

1/29/80

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	Stu Eizenstat and Lynn Daft to Lane Kirkland and Ted Gleason. Re: Soviet Grain Sale Suspension. (10 pp.)	1/12/80	A
memo	<p><i>opened per RAC NLC-126-20-20-1-6 12/11/13</i></p> <p>Congressmen Tom Downey and Bob Carr to President Carter. Re: State of the Union Speech. (4 pp.)</p>	1/29/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.-
Pres. Handwriting File, "1/29/80." Box 167

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
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THE PRESIDENT'S SCHEDULE
Tuesday - January 29, 1980

8:00 Dr. Zbigniew Brzezinski - The Oval Office.

9:30 Honorable Averell Harriman - The Oval Office.
(15 min.)

10:00 Mr. Hamilton Jordan and Mr. Frank Moore.
The Oval Office.

✓ 11:20 Signing of the Economic Report. *late tonight (on table)*
(10 min.) (Mr. Charles Schultze) - The Cabinet Room.

11:30 Meeting with Vice President Walter F. Mondale,
(30 min.) Admiral Stansfield Turner, Dr. Zbigniew Brzezinski,
and Mr. Hamilton Jordan - The Oval Office.

12:00 Lunch with Speaker Thomas P. O'Neill, Jr.,
(45 min.) and Former Speakers John McCormack and
Carl Albert - The Cabinet Room.
tomorrow

✓ 2:00 Meeting with Editors. (Mr. Jody Powell).
(30 min.) The Cabinet Room.

✓ 2:45 Meeting with Her Excellency, Simone Veil,
(15 min.) President of the European Parliament.
(Dr. Zbigniew Brzezinski) - The Oval Office.

Meeting with Country Editors
January 29, 1980

THE WHITE HOUSE
WASHINGTON

Editors

1-29-80

TIGHT BUDGET - 4% → 0% $60\frac{3}{4}\% = 70\frac{3}{4}\%$ $1\frac{3}{4}\%$
0%

NOT EASY

WASTEFUL, INFLATIONARY PERK BARCEL

H₂O RES DED ACT = H₂O BIL = 54 = H₂O B

OPPOSE 125-1#25 + (9 → \$10 b.1)

12 YRS = NIXON 1 1/2 YRS + 8% = MORGAN 250T

SHORTAGES = EXEMPTIONS = POLITICIAN =

6 → 7 1/2 PRODUCTIVITY = WAGE inc 79 & 78

THE WHITE HOUSE
WASHINGTON

29 Jan 80

Ev Small / *FRANK MOORE*

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

1-29-80

To Senator David Boren

I appreciated your note
concerning my State of the
Union address and your
fine offer of support.

I look forward to continuing
our good political partner-
ship.

Your friend,

Jimmy Carter

United States Senate

WASHINGTON, D.C. 20510

Dear Mr. President,

Congratulations on an outstanding speech. You have my full support on all of the national security steps you outlined from registration to a new intelligence charter. I'll help in any way you desire.

While we have sometimes differed on policy I have always been proud to call you my friend and my President.

Last night, listening to your speech, I have never been prouder of the fact that it is in my own political biography that in 1975 I was the first governor to endorse Jimmy Carter.

You have never displayed more courage to lead any better than you did last night. Call on me when I can help.

David Baer

Dan Boren
United States Senate

WASHINGTON, D.C. 20510

*The President
The White House*

Personal

THE WHITE HOUSE
WASHINGTON

29 Jan 80

Al McDonald

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling. Please
send a copy to Secretary
Bergland.

Rick Hutcheson

cc: The Vice President

THE WHITE HOUSE
WASHINGTON

January 29, 1980

*Send
Hammer's ltr
to VP
Boyerland
J*

MEMORANDUM FOR THE PRESIDENT

FROM : AL MCDONALD *AM*

SUBJECT: Suggested Response to Letter
from Armand Hammer

Attached is a suggested response from you to a letter from Armand Hammer relating to the Occidental relationship with the USSR. Your response is optional since Askew and Klutznick will be responding on his specific points of interest.

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for Preservation Purposes

OCCIDENTAL PETROLEUM CORPORATION

10889 WILSHIRE BOULEVARD • SUITE 1500
LOS ANGELES, CALIFORNIA 90024
(213) 879-1700 • (213) 477-0066

ARMAND HAMMER
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

January 17, 1980

The President
The White House
Washington, DC 20500

Dear Mr. President:

As I told you in my letter directly after your Address to the Nation, I am very much in support of whatever decisions you make in the matter of our relations with the Soviet Union.

Over the past two days, I have heard a number of conflicting reports about actions under consideration, including, of course, those which would directly affect Occidental Petroleum's transactions.

Except to provide information to the State and Commerce Departments and the Special Trade Representative, at their requests, Occidental has undertaken no action in this regard, nor does it intend to, since we are Americans who will support the decision which you deem in the best interests of the country. However, I do not think that suspension of shipments or any unilateral modification of the existing contracts will have a significant effect on the Russians.

I have several thoughts on the current problems. I agree that the Soviets must be made to pay the price for their activities, but I also believe that some lines should be kept open.

In our case, there seems to be two choices: the first, which I am told has great support in your Administration, is referral back to the International Trade Commission; the second, an embargo of phosphate export, specifically the superphosphoric acid involved in our exchange.

An embargo of this export will create a problem in the United States, since about 2000 jobs could be lost in Florida (plants, shipping, et cetera).

To replace this product, the Soviets will doubtless purchase in

January 17, 1980

such countries as Morocco and Tunisia, or increase their own internal capability, since they have huge resources of their own at other points in the USSR which can be moved to the Ukraine.

