

1/28/80 [1]

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memo w/att	Henry Owen to the President Re: Reduction of Disincentives to US Exports (11 pp.)	1/18/80	A

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THE WHITE HOUSE
WASHINGTON

28 Jan 80

Zbigniew Brzezinski

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

Rick Hutcheson

598

INTERNATIONAL

to help them to pose as Iran's friends by imposing sanctions on Iran. However, he cast no vote in the council, leaving it to Russia to veto the resolution. But for that veto, it would have been adopted; it got 10 votes (one more than the minimum required), including all except one (Bangladesh) of the African, Asian and Caribbean council members.

West Bank

The king dips in his toe again

FROM OUR ISRAEL CORRESPONDENT

Jordan has recently executed an about-turn in its attitude towards the West Bank; it now looks as if it is engaged in a drive to regain control of the territory. For many years King Hussein has scrupulously observed the 1974 Arab summit ruling that made the Palestine Liberation Organisation the sole representative of the Palestinian people; no less scrupulously he observed the ruling at the 1979 summit which rejected the Camp David peace accords and the role assigned to Jordan in a West Bank settlement.

The initiative for change, the king and his men have long said, must come from the Palestinians themselves. There are now signs that Jordan may have decided that the pressure is sufficient for it to take a more active part. West Bankers, acutely aware of the difficulties of going it alone, have been thinking again about the advantages of the Jordanian connection. And Jordan, for its part, is working in collaboration with certain Israelis both in the Begin government and in the Labour opposition.

Israeli and Jordanian leaders meet discreetly but fairly regularly. In recent encounters, Israelis note what they believe to be a change of heart about the West Bank. King Hussein is convinced, they say, that 1980 will be the year of decision for the West Bank. Jordan is therefore now willing to undertake the administration of self-government in the West Bank as laid down in the Camp David treaty, but with one very important difference: the administration must derive its authority from Jordan, not from Israel.

Were this plan to be laid before the Begin government, it would certainly be thrown out. But, with the government barely limping along as a functioning body, more and more key decisions are being taken by ministers on their own. In the case of the West Bank the minister concerned is Mr Ezer Weizman who, as defence minister, has authority over the military government of the West Bank

and the Gaza Strip.

Thus, in the past month, Jordan has been able quietly to carry out some changes that could be the beginning of a phased transplant of the West Bank from Israeli to Jordanian authority. The most important moves are as follows:

- A Jordanian population census is under way in the West Bank. Census offices are operating in the municipalities and village councils and people have been ordered to report with their birth certificates and to sign two documents: a census form and an application to renew their Jordanian citizenship.

The census is due to be completed early in May to coincide with the scheduled end of the "autonomy" talks involving Israel, Egypt and America. Jordan should thus be able to announce the result of its census together with an announcement that the people of the West Bank have freely chosen to remain subjects of the Jordanian crown. The Israeli military government was not informed about the census until it had already begun and then, upon asking the defence ministry for instructions, was told to let it go forward undisturbed.

- Jordan has obtained Israeli permission to open passport offices in the West Bank; there will be eight of these, including one in east Jerusalem. Since 1967, West Bankers have often been treated to a runaround when their passports expired. If they could not get to Amman, they had to apply through their mayors or village heads. By opening passport offices of their own, the Jordanians have vested authority in trusted officials. The offices will be installed in the chambers of commerce, which tend to be pro-Jordanian, rather than the town halls, which tend to be pro-PLO.

- Jordanian interior ministry officials, including doormen, have been ordered to report for work and have started once again to get their salaries from Amman

Back in the game



(many Jordanian salaries have continued to flow into the West Bank throughout Israel's occupation).

- Preparations began last month for the establishment of a university in east Jerusalem. Its aim: to establish east Jerusalem as the West Bank's capital and, perhaps, to downgrade the universities at Birzeit and Bethlehem and turn them into junior branches of the main institution in Jerusalem. Jordan has established a new higher education authority in Amman, put the rector of the Yarmouk University in Irbid at its head and invited West Bank representatives to take their seats. Since all their budgets originate in Amman, none demurred.

- Jordan is dispensing money on the West Bank's infrastructure. In the past month, 50 villages in the Nablus district have suddenly asked the military government for permission to found co-operative societies to provide such services as water, electricity, health and education. When asked where their financing was coming from, they replied: Amman. Jordan has informed the villages that they will all be linked to the electricity network that Jordan is to set up this year. Altogether, the Israelis estimate that Jordan's planned investment in the West Bank in 1980 is around \$50m, all of it money that last year's Baghdad summit agreed should go to the West Bank.

- Money has also started flowing in through Jordan for the building of two government hospitals, one in Ramallah and another in Nablus. A search is on for the site of another, in Jerusalem, possibly in an area that abuts one of the new Jewish suburbs built in Jerusalem since 1967. Thus Jordan will grasp the initiative in drawing anew the demarcation line between Arab and Jewish Jerusalem.

Various events in the past week or two acquire new significance in the light of this new Jordanian policy. President Sadat's reiterated request to Mr Begin at Aswan last week to provide the Gaza Strip with autonomy in advance of the West Bank could be an attempt to separate the two territories, so that, under the cover of a grant of self-government, the Gaza Strip would fall to Egyptian patronage and the West Bank to Jordan's. And Israel's Labour party leaders are talking again about the "Jordanian option".

Mr Shimon Peres, the likely winner of next year's general election, has urged Israeli concessions on the West Bank and an interim peace accommodation with Jordan. Mr Yitzhak Rabin, who as Labour prime minister in 1976 just missed signing an interim arrangement with Jordan, this week called on the United States and on his own government to acknowledge that Jordan holds the key to the consolidation of a Middle East peace.

Zb19 = assess for me
J

THE WHITE HOUSE
WASHINGTON

January 24, 1980

MEMORANDUM FOR THE PRESIDENT

From: Al McDonald
Rick Hertzberg
Achsah Nesmith *AKH*

Subject: Presidential Speech:
Leadership Cnfrnce on
Civil Rights Dinner

Scheduled delivery:
Sun, Jan 27, 1980
7:30 P.M.

The Presidential Speech for this occasion is attached.

There is a bracketed paragraph on page 12 announcing the appointment of Elaine Jones. The Presidential Personnel Office expects to have final clearance of this appointment on Friday. Arnie Miller will confirm.

Clearances

Louis Martin
Stu Eizenstat
Ray Jenkins
Sarah Weddington
Gene Eidenberg

[The names in the first paragraph will be confirmed or corrected in writing no later than 3:30 P.M. on Sunday by Louis Martin.]

Achsah Nesmith
Draft A-1 1/24/80
Scheduled for delivery:
Sunday, Jan. 27, 7:30 p.m.

LEADERSHIP CONFERENCE ON CIVIL RIGHTS

Senator Brooke, Senator Humphrey, Clarence Mitchell, Lane
Kirkland, ladies and gentlemen:

When this conference was founded 30 years ago, the issues were whether lynching should be allowed to continue, whether black people should be denied the vote, whether black youngsters should be refused admission to schools. The solutions were not simple, but they were clear-cut.

The only moral solution was to stop -- stop killing people, stop denying people the vote and education. Providing economic opportunity for all Americans is not so clear-cut.

This leadership conference and the 150 organizations you represent -- one of the most broadly based coalitions in our nation -- stood in the forefront of the battle to stop those blatant abuses.

learned what it was like to give up, never forgot what it was like to be at the bottom.

He spent his life fighting for the rights of working men and women, but he never lost sight of the overriding human rights of all people, never wavered from his overall concern for his country. Without him and the AFL-CIO, the Civil Rights Acts of 1964 and 1965 would not have been possible.

Woodrow Wilson said, "A great nation is as great, and only as great, as its rank and file." No one in our lifetime cared more about the rank and file, or served them better, than George Meany.

It is fitting that George Meany and Clarence Mitchell should be honored together, for they stood together in many of the most important efforts of our time.

Clarence Mitchell, perhaps better than any other person, symbolizes the strength of this organization and its power for

good in our nation. He has guided the passage of nearly every major piece of civil rights legislation over the past 25 years, earning him the title of "our 101st Senator." Let's give Clarence a new title -- 103rd Senator -- by giving the people of the District of Columbia full voting rights.

