. The jobs targeted to the long-term unemployed will be increased; in addition, we restored most of the cuts OMB originally recommended for other Titles of CETA and will request funds for FY 1979 and FY 1980 to implement the private sector job initiatives for disadvantaged youth.

THE WHITE HOUSE
WASHINGTON

28 Feb 79

Stu Eizenstat
Jim McIntyre

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

Rick Hutcheson



THE WHITE HOUSE

WASHINGTON

February 28, 1979

Stu, Jim -

*Strong
opposition -
knows it's final -
waiting for
briefing*

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
HARRISON WELLFORD *J*

SUBJECT: Call to Secretary Harris on Reorganization

This memorandum provides talking points for your conversation with Secretary Harris on reorganization. You should make this call between 10:00 and 10:30, to ensure that Secretary Harris is called before Jim and Stu do our background briefing for the press.

- o This was a very difficult decision for me and I agonized over it for quite some time.
- o I was very attracted to the merits of DDA and the effective case that you made for it. Our Congressional consultations, however, showed that the politics simply are not possible.
- o I asked the Vice President, Jim and Stu to design a plan that would (1) strengthen HUD's lead role in urban development; (2) increase the chances of passing the funds in the National Development Bank; (3) consolidate loan and loan guarantee programs; (4) stand a good chance of passage; and (5) did not either in fact nor in perception put a National Development Bank in Commerce.
- o While the proposed loan guarantee and interest subsidies of the Bank will be consolidated into EDA, HUD will get \$275 million in Urban Development

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Action Grants. There will be no National Development Bank. We hope this strategy will strengthen our hand in getting the additional \$275 million UDAG grants.

- o I decided to expand the loan programs in EDA because (1) EDA reauthorization is up in Congress this year; and (2) Congressional consultations demonstrated that EDA and FmHA programs could not be moved to HUD.
- o It is likely that there will be no reorganization plan in economic development. We will try to do the loan consolidations through EDA legislation.
- o I need the support of traditional HUD constituencies for this decision. I hope that you will help me obtain their support. They need to know this does not reflect a lessening of my commitment to or confidence in HUD.

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the christian CENTURY

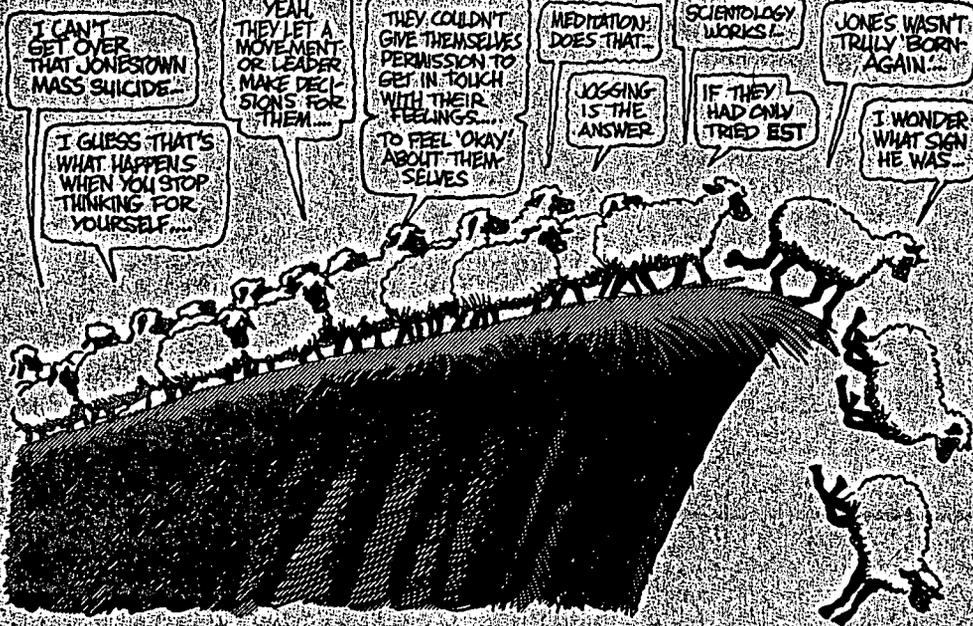
MAY 28, 1979

JAMES M. WALL
EDITOR

407 SOUTH DEARBORN STREET
CHICAGO, ILL. 60605
312 - 427-5380
HOME 312 - 279-7166



MARTIN E. MARTY



Martin E. Marty

Religious Cause, Religious Cure

Cubans in Africa: Missionaries or Mercenaries?

Dow Kirkpatrick

- Puebla, the Pope and Liberation Theology
- Ecumenical Debate on Abortion
- Lenten Meditation: Proud to Be Humble

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