I have no doubt that the Soviets would respond to an embargo or any attempt to put on a quota system by suspending ammonia shipments. Our exchange is unique, as you know, and the Soviet ammonia coming to the United States is at the equivalent rate of \$8 a barrel in comparison to crude oil. The Soviets would like to get out of that contract since it has a substantial loss factor for them and they can sell the ammonia or its natural gas equivalent elsewhere in the world at a higher rate. The arguments you stated in overturning the ITC are still valid.

The loss of this ammonia import will cause the cost of ammonia domestically to rise dramatically, affecting our farmers. We have already seen this start in the past two weeks.

As you know, in the past eight years, there have been a number of occasions when I have been able to be of assistance to our government in relations with Moscow and, I believe, when the situation cools down, it would be difficult to restore those same lines of communication should our contract be violated.

I have some ideas about the hostage situation and have been working very quietly behind the scenes with Sean McBride, with whom I have become great friends since the Armand Hammer Peace and Human Rights Conferences in Oslo and at Campobello. I have also had a three hour private meeting in Vienna with Chancellor Kreisky, who sends his regards to you.

I hope that I will have the chance to see you privately very soon and report to you, as I do not think the things I have to say should be said through intermediaries, regardless of how high in rank.

Until then, as a friend, as an American and as an industrialist, I express to you my admiration and warm support.

Respectfully,

Armand Hammer

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 26, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}

Subject: Reversing the Trend of Government Spending

An examination of your record on government spending, compared to earlier postwar trends, reveals several impressive facts that you may find useful.

Each year the budget document provides estimates of real Federal spending -- spending measured in dollars of constant purchasing power. That table shows the following:

Total Federal Spending

In the decade of the 1960s, real Federal spending rose at an average annual rate of 3.9 percent. In the first seven (pre-Carter) years of the 1970s, real spending rose 3.0 percent a year. In the four Carter years (1977-81), real spending will rise only 1.3 percent a year, and in the final year, 1981, it will rise only 0.2 percent.

Nondefense Spending

In the 1960s, nondefense spending rose by an average of 5.4 percent a year faster than inflation. In the first seven years of the 1970s -- presided over by those Republican paragons of fiscal prudence -- real nondefense spending rose at an average rate of 6.7 percent a year. In the four Carter years, the growth rate dropped to 0.9 percent, and in 1981 real nondefense spending falls by 1.0 percent.

The table below summarizes the numbers.

Real Federal Spending

(average annual rate
of change)

<u>Fiscal Years</u>	<u>Total</u>	<u>Defense</u>	<u>Nondefense</u>
1960-1970	3.9	2.0	5.4
1970-1977	3.0	-4.3	6.7

1977-1981	1.3	2.4	0.9
1980-1981	0.2	3.5	-1.0

The tremendous momentum of nondefense spending has virtually been halted in its tracks. And yet room has been made for sizable increases in high-priority programs, especially youth employment, energy, and basic research.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 28, 1980

MEMORANDUM FOR JODY POWELL

From: Charlie Schultze ^{CLS}
Subject: Kennedy's Budget Statistics

In his speech Kennedy says:

"If you do a little arithmetic, if you take this new deficit and add it to other Carter deficits of the past three years, you will discover an extraordinary thing -- the total federal deficit during the Carter Administration will go down in the economic record book as the largest deficit of any presidential term in the history of America."

This is a clever piece of charlatany. If you take the four-year Presidential term preceding Carter (fiscal year budgets 1974-1977), the total Federal deficit was \$161.4 billion. The Carter deficits (1978-1981) add up to \$132.1 billion. What Kennedy has done, of course, is leave out the 1972-76 Nixon-Ford term, presumably because it wasn't a single President.

(Calculating the deficit in the Nixon-Ford years is tricky since the fiscal year shifted in 1976 from one which began on July 1 to one which began on October 1, and the third quarter of 1976 is carried in the records as a separate "transition quarter." In the above calculation, I simply dropped the quarter from the numbers. An alternative calculation which drops the first fiscal quarter of the Nixon years, but keeps in the transition quarter, would not change the picture significantly -- in fact, it would add to the Nixon-Ford deficit and make it \$173.2 billion.)