When the history of the progress of black Americans is written -- when the history of this nation's struggle to keep its promises of equal justice and equal opportunity is finally recorded -- all Americans will honor the contributions of Clarence Mitchell and his remarkable family.

In 1968, our nation had a chance to take another giant step forward in the battle for equal opportunity by electing a great American as our President, Hubert Humphrey.

But a nation torn by divisive war, shaken by assassinations and confused by burning cities, turned away from the leadership of Hubert Humphrey and the march toward full equality, postponed

again his call "to walk forthrightly into the bright sunshine of human rights."

In 1976, after 8 years of disillusionment, the American people chose to resume the march. We have begun, and we shall continue.

I came to the Presidency committed to enforcing the laws Clarence Mitchell and this great coalition have helped mold. I am determined to place throughout the government men and women who share that commitment.

In no place is that commitment more important than in the judiciary. A Cabinet appointment lasts a few years, but a federal judge will be on the bench for life -- interpreting the laws that guarantee our rights to jobs, education, justice.

This Administration has put more women, more blacks, more Hispanics on the federal bench than all previous Presidents combined -- 34 blacks, 10 Hispanics. Of the 32 women now serving

as federal judges, 28 were appointed in the last three years.

But my pride is not just in numbers. I promised to appoint the best judges I could find, and I have kept that promise.

In the 200 years before I was President three women held Cabinet posts. In the three years since I have been President I have appointed three women to four Cabinet posts.

The Justice Department's Civil Rights Division has never had a more dedicated director than Drew Days. Together we have fought for affirmative action programs in the Bakke and Weber cases. We will continue to defend affirmative action as a useful and legitimate tool to erase the legacy of discrimination.

I have been disturbed, as I know you have, about the resurgence of Ku Klux Klan activity and violence in recent months. From this podium tonight, I denounce all who create tensions between racial, religious or ethnic groups. The Justice Department obtained convictions of ten Klan members in Alabama for conspiring to intimidate NAACP leaders.

I pledge to you that as long as I am President, this government will use its powers to prevent violence and intimidation and to press for affirmative action to achieve full equality of opportunity.

In the past three years we have largely set up the machinery of government to enforce the laws that have been on the books for a decade or more. Moon Landrieu has begun issuing regulations to implement the Fair Housing Act of 1968. The Federal Home Loan Bank Board has taken a firm stand on red-lining in housing.

The federal government at last -- thanks to Eleanor Holmes Norton -- has issued guidelines for affirmative action by employers and HEW issued regulations enforcing the civil rights of the handicapped for the first time. After eight long years of delay and disappointment, we are back on the road.

We still have a long way to go in providing opportunities for blacks, women and Hispanics to own businesses, but we are

taking action to alleviate discrimination in credit and to provide other resources on a variety of fronts. Our efforts over the past two years to broaden the ownership of broadcasting stations have resulted in a 70 percent increase in the number of minority owned stations.

We have more than doubled the amount of goods and services purchased by the federal government from businesses owned by minority members and we will soon triple that figure. That is still not good enough. I have set new higher goals and charged every agency and department with reaching them.

Blacks have gained political power but the continuing battleground in the fight for equal rights remains the fight for economic justice for all.

My first priority of government reorganization was consolidation and strengthening of equal employment enforcement powers. Eleanor Holmes Norton has proved that the best

way to end discriminatory practices is quickly. Complaints that took two years, on the average, to investigate and settle now take an average of two months.

We have dramatically cut overall unemployment despite an unprecedented increase in the number of women and young people in the work force. We have added more jobs than ever before in our history. Black employment increased by 15 percent, compared to just under 11 percent overall, but black unemployment is still too high.

There is still a shocking number of young people -- coming from every ethnic group but including a staggering percentage of young black and Hispanic youth -- who have no jobs and no skills.

In 1950 one-third of all jobs in America were open to people who had not finished high school. Less than 9 percent are today. Yet one-fourth of the youngsters who start to school in America still do not finish high school -- in cities like

New York it is closer to 45 percent. Most disturbing of all, even some high school graduates can barely read or do simple mathematics.

It is these young people that the youth employment initiatives I recently announced are designed to reach. Those who are out of school and out of work and those likely to drop out before they are prepared to get a job will get basic skill training and job training.

We have already increased funding for youth employment from \$2.5 to \$4 billion. We will increase it by another 450,000 slots, serving a total of 2 million young people.

We cannot afford to have a whole segment of our society growing into adulthood without any productive role in our economy, without skills, without purpose, without hope.

Dr. Martin Luther King said that those who expected black people to pull themselves up by their bootstraps had not noticed

they were barefoot. It is for those who still can not afford the boots -- whatever their race or sex or ethnic background -- that we must make opportunity.

No black American will ever be told to move to the back of the bus again, but we must make sure blacks and Hispanics and women have an equal opportunity not only to drive that bus, but also to own the bus company.

There can be no better investment of limited tax funds than in the young people of our nation who have been deprived for so long of the chance to use their lives productively. That is an investment I am determined to make.

With the 1981 budget just announced, we will have increased the federal budget for education by 75 percent over the last budget request prepared by President Ford. Most of that increase has gone to provide training in basic skills to disadvantaged youngsters and college aid for students from low and moderate

income families.

The primary duty of the federal government in education is to guarantee equality of opportunity for all our people. Secretary Hufstedler shares my commitment to equal opportunity and to excellence in education. The law creating the new Department of Education establishes a strong, independent civil rights office.

[I am proud to announce that the first Assistant Secretary of Education for civil rights will be an outstanding lawyer who despite her youth is a veteran of the NAACP Legal Defense Fund -- Elaine Jones.]

I have often said that the Civil Rights Movement freed white Southerners just as it freed black Southerners. I could not have been elected President had it not broken the ancient barriers that separated our people by race and religion.

The Civil Rights Movement also freed our foreign policy in

critical ways. We can speak now as a nation with one voice on the sensitive issue of human rights all around the world because we have thrown off the chains of official racism at home.

The Civil Rights Movement, by forcing us to face up to our own principles at home, freed us to express our principles abroad because we were trying to live up to them. We cannot abandon the fight for human rights because of pressures from tyrants and terrorists abroad or from those at home who think we have gone far enough.

We have not gone far enough until every American child has a chance for a good education, every adult has a chance for a decent job, every family, every old person, has a chance to have a decent place to live. We have not gone far enough until discrimination, in all its forms, has ended in our land.

Our nation faces serious challenges abroad -- the most serious since World War II. We are compelled to meet these challenges with strengthened defenses and effective methods

to reduce our dependence on imported oil. The costs are high, the dangers are great. But we must not pull back from our commitment to economic opportunity, for full participation for our people.

This organization has proved its ability over the years to get behind legislation and carry it through to success. I come to you tonight asking for your help. Help me pass the youth employment initiatives. Help me put teeth in the Fair Housing Act and extend its protections to the handicapped. Help me extend the full protection of the Constitution to women by getting the Equal Rights Amendment ratified.

Most of all, I ask your help and that of the 150 national organizations you represent, to renew our commitment as a nation to economic opportunity for all our people.

During these critical days we need the talents and energy and ingenuity of every American -- male, female, handicapped,

young or old, of whatever creed or color or ethnic background.

We cannot afford to waste anyone.

William Faulkner said, "Fairness means not only equality. It means 'Equality to: the equal right and opportunity to make the best one can of one's life within one's capacity and capability, without fear of injustice or oppression or violence.'"

Our nation must be committed to that kind of fairness. Government can not do it alone. It can create conditions, up to a point, that free our people to build a better life for themselves. It can support their efforts to prepare themselves. But it is the people themselves -- businesses, institutions and individuals -- that must extend that fairness to every person, every group.

This, finally, is the great unfinished work of the Civil Rights Movement. Let us get on with the job together.

###

CIV RIGHTS DIV - DREW DAYS

BAKKE, WEBER = KKK

V.P. CAB - E.H. NORTON 2 YRS → 2 MOS

CAB 70% BROADCAST STATION

ECON OPPOR

JOBS = BL EMP + 15% > OTHERS

'50 / 1/2 NO HS '80 / 1/11 NO HS

ED + 75% BASIC SKILLS

YOUTH EMP - ONE YEAR - \$2 BIL

MLK - BOOTSTRAPS = BARE FOOT

BACK OF BUS → DRIVER → OWN CO.