C
Q

CONGRESSIONAL QUARTERLY
Weekly Report

Vol. 38, No. 2

• Pages 49-112

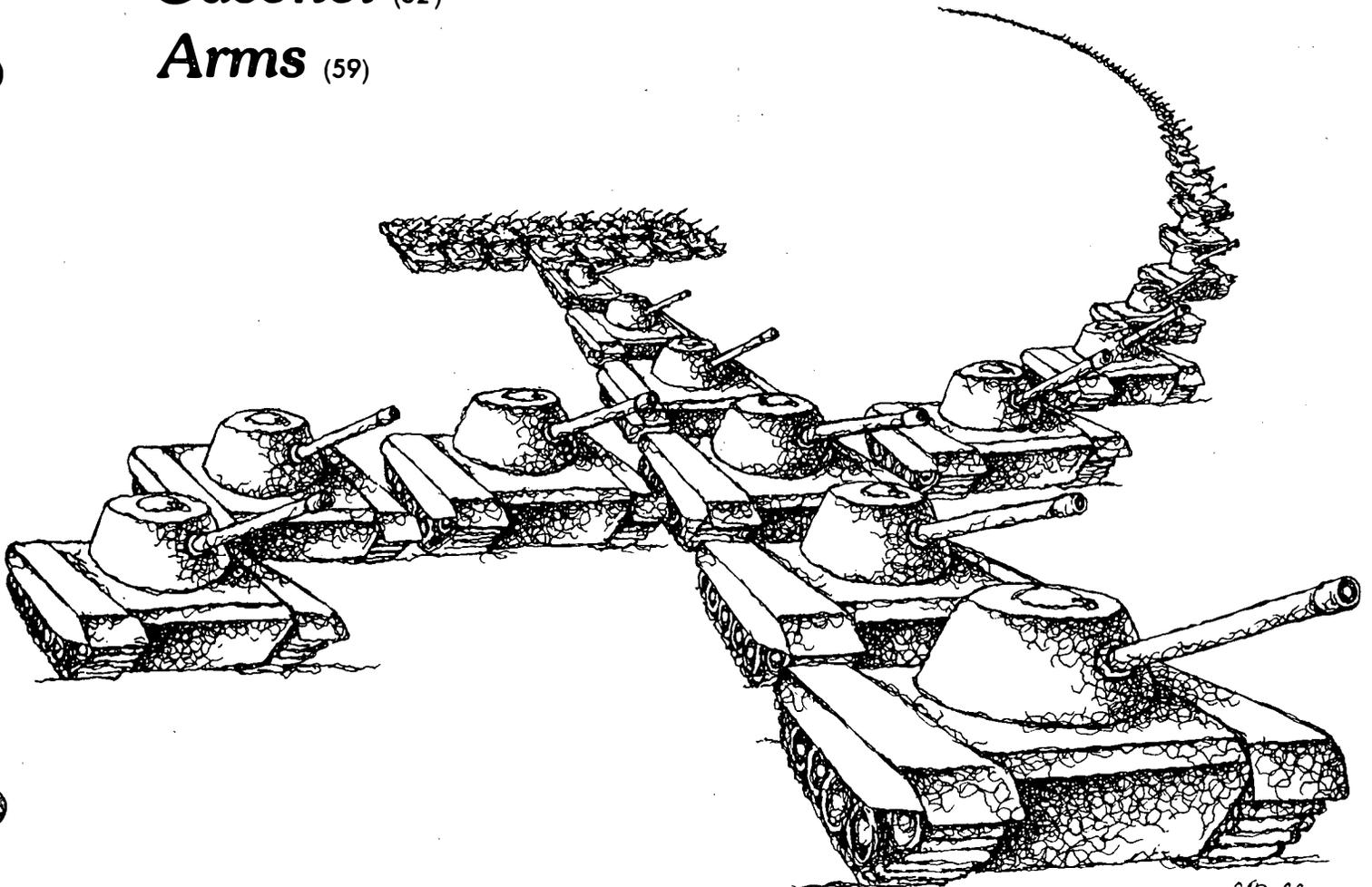
• Jan. 12, 1980

U.S. Response (51)

Grain (56)

Gasohol (52)

Arms (59)



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Rebb

1/29/80

Path/Bill - -

Original given to Admiral Turner
at meeting, today.

h

0686

Stan - Thanks a lot! Jimmy

Doonesbury



THE WHITE HOUSE
WASHINGTON

29 Jan 80

Jack Watson
Arnie Miller

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON
29 Jan 80

Mr. President:

In the attached memo re the Communications Satellite Corporation (COMSAT), there was an additional decision to be made on page 2. Jack Watson and Arnie Miller recommend Joan Tobin to be a member of the Board of Directors.

Rick/Marion

THE WHITE HOUSE

WASHINGTON

January 28, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*
ARNIE MILLER *AM*

SUBJECT:

Board of Directors, Communications Satellite Corporation (COMSAT) - PAS

COMSAT, a privately owned corporation, insures the continued use and development of technology designed to create a global satellite communications system accessible to all countries. COMSAT has been very successful both technically and financially. The corporation is currently exploring the feasibility of developing a satellite-to-home television broadcast system. COMSAT is governed by a 15 member Board of Directors, three of whom are appointed by you.

The seat formerly held by George Meany is vacant. Lane Kirkland, AFL-CIO President, has recommended the appointment of Thomas R. Donahue. Donahue, 51, succeeded Kirkland as AFL-CIO Secretary-Treasurer in November. His prior experience includes six years as Executive Assistant to George Meany. From 1967 to 1969, Donahue served as Assistant Secretary of Labor for Labor-Management Relations. He has served on numerous boards dealing with foreign and domestic matters. We believe Donahue would be an active and positive force on the COMSAT Board. His appointment would add even greater prestige to the Board.

Stu, Landon Butler and Frank Moore concur in the following recommendation.

RECOMMENDATION

Nominate Thomas R. Donahue, of Washington, D.C., to be a Member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1981, vice George Meany, deceased.

approve

disapprove

In December 1978, you appointed Joan Fleischman Tobin to the COMSAT Board. Her term expires in May. She has actively

2.

participated in Board activities, and the officers of COMSAT urge her reappointment.

Stu, Sarah Weddington and Frank Moore concur in the following recommendation.

RECOMMENDATION

Nominate Joan Fleischman Tobin, of Washington, D.C., to be a member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1983.

approve

disapprove

A handwritten signature, possibly "J. Moore", is written in the right margin of the document.

THOMAS R. DONAHUE
Washington, D.C.

EXPERIENCE

1979 - Date Secretary-Treasurer, AFL-CIO

1973 - 1979 Executive Assistant to AFL-CIO President
George Meany

1969 - 1973 Executive Secretary and First Vice President,
Service Employees International Union

1967 - 1969 Assistant Secretary of Labor for Labor
Management

1960 - 1967 Executive Assistant to the President of the
Service Employees International Union

1957 - 1960 European labor-program coordinator,
Free Europe Committee

1949 - 1957 Business agent, contract director, publications
editor and Assistant to the President,
Local 32B, Service Employees International Union

1948 - 1949 Part-time organizer,
Retail Clerks International Association

EDUCATION

1949 Manhattan College, B.A.

1956 Fordham University Law School, LL.B.

PERSONAL

White Male
Age 51
Democrat

THE WHITE HOUSE
WASHINGTON

January 12, 1980

Mr. President:

Attached is a copy of an unsigned memorandum drafted by my staff (Lynn Daft) and I, together with the Department of Agriculture. It has been reviewed by Lloyd Cutler.

Landon Butler has arranged for Lynn Daft to deliver it directly to the AFL-CIO office.