FREED WHITES

FOR POLICY

IRAN

AFGHAN

WH CONF / FAMILIES

FAIR HOUSING

ERA

ELDERLY 12/1

C MITCHELL 10155 → 103 NE

PRES - GRATEFUL NATION = TH

MEANY - MITCHELL

Leadership Conf on CIV RIGHTS 1-27-80

Sen Brooks, Humphrey, C. Mitchell, ^{PRES ADVIS} ^{PRES} ~~Long~~ ~~Kirkland~~

30 YRS - LYNCH - VOTE - SCHOOL

NOT EASY BUT CLEAR ^{MURDER} ^{DEPRIVATION} ^{DISCRIM}

150 = FRAGMENT - RACE, REL, REGION

BANNER - POOR, ETC ^{UNITED}

TWO MEN HONORED - PERSONIFY

GEO MEANY - POOR. DROP OUT.

APPRENTICE - 5 YRS = FAIL JOURNEYMAN

NEVER LEARNED GIVE UP: FORGOT POOR

OUT GM & AFL-CIO NO CRA 9 '64, '65

W WILSON = NATION GREAT - RANK & FILE

NO ONE KNEW, SERVED BETTER TH GM

CLARENCE MITCHELL = SYMBOL. STR - ORGAN

GUIDED - CR LEGIS - 25 YRS

HISTORY - C MITCHELL & FAMILY

'68 - CHANCE - QUANTUM STEP = HHH

NATION TORN WAR, ASSASS, BURNING CITIES

LAST 3 YRS = "WALK FORTH RIGHTLY →
BRITE SHINE OF HUM RIGHTS"

200 - 3 3/4

WOMEN, BLACKS, HISP > ALL OTHER PRES

32 WOMEN, 28/3 YRS BEST

Leadership Conference on Civil Rights, Washington D.C. 1/27/80

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THE WHITE HOUSE
WASHINGTON

28 Jan 80

Zbigniew Brzezinski

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the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

Please forward a copy to
Secretary Brown

cc: The Vice President

SS7

DECLASSIFIED
E.O. 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY *Jay* NARS, DATE *9/2/80*

~~SECRET~~

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THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

January 18, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense (January 12-18, 1980)

Congressional Activities: I will host a breakfast meeting on the 23rd for key Congressional leaders to discuss the China trip. Later that same day Graham and Dave Jones will appear before the Senate Armed Services Committee to address the Afghanistan situation, our presence in the Persian Gulf and Indian Ocean, and other related issues. In regard to the Congressional posture and budget hearings, I am scheduled so far for eleven days of testimony, beginning January 29th, through the end of February.

Export Controls: I am working on two issues involving embargo of exports to the Soviet Union--high technology transfer guidelines and pending high technology cases. I am convinced that we need to tighten guidelines for export of computer products and to enforce stringently a no-exception policy for the Soviet Union. Negotiations with COCOM countries to change the guidelines have been successful thus far; it may be possible they will agree to freeze exceptions and return to the former, more stringent guidelines for computer products until we present our revised guidelines.

Petroleum Products Inventory: We continue to have a fuel shortfall of 12 million barrels and face a possible 20 million barrel shortfall by the end of 1980. Rather than reducing mission-essential activities, we have maintained operational readiness by drawing down inventories. To offset this growing shortfall, we are pursuing a number of initiatives to increase our supplies. The meeting Graham and I had with key oil company executives has resulted in offers of an additional 5 million barrels in 1980. We are readying procedures to implement the Defense Production Act, if required, and are considering the release of Naval Petroleum Reserves to refiners who will support DoD requirements.

Shale-Derived Crude Oil: We have been working with the Department of Energy to investigate the feasibility of using synthetic fuels to replace our shortfall in mobility fuels. The DoE oil shale reserves offer an excellent source for the "middle" distillate fuels which are a large part of DoD consumption. To provide test fuels for engine tests and

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Sec Def Cont Nr. 06064

Jay 4/12/80

specification development, a cooperative agreement has been prepared which will permit DoD to acquire from DoE the necessary shale crude oil at a fraction of the production cost. This arrangement will also enable DoE to continue to perfect refining technology and enhance the further development of the shale oil industry.

Defense Working Group Meeting with Pakistani Military: While I was in China, Graham chaired the working group and assured the Pakistanis that we intend to act quickly and effectively to assist with their military requirements. He also suggested the formation of a Pakistani defense manufacturing capability similar to the programs we have helped establish in Egypt and Turkey. Further, I would like to arrange for some portion of the ultimate Pakistani Foreign Military Sales buys to come from Egypt and Turkey for three reasons: delivery would be expedited without depleting U.S. inventories, Egyptian and Turkish defense industries would reap military and political benefits, and closer cooperation among those three Islamic countries would be fostered. We are now making arrangements for a joint military/industrial engineering team to visit Pakistan to continue our discussions and survey industrial plants.

Diego Garcia: We need at least one base in the Indian Ocean region we can depend on in an emergency without risking local disapproval. Despite its many deficiencies, Diego Garcia comes closest to meeting our requirements, but there are a number of provisions in the 1976 agreement with the U.K. which constrain significantly our use of this island. Elements of a proposal to the British that would enhance the island's usefulness to us are:

I agree

- U.K. agreement to permit the construction of permanent structures on the entire island without prior British consent. We may do this now only on Diego Garcia's western half.

- An even broader modification of the 1976 agreement to permit unilateral U.S. use of the island without prior consultation or approval.

- Finally, possible U.S. purchase of the island, subject to Congressional action.

It may be difficult to get British consent to any of these, but in light of recent developments and the political orientation of this British Government, such an approach appears worthwhile.

Harold Brown

~~SECRET~~

THE WHITE HOUSE
WASHINGTON
28 Jan 80

Richard Harden

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the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
Washington, D.C. 20503

cc
Richard
Good
J

January 21, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD HARDEN

SUBJECT: Second Year-End Report on the Office of Administration

“. . . It is now more essential than ever that our government, in both its budgetary and regulatory programs, make the best use of the resources at its disposal and seek better, less costly means to achieve our national objectives. . .” (“Economic Report of the President,” Annual Message to the Congress, January 25, 1979.)

As the Office of Administration ends its second year I feel its progress has been substantial. As indicated by this report we continue to make changes both large and small in our effort to improve support services for individuals in the Executive Office of the President (EOP).

We have restructured the Office into six Divisions, splitting the Information Systems Division into the Information Systems Facilities Division and the Information Systems Development Division. This change was necessitated by changes in personnel and by the realization that our major data processing equipment procurements and installation needed more attention than could be given them with the single structure. The split did not require any additional staff.

In addition, the establishment of the Internal Audit Function in April 1979, brings greater clarity to the total OA picture. Basically, this new arm insures that financial management and operational units are properly coordinated and efficient.

We also established a Customer Service Unit within the OA. Its aim is to offer complete assistance in handling special requests; receive complaints on OA services; and, advise in the proper procedures to follow in requesting services and completing projects. No permanent staff was required to begin this unit, still in the experimental stage until February, 1980.

We have reduced our staff from the 149 we were authorized at the time of my last report, to 139. This was accomplished through the transfer of our printing function to the Department of Defense.

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INTERNAL AUDIT FUNCTION

“. . .we are uncovering abuses in agencies . . . and I intend to see these investigations of fraud and abuse pursued aggressively. . .”
(Remarks before a Joint Session of the Georgia Assembly, February 20, 1979).

The Internal Audit Function provides financial and compliance audits of all OA financial activities insuring the operations are properly conducted, the financial reports are fairly presented and applicable laws are complied with. It also conducts management and operational audits which include reviews of economy and efficiency of programs and procedures.

Major projects in process include the following:

1. **Financial Audits** on the residences of the President and Vice President; audit each agency's expenditures for FY79 -- including payroll disbursements; conduct management audits and work flow studies of the various OA functions; and audit the OA computer facilities, concentrating on security.
2. Processing of GAO "Hotline" calls to the White House and other EOP agencies.
3. Reviewing of each EOP agency's **Internal Controls**.

FINANCIAL MANAGEMENT DIVISION

“. . .improved financial management must be a continuous effort. . . to attain greater efficiency and effectiveness in government operations. . .” (“Joint Financial Management Improvement Program”, Memorandum from the President, March 23, 1979, 30th Anniversary of Joint Financial Management Improvement Program.)