Stu Eizenstat

THE WHITE HOUSE
WASHINGTON

January 12, 1980

MEMORANDUM FOR: LANE KIRKLAND
TED GLEASON

SUBJECT: Soviet Grain Sale Suspension

As you know the President's decision to suspend shipments of grain in excess of the 8 million metric ton (MMT) covered by the U.S. - U.S.S.R. Grain Agreement has had enormous implications for the domestic grain market. In the absence of offsetting actions by the Administration, this suspension would have released an additional 17 MMT of grain onto the U.S. domestic market. This is the equivalent of nearly 20 percent of our expected total exports of corn and wheat for the 1979/80 marketing year.

To avoid serious disruption of our grain markets and economic hardship for farmers and other participants involved in the marketing of grain, we have taken several steps to restore stability to the grain marketing system and relieve farmers of the economic hardship which could have resulted from such a sudden imbalance in the supply/demand situation. We have:

1. Offered to assume the contractual obligation of exporters holding outstanding contracts for delivery of corn and wheat to the U.S.S.R. We expect that the Commodity Credit Corporation (CCC) will assume contracts for either 9.5 MMT of corn and 4.1 MMT of wheat, if the full 8 MMT is shipped; or 11.5 MMT of corn and 4.8 MMT of wheat if there are no further shipments. The grain covered by these contractual obligations will not be resold into the market until it can be done without adversely affecting market prices.

2. Announced the formation of an Emergency Wheat Reserve. The CCC will acquire physical stocks of approximately 4 MMT of wheat to serve as an emergency wheat reserve in fulfilling our international food aid commitments.

3. Implemented changes in the Farmer Owned Reserve Program to allow farmers to absorb an offsetting quantity of grains that would have been delivered to the export market.

Other actions are being considered and may be taken as necessary. Although we are satisfied that the above measures will accomplish the President's objective of protecting the market price that prevailed prior to the suspension, it is exceedingly important that

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Per: Rac Project
ESDN: NLC-126-20-207-6
BY: 154 NARA DATE 12/9/13

stabilizing efforts have immediate effect. The patience and cooperation of American farmers and grain exporters is essential to our success.

To protect our grain producers from the price impact of the sales suspension, it is critically important that the integrity of the grain marketing system be maintained. The grain merchandizing and transportation system was traumatized by the decision to limit sales to the U.S.S.R.; a complete embargo on further shipment could seriously disrupt the flow of grain to ports and thereby further delay the recovery of farmer markets. We could not guarantee that the contractual obligations of grain purchasers and sellers throughout the marketing system would be honored. From the standpoint of an equitable distribution of the sacrifices involved, this would have catastrophic results. Most farmers would simply not have local markets for their grain and if they did, the prices offered would be severely depressed.

The transportation situation is as follows: There are currently 2500 barges in New Orleans ports holding over 3 million metric tons of corn; an additional 1 MMT is on barges traveling down the river. Barges are committed to move almost 2 MMT more corn during the rest of January and February. Absent any refusal to load by the ILA, 1.7 million tons of this corn would be shipped to the U.S.S.R. under the licensing system. If this grain is not allowed to flow into the export market, a further backlog of barges would jam the Louisiana ports and commitments for later barge shipments could not be honored.

The situation for wheat and corn movement by rail is similar, although not quite as critical. Approximately 3 MMT of grain is enroute or already committed to rail movement to export ports, with unit trains scheduled to carry an additional 1.7 MMT by the end of February. Approximately 1 MMT of this grain could be shipped to the Soviets if a complete embargo is avoided. Without these shipments, cars could be delayed, contracts for delivery cancelled for lack of cars, and country market prices impacted.

Should this occur, farmers would not be able to sell grain for lack of rail cars, barges, country elevator and terminal capacity. The pipeline would be clogged. The attached table shows estimates of the pipeline supplies of grain destined for export, and the extent of congestion that would result from a complete halt of Russian bound shipments.

The differentials between farmer markets and futures exchange prices have already fallen by 15-20¢ per bushel on wheat and 10¢ on corn, with sales for immediate delivery far more impacted than forward sales. If all further shipments of grain to the Soviet Union are stopped, we expect it will cost farmers at least an additional nickle per bushel on any grain they try to sell in the next two months. This is in addition to any price depressing effect of the Presidential announcement.

We have reviewed the option of not loading Russian flag vessels and concluded that while it might be possible logistically to handle shipments without them, there might be additional delay entailed and the Russian government reaction to such a decision cannot be foreseen. Should they decide to cancel licensed delivery contracts, we would again be faced with the logistical crisis of a total embargo. We are attaching a list of vessels nominated for January loading of grain for the U.S.S.R.

We must support our nation's farmers and allow them to sell grain at prices which do not place crippling financial burdens upon them. The grain which would have been shipped to the U.S.S.R. will be isolated from the market by the reserves and other actions we are taking. However, should the longshoremen's action halt all shipments, the transportation system would become so congested that our efforts to maintain market stability and order in the marketing system would be unsuccessful.

We therefore make the following request to help the President's policy toward the Soviet Union at this critical time succeed:

1. It is crucial that the following ports be kept operating and allowed to ship licensed grain to the U.S.S.R. up to the 8 million ton level to relieve the congestion in the transportation system and to provide price stability in the market.

New Orleans Ports
Pascagoula, Mississippi
Baltimore, Maryland
Texas Gulf (especially Houston)

As the attached chart shows, each has large amounts of grain to be shipped.

2. All ships, including Russian flag vessels, be permitted to load up to the level licensed.

3. The longshoremen commence immediately with the resumption of loading to this degree.

We will undertake a review of the accessibility of Soviet flag vessels to U.S. ports and involve you, and any others you might designate, in further deliberations on this matter.

If the longshoremen cannot accommodate our request there is a grave risk that, despite their obvious patriotism and desire to support the President, their actions will undercut the President's tough stance, by clogging the American transportation system and depressing farm prices and income. This could only redound to the benefit of the U.S.S.R.

<u>EXPORT PIPELINE SUPPLIES</u>	(Thousand Metric tons)	
	<u>Corn</u>	<u>Wheat</u>
Export Terminals	940	325
On Barges or Committed	5715	-
Rail Enroute or Committed	2360	815
Contracted-Rail Shipment	1320	410
	<hr/>	<hr/>
Total Pipeline Supplies	10335	1550

JAN-FEB EXPORT SALES

Non-U.S.S.R.	7100	1360
U.S.S.R.(Under license)	2054	685
	<hr/>	<hr/>
Total-With Licensed Shipments	9154	2045

CONGESTION

With Licensed Shipments	1181	None
With Immediate Halt of Shipments	3235	190*

*With some relocations, much of this excess wheat could be re-routed to West Coast Ports.

GRAIN SHIPMENTS TO
USSR ON NOMINATED VESSELS

ETA -- January

<u>C O R N:</u>	<u>TOTAL</u> (THOUSAND METRIC TONS)
Mississippi- New Orleans	987
Baltimore	125
Houston	114
Albany	50
Philadelphia	35
Norfolk	25
West Coast	21
Unspecified Gulf & Gulf or USNH	<u>225</u>
	1582*

W H E A T

Texas Gulf	529
West Coast	117
Not Available	<u>25</u>
	671*

*If licensed shipments are allowed to continue; additional vessels would be nominated, and the full 2054 metric tons of corn and 685 metric tons of wheat could be shipped.

PRELIMINARY LIST OF VESSELS NOMINATED FOR GRAIN SHIPMENTS TO THE USSR

<u>VESSEL</u>	<u>ETA-January</u>	<u>*TONNAGE</u>	<u>COMMODITY</u>	<u>FLAG</u>	<u>PORT</u>
Apollo	20-30	51	Corn	Liberian	Mississippi
Angelic Glory	16	43	Wheat	Greek	Beaumont, Texas
Julia L	wtg	25	Corn	Greek	Reserve, La.
Athanasia Comminos	14	18	Corn	Greek	Mississippi
Akbar	14-24	33	Corn	British	Mississippi
Janice L	18-28	25	Corn	Greek	Mississippi
Ogden Exporter	21-31	25	Corn	Liberian	Mississippi
Tarpon Sentinel	18	35	Corn	Greek	Mississippi
Aghia Erini II	24-31	29	Corn	Cyprus	Mississippi
Kapitan Schevchenko	12	13	Wheat	USSR	Stockton, California
Kapitan Dublitsky	15	13	Wheat	USSR	Stockton, California
Ioannis Zafirakis	wtg	27	Corn	Greek	New Orleans
Mount Parannos	15-30(E)	50(E)	Corn	Greek	New Orleans
Georgios C	15-30(E)	50(E)	Corn	Greek	New Orleans
Marie Claire	15-30(E)	25(E)	Wheat	Liberian	Galveston, Texas
Alkman	15-30	25(E)	Wheat	Liberian	Galveston
Alkazar	12	25	Corn	Greek	Mississippi
Eugenio	25-30	25	Corn	Panama	Mississippi
Montreaux	16	50	Wheat	Liberian	Houston, Texas

* Thousand M/T

PRELIMINARY LIST OF VESSELS NOMINATED FOR GRAIN SHIPMENTS TO THE USSR

<u>VESSEL</u>	<u>ETA-January</u>	<u>*TONNAGE</u>	<u>COMMODITY</u>	<u>FLAG</u>	<u>PORT</u>
Adolf Leonhardt	18	35	corn	Liberian	Houston
Hydro hos	23	30	corn	Greek	Houston
Albamiission	wtg	25	wheat	Greek	Houston
Eastgate	wtg	35	corn	Singapore	New Orleans
N A	wtg	35	corn	N A	New Orleans
N A	wtg	25	wheat	N A	--
Ocean Valour	wtg	35(E)	corn	Singapore	Philadephia
Betis	12	25	corn	Singapore	Albany, New York
Aeneas	13	25	corn	Panama (BR)	Albany, New York
Kalliopi L	12	25	corn	Greek	Norfolk, Virginia
Yasnoye	wtg	24	corn	USSR	Houston
Tatiana	12	25	corn	Greek	Houston
Flora N	12	27	corn	Greek	Mississippi
Mystras	19	36	corn	Greek	Mississippi
Mare Sereno	15	20	corn	Italy	Gulf
Hercegovina	16	28	corn	Yugoslavia	Gulf
Belgium	24	56	corn	Belgium	Gulf--USNH

* Thousand MT

PRELIMINARY LIST OF VESSELS NOMINATED FOR GRAIN SHIPMENTS TO THE USSR

<u>VESSEL</u>	<u>ETA-January</u>	<u>*TONNAGE</u>	<u>COMMODITY</u>	<u>FLAG</u>	<u>PORT</u>
Archangelos III	25	36	corn	Belgium	Gulf -- USNH
Nadine	28	24	corn	Liberia	Gulf -- USNH 0
Regina Oldendorff	26	36	corn	Liberia	Gulf -- USNH
Olympic Dignity	20-30	25	corn	Liberia	Gulf -- USNH
San Vincenzo	16	25	wheat	Panama	Houston
W.C. Van Horne	25	54	wheat	British	Houston
Brussels	20	48	wheat	Panama	Houston
Mount Pindus	12-22	54	corn	Greek	Mississippi
Evangelia C	22-31	46	corn	Greek	Mississippi
Hickory	21	26	wheat	Liberia	Galveston, Texas
Maizuru Maru	15-25	54	wheat	Japanese	Galveston
Nicolaos Pateras	wtg	27	corn	N/A (Grk)	Baltimore
Strategist	16	54	wheat	British	Texas Gulf
Baranja	16	25	wheat	Yugoslavia	Texas Gulf
Giovanni Grimaldi	24-25	25	corn	Italy	Baltimore
Farmsum	27	40	corn	Dutch	Pascagoula