The Financial Management Division promulgates and supports financial policies and procedures in compliance with GAO and U.S. Treasury regulations. In addition it provides a complete range of accounting and budgeting services to EOP agencies, such as: the official accounting of operating budget, obligations and expenditures; the maintenance of an accurate payroll system; the provision of travel voucher audits and payments of travel advances; Imprest Fund capabilities for reimbursement of local and emergency travel and small purchases; and planning the budget, including formulation, presentation and execution.

Major accomplishments achieved during FY79 and planned for FY80 include the following:

1. After integrating the U.S. Treasury Personnel/Payroll System (TPPIS) and the EOP Accounting and Reporting System (FARS) we reduced by one-third manual data entry, helping to offset increased transactions to meet EOP appropriation expansions.
2. In developing the automated SF 1166 invoice payment schedule application to interface with U.S. Treasury automated check processing system in FY80 there will be a 10% workload reduction (Typing/Proofreading); the elimination of one part-time employee; reduction in workload for Department of Treasury; and improvement of accuracy in processing vendor checks.
3. Expanding the monthly financial reports to include an organizational unit breakdown on the status of funds and funds control, obligations and expenditures will provide cost reports on organizational units vs. operating budget and an accurate control of funds for EOP Fund Managers.
4. With on-site installations of data entry terminals and applications there is improved data entry accuracy through input editing. In addition there is an estimated correction processing savings of \$500.00 per month.
5. The development of on-site printouts of "Statement of Earning and Leave" extracted from the Payroll System provided a time and cost savings of \$200.00 per pay period and, a more timely distribution of paychecks and "statement of earning and leave."
6. We have expanded the accounting controls over major expenditures. This in turn has instituted total control of obligations prior to expenditure and of vendor payments and vendor related costs; and will eliminate duplicate payments to vendors.
7. To facilitate all emergency travel advances and to create a better response to EOP agencies, approval was obtained through the Department of Treasury for a substantial increase for the Imprest Fund.

PERSONNEL MANAGEMENT DIVISION

“ . . .in order to provide the people of the United States with a competent, honest and productive Federal work force reflective of the Nation's diversity, and to improve the quality of public service, Federal personnel management should be implemented consistent with merit system principles and free from prohibited personnel practices. . .” (Civil Service Reform Act of 1978, "Findings and Statement of Purpose," Section 3.)

The Personnel Division assists EOP managers in the utilization of human resources including personnel policy and program development; recruitment and staffing; job classification, position and pay management; performance evaluation; productivity; employee development and training; recognition and incentive awards; and employee relations and counseling.

Major accomplishments achieved during FY79 and planned for FY80 include the following:

1. In conjunction with the EOP agencies and OPM we inaugurated regular **orientations** for new EOP employees and developed executive, middle-management, technical and support staff seminars.. We offered a Performance Appraisal Seminar for SES members and presented briefings and video tape presentations on the new Ethics Act and Civil Service Reform.
2. Included within the 4,000 **personnel actions** were 800 hires and 600 separations, the addition of the 200-member CWPS staff and a shift of 20 FAI employees from DOD rolls to the Office of Federal Procurement Policy. From the beginning to the end of FY '79 pay period we had an increase of 140 permanent EOP employees.
3. Ninety percent of the **OA position descriptions** have been classified or reclassified. In addition to the 400 EOP positions classified in FY78, 300 individual positions were described or rdescribed and evaluated in FY79. This is due to the continued emphasis on EOP managers to achieve greater economy and efficiency.
4. Through the initiation of periodic reports to EOP managers on the status of **minority representation** in their organizations, we have illustrated the need for more aggressive outreach consistent with hiring opportunities. In FY79 the net change in the permanent EOP workforce was an incese of 140. As of 10/7/78 there were 296 minorities, while today there are 306. During FY80 we will be working closely with OPM, EEOC and the EOP agencies to assure coordination, correct the under representation of minorities and promote equality of opportunity in employment and in advancement.
5. Implementation of the **Civil Service Reform Act of 1978** is proceeding smoothly. The preliminary groundwork has been completed to provide incentives and rewards for outstanding performance and maximum attention has been given to timely implementation of Senior Executive Service in OMB, COWPS, STR and OSTP.

Although our headway has been profitable, we will have to work closely with OPM and with sources in and out of the government to ensure all advantages contained in the reform act are capitalized upon.

INFORMATION MANAGEMENT AND SERVICES DIVISION

“ . . .The Federal Government must collect information from the public . . . to analyze the economy and establish sound public policy. But too many paperwork requirements are duplicated, unnecessary or place an unreasonable burden on small organizations. . .” (The President's Message to Congress on a Program of Legislation and Executive Actions, March 26, 1979.)

The Information Management and Services Division assists all EOP agencies with collection, storage, retrieval and archiving of information.

Major accomplishments achieved in FY79 and planned for FY80 include the following:

1. The EOP Information Centers created the first centralized network of information services to support the President and his EOP advisors. The Centers access information stored electronically and housed on site, in the metropolitan area and around the nation, to answer questions posed by the speechwriters and other members of the White House and EOP staff. Extended services include research activities; the issuance of alerts and information kits on topics of timely concern, such as Normalization of Relations with China and SALT II. Information management support was provided to the Presidential Commissions on Three Mile Island, Pension Reform, and Small Business. We are presently designing a comprehensive index to the Information Centers holdings, the White House News Summary, press releases, records and other material requiring rigid and precise access.
2. We instituted a major program to convert hard copy items into microform. It has created a reduction in space requirements while information remains completely available. In particular this program applies itself to a series of congressional materials, government reports and back files of journals, as well as the microfilming of back issues of White House News Summary and Press Releases.
3. An EOP publications management program was established allowing us to comply with FOIA requirements and provides, for the first time, a single access source to EOP published information. An EOP Manual of Preferred Style was developed and also a Quarterly Guide to EOP Publications is issued covering documents.
4. In converting the card catalog of the EOP Information Center to a machine readable format we can now incorporate it with the EOP data base. We acquired the Data General-600 and set up a mini-computer room to handle the functions of acquisitions, indexing and classification and retrieval.
5. Written schedules were applied to all but one of the EOP offices. After issuing a Files Management Manual and conducting several training courses, a 16-year backlog in EOP Records' Depository was processed and sent to National Archives and the Washington Federal Records Center.

6. At the start of FY79 the EOP records holdings totalled 7,665 cu. ft. (4,149 cu. ft. was current office space; 3,516 cu. ft. was staging area). This total included only permanent and temporary records. Non record material such as extra copies, reference, non-paper or working files were not included.

By the end of FY79 we had reduced our records holdings by 1,640 cu. ft. from 7,665 cu. ft. to 6,256 cu. ft. The latter figure includes 1,681 computer reels, or 231 cu. ft. of non-paper storage.

7. We established the first centralized and coordinated Law collection for the White House and EOP staff, and provided a legal intern program as part of its services. We have trained people on legal, legislative and other subject specific data base, as well as, sessions on how to do legal research.

INFORMATION SYSTEMS FACILITIES DIVISION

“ . . . We need uniformity of the handling of computer programming data . . . so that we can train people, . . . and (because) some of the small entities in the government might not need a computer themselves, but they might share a major computer center . . . ”
(Department of Commerce, Remarks on a Question-and-Answer Session with the President, February 9, 1977)

The Information Systems Facilities Division (ISFD) manages and maintains the computer system hardware, which constitutes the EOP computer center. ISFD also maintains an awareness of state-of-the-art in ADP; develops and implements near-term and long-range hardware acquisition plans; reviews proposals to facilities changes for cost/benefits and congruence with existing facilities and proposed facilities and services; and participates in special projects with EOP-wide impact.

Major accomplishments achieved in FY79 and planned for FY80 include the following:

1. A contract is being awarded to Honeywell for a new computer system that will significantly enhance our ability to provide support to the decision making and information processing activities in the EOP.
2. A network advisory committee consisting of the country's leading communications experts and information scientists is nearing completion of their work on long-range data communications plans.
3. Improvements in electrical supplies, air conditioning and facility layout enabled us to increase productivity to both our clients and programming personnel; improve reliability of computer hardware and operating systems software; and increase our present information processing capabilities.