*Thousand MT

PRELIMINARY LIST OF VESSELS NOMINATED FOR GRAIN SHIPMENTS TO THE USSR

<u>VESSEL</u>	<u>ETA-January</u>	<u>*TONNAGE</u>	<u>COMMODITY</u>	<u>FLAG</u>	<u>PORT</u>
Danielle	20	48	corn	Liberia	Texas Gulf
IKan Billis	23	54	corn	Singapore	Texas Gulf
Sam-John Mariner	20	50	corn	Liberia	Mobile, Ala.
Francois L.D.	21-22	23	corn	France	New Orleans
Orion	26	25	corn	Greek	Baltimore
Theofano Livanos	26-27	24	wheat	Greek	Pascagoula
Banija	16-17	26	wheat	Yugoslavia	Texas Gulf
Henning Oldendorff	wtg	32	wheat	Liberia	Houston
Damodar Gen T.J Park	19	50	wheat	Indian	Houston
Alexandros G.Tsav.	wtg	25	corn	Greek	Texas
Paulina C	22-23	24	corn	Greek	Pascagoula
Olympic Hope	15-16	25	corn	Greek	Pascagoula
Annitsa L	24-25	32	corn	Greek	Pascagoula
Dynau	wtg	23	wheat	Yugoslavia	Houston
Kamar	20-31	36	corn	Liberia	Pascagoula
Morven	13	35	corn	Liberia	Baltimore
Marshall Zakharov	20-25	65	corn	USSR	Mississippi
Otradnoe	17	13.5	wheat	USSR	Portland, Oregon
Panaqos D. Pateras	13	25	wheat	Greek	Portland, Oregon
Nikolay Karamzin	wtg	13	corn	USSR	Sacramento

PRELIMINARY LIST OF VESSELS NOMINATED FOR GRAIN SHIPMENTS TO THE USSR

<u>VESSEL</u>	<u>ETA-January</u>	<u>*TONNAGE</u>	<u>COMMODITY</u>	<u>FLAG</u>	<u>PORT</u>
Khudozhnik Feddro sky	Loading	22	wheat	USSR	Longview, Wash.
Komsomolets Turkmeni	14	7.5	corn	USSR	Portland, Oregon
Molat	Loading	30	wheat	Yugoslavia	Portland, Oregon

*Thousand MT

THE WHITE HOUSE
WASHINGTON

29 Jan 80

The Vice President
Frank Moore

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

Rick Hutcheson



OFFICE OF THE VICE PRESIDENT
WASHINGTON

January 18, 1980

Fritz - ok
Local
Leg. Sharing?
J

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT *[Signature]*
SUBJECT: 1980 Legislative Agenda

Now that the budget decisions are complete, we are requesting your decisions on 1980 legislative priorities. This memorandum is based on staff work under the direction of Stu Eizenstat, Zbigniew Brzezinski, Jim McIntyre and Frank Moore, and reflects the views of the Senior staff. This year we are presenting you with an abbreviated paper, both because there is little controversy within the White House over major decisions and because we wanted to avoid wasting your time with extensive reading materials.

You should know that the Cabinet has recommended over 50 initiatives for Presidential priority in 1980. We are unanimously of the view that this is much too long a list. Because all of the House of Representatives and a third of the Senate will be up for re-election this year, we can expect a sharp decline in the number of productive work days. We, therefore, feel it imperative to proceed with a bare bones list, placing greater responsibility on the Cabinet to press for enactment of the vast majority of the Administration's legislative program.

Frank Moore has prepared an excellent analysis of the probable number of work days available and the likely legislative schedule in the Congress. It shows the very tight time constraints we will be facing on Capitol Hill with a probability of only about 80 working days before the August recess.

Explanation of Presidential Priorities

This year, we are recommending only two groupings of Presidential priority initiatives, Highest Presidential Priority and Strong Presidential Interest.

The distinction between the two groupings is driven in part by a judgment of which initiatives are most essential, in part by an appraisal of which will require greatest commitment of White House resources, and in part by political considerations. For example, we have included Alaska D-2 lands in the category of Highest Presidential Priority as a means of underscoring your continuing commitment to protection of environmental values.

Since many of the Highest Presidential Priority category will be controversial and uncertain of approval on the Hill, we have tried to include some initiatives in the Strong Presidential Interest category which are popular and clearly winnable in the Congress.

Operationally, Highest Presidential Priority initiatives will generally require intensive commitment of the White House staff resources. In contrast, initiatives designated for Strong Presidential Interest will be carried primarily by the Departments with day-to-day White House involvement to be minimized.

Explanation of Departmental Priorities

Non-Presidential priority bills are again divided into two groups: Must Pass Departmental and Departmental Priority. We have tried to shift many bills recommended by the Cabinet for Presidential priority to the Must Pass Departmental list. In a number of instances we have dropped proposed Presidential measures even further to the Departmental Priority list. These decisions were based on a judgment that we should be as realistic as possible about what the Congress can pass in 1980, and emphasize measures that are important politically or must be approved in 1980 for budget or other reasons.

Cabinet Recommendations

If you wish, we can provide you with the detailed list of Cabinet recommendations and the reasons for adjustment of those recommendations.

Presidential Messages

We have also included a proposed list of Presidential Messages. It is short, reflecting the fact that most our 1980 legislative program has already been submitted to the Congress.

Attached you will find:

Section I: Memo from Frank Moore on Congressional Work Schedule.

Section II: A list of proposed Highest Presidential Priority legislative initiatives on which your decisions on rankings are requested.

Section III: A list of proposed Strong Presidential Interest legislative initiatives on which your decisions on rankings are requested.

Section IV: A list of pacing adjustments and "defensive priorities," where heavy White House involvement will probably be necessary to avoid Congressional adoption of unacceptable legislation.

Section V: A list of proposed Presidential Messages. The list has been prepared for purposes of internal planning. Final decisions on timing and specific messages are not necessary at this time.

Section VI: Information lists of proposed Must Pass Departmental and Departmental Priority legislative proposals.

THE WHITE HOUSE
WASHINGTON

January 17, 1980

MEMORANDUM FOR THE PRESIDENT

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

I have reviewed the 1980 proposal for the legislative agenda. While we have had three productive years and passed major legislation, I would like to urge that we restrict our legislative activity this year for the following reasons.

As you can see by the attached chart, the legislative session effectively ends on July 2 when Congress adjourns for the Republican Convention. In these 80 legislative days budget authorization and appropriation bills must be passed and we will also need to pass about 10-12 high priority peices of legislation. We should keep it to 10-12 because in years past issues arose which required an enormous amount of White House and Presidential time. For instance, we now need to pass grain legislation which we had not even considered two weeks ago. There is a good chance there will be a major tax bill on the floor we will have to deal with and possibly an anti-recession package.

As I have discussed with you, my staff resources are going to be greatly reduced this year. In addition, the entire political apparatus (which we use in a crunch on a tough vote) has higher priorities.

While your Democratic opponents have limited clout, it only takes a few people to block legislation. We can certainly expect the Republicans to deny you any meaningful victories after July. There are always many arguments that if we could just pass this it would be good politically for the President. I am suggesting we reject those arguments, sharpen our list to a few big items, resist all temptations to add more in the course of the session, direct all of our efforts to passing the important ones, and then have huge Rose Garden signing ceremonies.

Attachment

*not much
work
time*

TIME BLOCKS	MAXIMUM	ESTIMATE	PRIMARY DATE	STATE
January 22 - February 3 It's most likely that this time will be focused on concluding the energy and tax conferences with a possibility of the conference reports being enacted. The money committees will begin hearings on the Fiscal 1981 budget.	13	10	none	none
February 9 - February 18 Lincoln/Washington Birthday Recess	0	0	none	none
February 19 - April 3 This period will be mostly subcommittee action on the regular appropriations bills and committee deliberations on the first concurrent resolution on the budget. The Budget Committee must report the first resolution by April 15.	29	25	Feb. 26 March 4 March 11 March 16 March 18 March 25 April 1	New Hampshire Massachusetts* Vermont Alabama Florida Puerto Rico Illinois Connecticut Kansas New York** Wisconsin
April 4 - April 13 Easter Recess	0	0	April 5	Louisiana

* Date subject to change to April 15
 ** Date subject to change to March 25 or April 29

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TIME BLOCKS	MAXIMUM	ESTIMATE	PRIMARY DATE	STATE
<p>April 14 - May 23</p> <p>During this work period, all committee action on any new programs that are to go into effect in FY 81 must be concluded. This time should also be used by the appropriations committees to report to the House the 13 regular appropriations bills.</p>	30	24	<p>April 22</p> <p>May 3</p> <p>May 6</p> <p>May 13</p> <p>May 20</p>	<p>Pennsylvania</p> <p>Texas*</p> <p>District of Columbia</p> <p>Georgia**</p> <p>Indiana</p> <p>North Carolina</p> <p>Tennessee</p> <p>Maryland</p> <p>Nebraska</p> <p>Michigan</p> <p>Oregon</p>
<p>May 24 - May 27</p> <p>Memorial Day Recess</p>	0	0	May 27	<p>Arkansas</p> <p>Idaho</p> <p>Kentucky</p> <p>Nevada</p>
<p>May 28 - July 2***</p> <p>During this period, the House should schedule for floor consideration the regular appropriations bills and action on any legislation that needs reauthorization, as well as new programs.</p>	26	21	June 3	<p>California</p> <p>Montana</p> <p>New Jersey</p> <p>New Mexico</p> <p>Ohio</p> <p>Rhode Island</p> <p>South Dakota</p> <p>West Virginia</p>

* Date subject to change to March 11

** Date subject to change to March 11

*** Prior to the summer convention recesses, there are a total of 98 legislative days that the House could possibly be in session. I estimate there are 80 days, but this estimate does not take into account time off for primary elections since the House two years ago scheduled legislative activity on those primary days.

TIME BLOCKS	MAXIMUM	ESTIMATE	PRIMARY DATE	STATE
July 3 - July 20 4th of July and Republican Convention Recesses	0	0	--	--
July 21 - August 1 This time is likely to be spent adopting conference reports and finishing up any remaining appropriations and authorizations bills.	10	10	--	--
August 2 - August 17 Democratic National Convention Recess	0	0	--	--
August 18 - August 29 Conference reports. (Predictions beyond this point are relatively difficult.)	10	10	--	--
August 30 - September 2 Labor Day Recess	0	0	--	--

TIME BLOCKS	MAXIMUM	ESTIMATE	PRIMARY DATE	STATE
September 3 - September 10	6	6	--	--
<p>All spending measures are scheduled to be completed prior to September 8. If they are completed, this could be a relatively quiet time. If not, it should be very busy wrapping up the appropriations process and the Budget Committee must begin consideration of the second concurrent resolution of the budget.</p>				
September 11 - September 14	0	0	--	--
<p>Jewish Holidays Recess</p>				
September 15 - October 3	15	15	--	--
<p>The second budget resolution and all matters relating to reconciliation as a result of the budget process must be completed.</p>				
<p>October 3, 1980 is the projected adjournment date--all pending legislation must be completed by this target date.</p>				

SEC. II

Highest Presidential Priority

Initiative

Rationale

Economy -- the central objectives are: controlling inflation, improving productivity and promoting a stronger and more competitive economy. Specific measures ^{1/} include:

1. Restrained Budget

We must continue to highlight progress toward a balanced budget to help reduce inflationary pressures.