INFORMATION SYSTEMS DEVELOPMENT DIVISION

“ . . . Federal Managers now have incentives to eliminate waste and inefficiency, to develop innovative solutions to complex problems and to build a new foundation for more effective government. . . ”
(Memorandum from the President, March 23, 1979, on the 30th Anniversary of the Joint Financial Management Improvement Program.)

The Information Systems Development Division develops computer-based information systems for the EOP agencies. Typical systems include action tracking, decision support, budget and managerial control systems.

Major accomplishments achieved in FY79 and planned for FY80 include the following:

1. With our new structure we are effectively responding to new information requirements of the EOP while providing dependable continued support for ongoing operations.
2. In establishing a coordinated group of representatives from each of the EOP units we will make effective use of EOP-wide resources and avoid duplication of systems and equipment.
3. Enhancements made to major OMB systems reduced the need for typesetting activities at GPO by implementing photocomposition capabilities. Consequently, the use of our computer systems that support preparation of the budget has increased significantly.

ADMINISTRATIVE SERVICES DIVISION

“ . . . Administrative support and services shall be provided to all units within EOP in a manner consistent with available funds. . . ”
(Executive Order #12028, December 12, 1977, 42 F.R. 62895, “Office of Administration in the Executive Office of the President.”)

The Administrative Services Division provides consistent high-quality mail, printing, travel, purchasing, graphics, supply, word processing, property management and moving services to the EOP agencies.

Major accomplishments achieved during FY79 and planned for FY80 include the following:

1. A substantial dollar savings in labor cost - \$46,000 annually - has accrued by maintaining a nucleus of competent personnel, augmented by employees entering the labor force for the first time. In filling personnel vacancies through entry level (GS-1-2) positions, we have taken advantage of special appointment authorities and the President's Stay-in-School Program.

More than 500,000 pieces of interoffice mail are distributed monthly throughout the EOP complex.

2. Through the agreement established with the Navy Publications and Printing Service, the average cost per page for material printed in support of EOP has been reduced from \$.035 to \$.0198 per page, a savings of \$300,000 per year. In keeping with stated objectives, and continuing in FY80 to become involved early in the planning processes, we can expect the cost for printing to the EOP to be reduced once again.
3. Without an increase in staff, document preparation productivity has increased through innovations like the Xerox Alto text editing system and the IBM information distributor with laser printer. These systems allow the section to work closely with the EOP employees and provide high quality reports in a shorter period of time.
Staff levels in the Graphic Arts area have remained the same with the increased workload handled through contract services. Finished products from the commercial section have been more cost effective than adding staff to offset increases in workload and have produced an approximate savings of \$20,000 per annum.
4. Refinements in the procurement system are continuing to be made. Simply by combining requirements for like merchandise we have reduced the volume of paperwork and achieved some volume discounts, thereby qualifying for savings. In establishing open-ended contracts for goods and services during FY80 we will simplify ordering, speed up delivery, continue to reduce paperwork and save numerous manhours.
5. Personnel costs of the central operation and the cost of leasing on-line terminals for airline reservations and ticketing is greatly offset by the savings in manhours (computes to approximately 1150 hours per year) which would have been necessary to perform the function manually, by clerical staff in each of the EOP agency offices.

FY 1980 GOALS

As you have seen, the past year has been a fruitful one for the Office of Administration but even with these many improvements there is room for continued growth and change. During the coming fiscal year we will improve our productivity by enhancing existing programs and by developing new and more efficient ones to keep the wheels churning. Our ideas follow.

1. Using the Internal Audit Function to its fullest, OA will continue to govern effectively. By running current financial and management audits on the separate OA divisions, we will be able to detect and resolve problems before they become too burdensome. Thus, EOP-wide efficiency and productivity will be greatly enhanced.
2. The Personnel Management Division will assist managers in finding qualified candidates to improve the representation of minorities and women in positions at mid and senior levels throughout EOP. We intend to extend in-service training in all areas.
3. Information Management and Services Division will index EOP agency records, records schedules, White House press releases, White House News Summary, EOP publications and other material. The index will be accessible on-line.

4. Our Financial Management Division will concentrate on budget preparation and control improvements within the EOP and will reduce the time frame now required for time and attendance reporting.
5. In FY80 the Administrative Services Division's most important contribution will be the refinement of existing systems. We will continue to define additional options to provide support services and to simplify procedures through which EOP requirements can be met. By placing emphasis on responsiveness, the Division will attempt to offer necessary flexibility to absorb fluctuations and demands.
6. Within Information Services Development Division we will concentrate on two major areas. The first is Bulletin 79-10, or the Automation of EOP agency budget submissions to OMB. Not only will this streamline and standardize the submission process, but will improve efficiency within the EOP. The second is the Honeywell office automation system. This is an office automation function which will improve the productivity of clerical workers and increase the quality of management's decision making process by presenting concise, easily accessible information.
7. In Information Services Facilities Division we will install the Office Automation System after a pilot test of the Honeywell MULTICS computer to assure the system will be effective and efficient when applied to EOP types of operations. The pilot test will include selected EOP office applications under actual operating situations. The Office Automation System installation will include site preparation, training, final acceptance testing, operations planning, and phase-in of operating services to support EOP offices. We will also install a resource utilization reporting system. This system will provide information for use both by ISFD and EOP user organizations to evaluate and determine more cost effective ways of providing and using ADP services.

If you have any questions or suggestions about any of the projects, existing or proposed, please let me know.

THE WHITE HOUSE
WASHINGTON

1/28/80

Stu Eizenstat

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

Rick Hutcheson

Please notify appropriate
people.

THE WHITE HOUSE
WASHINGTON

1/22/80

Mr. President:

DPS, STR and Henry Owen concur.
Lloyd Cutler has no comment.

Rick/Patti



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

January 18, 1980

①

MEMORANDUM FOR THE PRESIDENT

FROM: Philip M. Klutznick

Philip M. Klutznick

SUBJECT: Resumption of Exports of Certain Agricultural
Products to the USSR

Pursuant to your decision of January 4, the Department of Commerce issued regulations prohibiting the shipment of all agricultural commodities and products except eight million tons annually of wheat and corn to the Soviet Union. Previously, no prior approval was required to ship any agricultural commodities or products. The new prohibition extends to products such as hides and skins, almonds, lemons, tobacco, and edible foods.

Subsequently, you decided on a program to offset the domestic effect of suspended grain shipments by, among other things, USG assumption of the contractual obligations for shipments originally intended for the USSR. Non-grain products such as those mentioned above which are presently on the prohibited list will not benefit from such measures. It also will be difficult to justify their continued inclusion on a prohibited list on the national security grounds of "a significant contribution to the military potential" of the USSR.

Working with Agriculture, USTR and other concerned agencies, we have developed a series of recommendations for modifying the list of embargoed products that:

- o continues restriction of exports on wheat and other grains needed by the Soviets for feed as well as other similar or substitutable products;
- o provides for case-by-case and licensing review of agricultural products not traditionally used as feed but which might be under extreme circumstances or which might otherwise undermine the intent of your original decision;

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o requires no prior licensing for exports of agricultural products which are unrelated to your decision. Many of these products are sold primarily by small firms rather than by large trading companies and are freely available on world markets.

We recommend subdividing the present prohibited list into three categories:

I. Items which require no prior licensing, i.e., the general license list. (Tab A.) These would include fruits and nuts (except peanuts), tobacco, vegetables, and wood. A resumption of general licensing for these products would not interfere with the intent of your restrictions.

II. Items which would continue to be prohibited (Tab B). These would include items such as wheat, feedgrains and seeds, soybeans and animal feeds, which could be used directly for building up Soviet livestock herds as well as items such as meat, poultry, dairy products and some animal fats which could be used to replace the animal production which the Soviets would lose. Agriculture is prepared to offset any significant adverse market effect of these lost shipments on U.S. producers and traders through purchases and through finding alternative overseas markets.

III. Items requiring price review and licensing on a case-by-case basis. These other items, which would include any commodity or product not listed on Tab A or Tab B would include items such as tallow, shrimp, meat extenders, and live animals, which could be substituted directly or indirectly for items on the prohibited list or which could otherwise undercut your decision, but which in the past have been part of normal commercial sales.

With this guidance, and if you approve these recommendations which have been developed by an interagency committee, we will publish these changes in the Federal Register. USTR, the Departments of Agriculture and Commerce would brief representatives of the agricultural groups concerned.

RECOMMENDATION: That you approve the above described changes.

APPROVE ✓ provided Ag, STR, DPS, NSC have

DISAPPROVE _____ approved - (not clear) cc: Bob Bergland
Reuben Askew
Zbig Brzezinski
Stu Eizenstat

OTHER _____

U.S. Agricultural Exports to the USSR,
 FY 1978 and 1979 by Proposed Licensing Category
 (Commodities that may be Exported without Prior Approval)
 General Licensing

ITEM	Schedule B Part 1/	FY 1978	FY 1979
		----- \$1,000 -----	
Furskins	Part 5, Subpart B	0	0
Live plants; seeds	Part 6	59	71
Vegetables	Part 8	14	3
Edible nuts (except peanuts) ..	Part 9, Subpart A	12,716	0
Edible fruits	Part 9, Subparts B-D	4,786	2,797
Sugar, cocoa, confectionery ...	Part 10	0	0
Coffee, tea, mate, spices	Part 11	156	0
Beverages	Part 12	2/	2/
Tobacco and products	Part 13	867	828
Edible preparations (except protein isolates & conc.)	Part 15, Subpart B	276	3
Feathers, downs, bristle, hair.	Part 15, Subpart D	0	0
Shellac, gums, resins, tur- pentine	Part 15, Subpart E	0	0
Miscellaneous animal products (except live fish & bull semen)	Part 15, Subpart F	0	2
Miscellaneous vegetable pro- ducts	Part 15, Subpart G	3,401	8,189
Wood and Wood products 3/	Part 1, Subpart A	2/	2/
Textile fibers and wastes; yarn and threads 4/	Part 1	0	0
Total General License		22,275	11,893

- 1/ Schedule 1, unless otherwise noted.
- 2/ Data available in U.S. Department of Commerce.
- 3/ Schedule 2
- 4/ Schedule 3

TAB A

TAB A

U.S. Agricultural Exports to the USSR
 FY 1978 and 1979 by Proposed Licensing Category
 (Commodities for which Export Licenses would not be Issued)

Prohibited Licensing

Item	Schedule B Part <u>1</u> / ¹	FY 1978	FY 1979
-----\$ 1,000-----			
<u>Validated License</u>			
<u>Prohibited - Total</u> ^{2/}		<u>1,744,896</u>	<u>2,002,391</u>
Meats	Part 2 -- all	0	2
Dairy Products, Birds Eggs	Part 4 -- all	0	0
Grains	Part 7, Subpart A	<u>1,515,272</u>	<u>1,668,182</u>
Including:			
Barley		0	9,315
Corn		1,102,327	1,120,268
Grain sorghum		0	0
Oats		0	0
Rye		0	0
Wheat		412,945	538,599
Rice		<u>3/</u>	<u>3/</u>
Milled Grain Products	Part 7, Subpart B	<u>11,948</u> ^{3/}	<u>4,908</u> ^{3/}
Including:			
Rice		<u>11,948</u> ^{3/}	<u>4,908</u> ^{3/}
Legumes	Part 9, Subpart A (145.2000, 145.4750, 145.4780)	<u>17,608</u>	<u>1,161</u>
Oil-bearing Vegetable Materials	Part 14, Subpart A	<u>199,739</u>	<u>321,394</u>
Including:			
Soybeans		199,738	321,394
Animal Oils Fats and Greases			
Crude or Refined (excluding tallow)	Part 14, Subpart C (excluding 177.5620, 177.5640)	<u>0</u>	<u>0</u>
Animal Feed	Part 15, Subpart C	<u>329</u>	<u>6,744</u>
Including:			
Soybean Oilcake and Meal		239	6,744

- ^{1/} Schedule 1.
- ^{2/} Excluding transshipments.
- ^{3/} Primarily milled rice, but some brown rice (subpart A) is exported.

THE WHITE HOUSE

WASHINGTON

January 24, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: BILL CABLE

Bill

Tuesday, after you met with the group from Pennsylvania, Harry Kalish gave me the attached material. He thought you might like the opportunity to review the "Oil and Money" article, which will be published by ORBIS, a foreign policy journal in which Kalish is involved. He thought you also might want to share it with Secretary Duncan.

Additionally he gave me the article "Nuclear Doubts Over Kennedy." He has been handing it out to everyone who will take it. He's one of your biggest supporters.

the
CEN

the christian CENTURY

JANUARY 30, 1980

JAMES M. WALL
EDITOR

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



W. W. Finlator.

Profile of a Southern Baptist Maverick

Bill Finger

Theology for a Secular Age

Charles P. Henderson, Jr.

1980: Year of Decision for Quebec and Canada

G. Gerald Harrop

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MEMO

FROM:

MARY BAUSCH

TO: Landon Butler

DATE: 1/21/80

Lane said that the President had requested a copy of the tribute to Mr. Meany.

Mary



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/

AFL-CIO President Lane Kirkland delivered the following tribute to George Meany at the Mass of the Resurrection concelebrated January 15, 1980 in St. Matthew's Cathedral, Washington, D.C.:

"The whole earth is the sepulchre of illustrious men."

So it was said on such an occasion in a golden age many centuries ago. And so it is now with George Meany.

There were no boundaries to his mind and spirit, save those of his own constant principles.

There is a Book here which tells us that wheresoever men are in chains, we are bound with them. George Meany endeavored to live by the full scope of that Writ.

Strangers did come and try to teach him their ways. Some, indeed, scorned him just for being what he was. But they came and went and George Meany abided.

Certainly he was not of the right. Surely he was not of the left, nor was he anchored in the center. He stood above such transient categories in resistance to all power directed against the rights of man and woman, and in affirmation of the role and the interests of plain people.

And it is to the honor and the credit of this trade union movement that we clung to his leadership as long as we could; that we kept him as long as the Lord would let us, for he was, to his last day, the best there was.

For many years he presided with a gavel and a wooden block made and given him by the Carpenters' Brotherhood. His last light tap of that gavel, before he yielded it, split that old battered block apart -- a sign, perhaps, of the honorable completion of his apprenticeship here and of an impending summons to a higher call.

That call came 63 years to the day of his admission to membership in the United Association that was his pride.

Now he is young and strong again, free of pain, blessed with the rich store of grace, starting over with the steadying -- and, when needs be, humbling -- force of Gena at his side.

And we now have faith that better days lie ahead for the working people of America, and of the world, because George Meany is up there, negotiating the matter with God.

Now we take our last leave of what remains of him here.

Good-bye, George. Fare thee well.

THE WHITE HOUSE
WASHINGTON

28 Jan 80

Stu Eizenstat

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

Rick Hutcheson

cc Stu
J

THE WHITE HOUSE

WASHINGTON

January 28, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: WEEKLY STATUS REPORT

BANKING AND FINANCE

Small Savers Reform: After extensive consultations, Congressman St. Germaine has agreed to support the phaseout of Regulation Q over five years. If we can resolve Senate-House differences on the Federal Reserve membership bill, the chances of enacting a comprehensive reform package this spring are very favorable.

ENERGY

State Conservation Targets: Consultations with the Governors initiated by a letter from Deputy Secretary Sawhill on 1/21. DOE will meet with NGA and the Governors' personal staff to refine level of targets and methodology for setting individual state limits. Federal conservation plan, required under S.1030 as part of the State target setting process, is now in interagency review. Due for completion February 4.

Utility Oil Backout Legislation: DOE legislative specifications submitted for interagency review on 1/23. Sawhill to meet with Byrd (per your letter to him) on 1/25.

Hold to schedule
Nuclear Waste Management: Final drafting of fact sheet, statement, and talking points nearing completion. As soon as final on gubernatorial reactions are completed, scheduling request for a Presidential announcement will be forwarded to Phil Wise and Fran Voorde (probably week of 2/4).

really disappointing
Standby Gasoline Rationing Plan: DOE has slipped by 1 week schedule for submitting plan for interagency review. We still hope to have a final plan for submission to Congress by the end of February, though this will depend on the plan produced by DOE.

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Elk Hills Oil Sales: DOE now reviewing options on an expedited basis to determine whether Elk Hills oil can be used for the SPR or for DOD needs in lieu of proceeding with sales at the very high prices offered earlier in January. Congressional interest is likely to be high and we hope to settle our problems with this sale without lengthy hearings or legislation.

TRANSPORTATION

Mass Transportation Reauthorization: The Urban Mass Transportation Administration is proposing legislation to reauthorize its grant programs over the next six years. It is proposing new funding formulas which would have a substantial impact on cities now receiving mass transit grants. These formulas for certain grant programs would not be tied, as in the past, to a city's population and population density. We are working with the Department of Transportation to produce equitable and appropriate funding formulas.

Transportation of Hazardous Materials: The Senate Commerce Committee staff plans to devote substantial time during this session to hearings on legislation regarding the transportation of nuclear wastes and other hazardous materials.

New York City: We are attempting to clarify and expedite the consideration by the relevant regulatory agencies of the environmental permit applications needed to begin construction of the Westway project. The Federal Highway Administration is negotiating with the State of New York to demolish sections of the old Westside highway. Such demolition work would provide needed jobs to the heavy construction industry while efforts are underway to determine if Westway can be built. The Department of Transportation's New York Regional Representative will coordinate and expedite other construction projects in New York City receiving DOT funds.

Maritime Impact of the Longshoreman's Boycott: The grain embargo and the longshoreman's boycott will have only a marginal effect on the United States merchant fleet. The U.S. bulk cargo fleet has for the past two years carried virtually none of the grain in this trade; it has shifted to the carriage of oil from Alaska through the Panama Canal. We are continuing to assess the effects of the embargo and the boycott on our maritime trade.

URBAN POLICY

General Revenue Sharing: The Administration's proposal to extend the General Revenue Sharing program for five years has been well received by State and local officials. We are working with Treasury and OMB to finalize our legislative proposal and to build Congressional support for it. We expect to have the legislation ready for submission in early February.

*Support
Local Gov
Sharing
Strongly*

Counter-Cyclical Legislation: With Cong. Jack Brooks' help, a compromise countercyclical and targeted fiscal assistance proposal passed the House Government Operations Committee in December. Although the bill is not everything that we proposed, the compromise represents a substantial change of view by Cong. Brooks and is strongly endorsed by State and local officials. We expect the bill to come to the House floor the week of January 29. We will support one amendment by Cong. Rodino to increase the targeted fiscal assistance program from \$150 million to \$200 million. Jack Brooks is not expected to oppose this amendment. We are working with Treasury and WHCL to build Congressional support for the bill and the Rodino amendment.

Community Development Block Grants: The Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) programs are to be renewed this year. We will submit our reauthorization proposal to Congress shortly. We are working with HUD to maintain Congressional support for the program.

EDA Reauthorization: The Administration's EDA legislation, including our National Development Bank proposal, currently is in House-Senate Conference. The Conferees met prior to the Christmas recess and resolved most of their differences. The principal outstanding issue is a \$2 billion stand-by public works program in the House bill, which the Administration is opposing. We expect the Conferees to reconvene in late January but to remain deadlocked on this issue. We may need to moderate our position somewhat to break this deadlock.

GOVERNMENT REFORM

Push hard

Regulatory Reform Bill: Senator Ribicoff held a pre-mark-up discussion meeting on January 23, in which Governmental Affairs Committee members aired their individual views on the legislation, then adjourned until February 6. He expects most differences to be negotiated out before mark-up resumes. The administration's contacts indicate that few issues divide the Committee at this point, and that if and when Ribicoff permits the members to vote on the bill, it will be reported in a form quite acceptable to the administration. In light of the shortness of the session, prompt action by Governmental Affairs is essential to keep the bill alive.

Federal Trade Commission Authorization: I met with Senator Ford at his request this week to discuss our concerns with the FTC authorization bill reported late last session by the Senate Commerce Committee, and our greater concerns with amendments expected to be offered on the Senate floor, as well as with the House bill. We are working with Frank's staff, Esther's staff, and other agencies to minimize the number of unwarranted limitations on FTC authority included in

the final authorization bill, and to develop a strategy for dealing with the aftermath of a possible veto. We are also working with Esther's staff and Rick Hertzberg on your speech to Consumer Assembly, which will have to address the FTC issue.

Regulatory Oversight: On January 16 OSHA issued its final generic cancer policy, which was very responsive to a number of the concerns of RARG and the Regulatory Council. EPA is about to issue its final standards for diesel particulate emissions. The auto industry is quite concerned about the rule. We have been briefed by EPA staff and are following the rule's final development.

Push Trucking Deregulation: Preliminary indications are that the bills being drafted by the House and Senate Committees are moderately good although of course they fall short of ours. We expect to see details next week and will report to you then.

Push Communications Deregulation: The House Communications Subcommittee has started mark-up on a fairly good bill.

CIVIL RIGHTS AND JUSTICE

Prisons: Although the number of inmates in State prisons continues to increase, the Federal prison population has declined by 20% over the last two years to approximately 23,500. This appears due, for the most part, to the recent shift in Federal prosecutorial policy; that is, more prosecutions of white-collar and organized crime and less attention to bank robberies and auto thefts which are clearly within the purview of state and local law enforcement officials. The population drop will enable the Bureau of Prisons to close or renovate its oldest and most dilapidated facilities. The penitentiaries in McNeill Island, Washington, and Atlanta will be closed in 1980 and 1984 respectively. The population of Leavenworth, another very old facility, will be reduced by 50%.

Good Fair Housing: The House Judiciary Committee will meet on February 6 to consider the bill. It appears likely that the bill will be reported with moderate bipartisan support.

Mexican Immigration: A Justice Department bill proposing several technical immigration law amendments will be marked up on Tuesday, January 29 by the Senate Judiciary Committee. When Senator Kennedy introduced our bill, he added a provision which would increase the quotas for Canada and Mexico from 20,000 to 35,000, with each country able to use any portion not used by the other. Since you had, in August, 1977, endorsed an increase in the Mexican quota from 20,000 to 50,000, the Administration indicated its willingness to support the provision. Several Senators, including Huddleston and Simpson, have questioned the propriety of making country-specific changes before the Select ("Hesburgh") Commission on Immigration and Refugee policy

has completed its work and submitted its report. The Committee staff is giving serious consideration to a remedial "one-shot" provision which would admit certain immediate relatives of permanent resident aliens from Mexico who have visa applications pending. This would involve approximately 50,000 persons and would ease the long Mexican backlog without making a permanent quota change. The Administration has indicated that it would support such a compromise. With this compromise, prospects of the bill are good in both the Senate and House.

Private Clubs: This week the Labor Department (OFCCP) proposed regulations which would prohibit Federal contractors from paying membership fees or other expenses for its employees to join or participate in private organizations which exclude persons on the basis of race, color, sex, religion or national origin, if membership in the organization can reasonably be expected to confer an employment advantage on such employees. EEOC urged unsuccessfully that such payments should be prohibited whether or not an advantage is likely.

ok
The regulations were developed jointly with the Justice Department. They are likely to be very controversial. Industry will probably strongly oppose having to conduct any such inquiry. Civil rights and women's groups will welcome the regulations but claim they do not go far enough. We and other White House staff have avoided becoming directly involved in the development of the regulations. Because the area is so sensitive, our policy has been to leave the Labor Department the freedom to interpret its mandate as it and the Justice Department think appropriate.

TERRITORIES

Territories DPR: We are finalizing plans with appropriate agencies to implement the 23 initiatives flowing from your decisions. Legislative proposals, administrative actions and a round of briefings are being readied in preparation for an upcoming Presidential statement on territories policy.

Micronesian Status Negotiations: Based on the revised offers you approved for the three island entities of Micronesia, Ambassador Rosenblatt was able to initial a compact of free association with the Marshall Islands President. Negotiators for the Federated States of Micronesia indicated personal satisfaction with the terms but declined to initial pending consultation with state governments. If we are able to reach agreement with the new leadership in Palau over the next few months, we may be able to complete the 11 years of negotiating this year and attain your goal of a 1981 termination of the Pacific Islands trusteeship.

Pacific Basin Development: We are coordinating with Commerce, Energy and Interior a major strategy conference on the development of the Pacific Basin to plan growth in Hawaii and the Pacific territories to be held in February.

HUMAN RESOURCES

Good
Youth Initiative: A first round of meetings has been held with key Hill staff and interest groups to discuss legislative specifications for both the education and employment proposals. The response has been encouraging. We intend to send a Presidential message to the Hill the week of February 11.

Welfare Reform: Senator Moynihan has scheduled hearings on the general topic of welfare reform (no specific legislative proposals) on February 6th and 7th.

Low Income Energy Assistance: On Friday, January 25, the conferees considered the low income energy assistance proposal, but made no final decisions. They seem to be leaning in the direction of dealing with this issue as a separate legislative proposal, rather than enacting it as part of the windfall profits tax bill.

AGRICULTURE

Sugar Duty: A proposal to reduce the import duty on raw sugar to the statutory minimum is on its way to you. This is in response to the sharp rise in world sugar prices over the past few months.

Cropland Diversion: We are working with USDA and other agencies to evaluate the need for a diversion program in 1980, as a result of the suspended grain sales to the Soviet Union.

Reconstituted Milk: In response to a petition from the Consumer Nutrition Institute, Secretary Bergland has solicited public comments on whether to conduct a formal hearing regarding proposed changes in the pricing of reconstituted milk, as provided by the Federal milk marketing orders. It is an extremely sensitive issue with producer groups. In response to requests for additional ~~to~~ comment from both producer and user groups, the Secretary recently extended the public comment period an additional 45 days.

Peanut Program: Secretary Bergland will soon be making a decision regarding the 1980 peanut program. The most significant issue is the level of the quota loan price. Given that production costs have risen significantly while the loan price has been held at \$420 per ton for the past two years, there appears to be general agreement that the loan price should be adjusted upward, roughly in line with the rise in production costs. Per your earlier instructions, we will not bring this to you for decision.

OTHER ISSUES

Chrysler: The Treasury is working hard to implement the provisions of the Chrysler aid bill. The rapid agreement between Chrysler and the UAW on further labor concessions was a good first step. A great deal remains to be done, however, to get the other interested parties, particularly the banks, to provide their share. It will be extremely difficult and probably take several months to assemble the entire financing package.

Carter aide rips Moynihan, Gov

It's an outrage, says Strauss

By GEORGE ARZT

PRESIDENT Carter's campaign manager today flipped into Gov. Carey and Sen. Moynihan for continually attacking the Administration for failing to do enough for New York.

Robert Strauss, in a meeting with reporters and editors of The Post, branded Carey's and Moynihan's charges as "a goddam outrage" and said the pair have done "a disservice" to the city, state and to themselves.

Strauss said: "I think this state has been good to the Democrats and the Democratic Party and this Administration have been good to this state."

Both Carey and Moynihan have insisted endorsing Carter, even after the President's stunning 2-to-1 victory over Sen. Edward Kennedy in the Iowa caucus Monday.

In his State of the State mes-

sage this week, Carey said New York could not "rely" on the Carter Administration for its "essential needs" — such as obtaining "adequate" mass transit aid or a "fair share" of welfare assistance.

And Moynihan has written an article for tomorrow's New York Times Magazine charging that the White House actually reduced federal aid to the city and failed to "grasp" the problems of the region.

He contends that Carter has not even tried to make good on his 1976 campaign promise to help rebuild the economy of the Northeast.

"Three years have gone by, and it is as if Herbert Hoover

RESTRICTIONS

has been succeeded — by Herbert Hoover," Moynihan said.

Strauss said he still hopes to obtain Carey's and Moynihan's support, "but they sure make it tough."

"I think they've done a disservice to the state, a disservice to the city and a disservice to the Administration and to themselves," Strauss said.

In campaigning around the country, Strauss said, he spends 97 per cent of his time "explaining why we did it for New York and damn little time explaining why we did it to New York."

"Let me tell you one thing," he said. "The rest of the country is fed up with what this Administration has done for New York."

"They think you bailed out the city; you underwrote the damned wasteful habits of budgetary things you did this and this and this and they've had nothing. So it all depends on where you go."

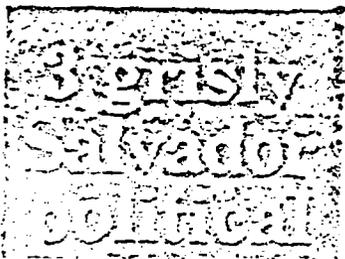
Strauss said Moynihan called him recently to complain about a federal appointment. He said he got Moynihan to acknowledge that Carter made the last seven federal appointments for New York on the Senator's recommendations.

"And now you want an eighth?" Strauss asked rhetorically.



STRAUSS: On the c...

NEW CHEST PAINS STRIK BED-RIDDEN AYATOLLAH



From Post Wire Services
TEHRAN — Ayatollah Khomeini was under constant medical surveillance today after a new chest pain.

Dr. Morsoud Alipour, a top Iranian heartist, said the 72-year-old Islamic leader had attack scare and would have to spend about 10 more days in a Tehran hospital.

The new medical reports

THE WHITE HOUSE
WASHINGTON

28 Jan 80

G. William Miller

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

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore

THE WHITE HOUSE
WASHINGTON

1/24/80

Mr. President:

Stu Eizenstat, Jim McIntyre
and Charlie Schultze concur.

Frank Moore has no comment.

Rick/Patti



CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Bill
J

MEMORANDUM FOR THE PRESIDENT

FROM: G. WILLIAM MILLER
CHAIRMAN, ECONOMIC POLICY GROUP

Bill

SUBJECT: Depreciation proposal

Background

As you know, the 10-5-3 depreciation proposal has the support of a majority of the House and has major appeal in the business community. I testified in October of last year on the proposal and made the following points:

- . Tax reductions on the scale of the 10-5-3 proposal were not appropriate given the overriding importance of fiscal restraint in the fight against inflation;
- . In addition to revenue loss, the 10-5-3 proposal has a number of serious problems:
 - Complexity of the phase-in rules;
 - Uneven impact across industries and among assets of different useful lives; and
 - Tax shelter potential.
- . At the appropriate time, when budgetary conditions permit, the system of depreciation allowances should be simplified in an effective and fair manner.

Request by Ways and Means Democrats

Several members of the Ways and Means Committee (including Congressmen Fisher, Gephardt, Downey and Giaimo) are also skeptical about 10-5-3. They have asked for Treasury assistance in developing a simple and fair alternative in the event that the Committee begins to consider this after dealing with the windfall profits conference.

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Question

The question is whether, and to what extent, Treasury should assist these committee members in developing an alternative to 10-5-3.

Arguments for assistance:

- It is possible that 10-5-3 can be defeated only by an attractive alternative such as the constant rate depreciation proposal.
- If Congress decides to enact "depreciation reform", such action may be the most significant change in business taxation in at least two decades. Treasury should have a role in shaping this reform.
- Major depreciation changes should not be adopted without extensive ventilation in the public. If an alternative to 10-5-3 is presented at an early date, the alternative can be subjected to public scrutiny and be adapted to meet legitimate public concerns.

Arguments against assistance:

- Active staff help might detract from the Administration's decision not to propose any tax cuts in the 1981 budget.
- Since a counterproposal would be a Congressional initiative, the Administration would lack control over its contents. We can be reasonably certain that the Ways and Means Democrats will devise a proposal superior to 10-5-3, but it might be far from our ideal.
- If you later decide to propose the constant rate depreciation system as an Administration initiative, it may lack the impact of a fresh idea.

RECOMMENDATION

The EPG Steering Group recommends that assistance on certain issues (classifying assets and estimating revenue effects) be provided on a confidential basis to selected members by Treasury staff. Such assistance will be provided only if Treasury's Legislative Affairs personnel conclude that it is necessary to prevent 10-5-3 from being enacted.

Held down expectations of tax cut

Let me see what Treasury evolves before it is fed to members of Congress

Approve _____

Disapprove _____

Other _____

ID 800445

THE WHITE HOUSE

WASHINGTON

DATE: 21 JAN 80

FOR ACTION: STU EIZENSTAT

FRANK MOORE *FM*

JIM MCINTYRE *Jim*

CHARLIE SCHULTZE *CS*

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

SUBJECT: MILLER MEMO RE DEPRECIATION PROPOSAL

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM WEDNESDAY 23 JAN 80 +
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

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