Approve



Disapprove

2. Youth Employment

The most significant new domestic initiative in 1980, the youth initiative should be presented as a means of improving the productivity of our workforce, as well as enhancing opportunities for the disadvantaged.

Approve



Disapprove

^{1/} While Hospital Cost Containment is grouped below with the other health measures, it should continue to be emphasized publicly as an anti-inflation initiative.

Highest Presidential Priority

Initiative

Rationale

Energy -- specific measures include:

3. Windfall Profits Tax

Of all of our energy initiatives, the Windfall Profits Tax is obviously most important. Highest priority should go to early completion of Congressional action on an acceptable bill. Senator Long has indicated he intends to resume conference committee consideration on January 17th to permit passage of the final bill in early February.

Approve

Disapprove

4. Energy Mobilization Board

Conference Committee action should resume shortly and an early 1980 signing is in sight.

Approve

Disapprove

Highest Presidential Priority

Initiative

Rationale

Social Justice/Urgent Domestic Needs --
initiatives in this category are either
crucial to important constituencies or
necessary to follow through on major
1976 campaign commitments. They include:

7. General and Countercyclical Revenue Sharing

These are top priorities of both the
governors and mayors. Whatever priority
we assign to it, substantial White House
resources will be needed to prevent
Congressional cuts in General Revenue
Sharing. In recognition of this fact,
and in order to obtain maximum political
benefit from the affirmative position you
have taken, we recommend that it be
included with countercyclical revenue
sharing in the highest priority category.

Approve _____

Disapprove _____

8. Welfare Reform

Last year the House passed the cash
assistance component of your program. In
1980 a major effort will be needed to
secure the jobs component and to press
for Senate adoption of an acceptable
bill. (NOTE: We recommend that Child
Welfare Reform be considered a part of
this initiative. It is relatively non-
controversial and popular with social
services groups.)

Approve _____

Disapprove _____

This high?

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Highest Presidential Priority

Initiative

Rationale

9. National Health Plan, Hospital Cost Containment,
Child Health Assurance Program

Hospital Cost Containment should be folded into the National Health Plan in the Senate as a prerequisite for passage of the plan. CHAP is a politically attractive and cost effective health initiative which has already passed the House.

Approve



Disapprove

10. Alaska D-2 Lands

It is very likely that the Congress will complete action this session. We recommend highest priority designation to continue priority level assigned last year and to reinforce publicly your strong commitment to environmental protection. However, Secretary Andrus will continue to have responsibility for legislative activities.

Approve



Disapprove

11. Mental Health Systems Act

This Bill represents the recommendations of the President's Commission on Mental Health and requires the highest attention to assure continuation of the broad coalition that was able to agree on the Commission report. Congressional Liaison recommends that this be a must pass departmental.

Approve



Disapprove

Highest Presidential Priority

Initiative

Rationale

National Security. Initiatives include:

12. Defense Appropriations

The bills, with full funding levels, assume increasing importance in view of the Iranian and Afghanistan situation.

Approve

Disapprove

13. Afghanistan/Pakistan/Arc of Crisis Response Measures

Includes special International Security Assistance Act of 1980 (Pakistan) and authority for disposal of CCC grain acquired through USDA assumption of Soviet contracts.

Approve

Disapprove

Strong Presidential Interest

Initiative

Rationale

Economy -- Beyond the two initiatives listed above in the Highest Presidential Priority, we recommend one additional economic priority.

1. Regulatory Reform (Includes: Regulatory Process Reform, Paperwork Reduction, Small Savers, Surface Transportation Deregulation [Rail and Truck], and Communications.)

Should remain a strong Administration theme as a means of improving competition, curbing inflation and reducing wasteful and unnecessary forms of intervention. However, we should be alert to the danger of over-committing to specific bills as a benchmark for success. For example, rail deregulation is controversial in farm and coal states. The regulatory process reform bill could become a vehicle for unacceptable Congressional amendments. Therefore while committing White House staff resources, and emphasizing regulatory reform in broad form we recommend that you preserve some flexibility on the priority attached to each of the separate bills.

Seems more important of these than some above

Approve ✓

Disapprove

Strong Presidential Interest

Initiatives

Rationale

Energy. In addition to the energy initiatives listed in the preceding category, four initiatives are recommended for Strong Presidential Interest:

2. Utility Oil Reduction

The bill will shortly be ready for submission to Congress. We recommend this initiative for Presidential priority in view of Senator Byrd's personal interest and its political attractiveness in coal states such as Illinois, West Virginia, Ohio and Pennsylvania.

Approve

Disapprove

3. Mass Transit (Includes: Transportation Energy Efficiency Act, Cooperative Basic Automotive Research, Fuel Economy Technology Assessment)

The proposals introduced by the Administration last year would triple total public investment in mass transit in the 1980's compared with the last decade. This is the most significant mass transit initiative in many years and very popular in urban areas. The Department of Transportation will continue to take the lead on Capitol Hill.

Approve

Disapprove

Strong Presidential Interest

Initiative

Rationale

4. Low Income Energy Assistance

Priority will be needed to secure early action on the long term authority for the low income energy assistance program you announced last July. HEW will retain the lead.

Approve ✓

Disapprove

5. Nuclear Wastes (Includes: Spent Nuclear Fuel Act, Transfer of Disposal Sites for Commercial Low Level Radioactive Waste and Remedial Action at Manhattan and AEC Sites)

This legislation, the product of an interagency task force, will soon be ready for introduction. For substantive as well as political reasons, it is important that early agreement be reached in the Congress. Department of Energy will take the lead.

Approve ✓

Disapprove

6. NRC Reorganization

This will be the focal point for any opposition in Congress to your Kemeny response statement. Priority is important to avoid disapproval of the Administration's plan. OMB will take the lead.

Approve ✓

Disapprove

Strong Presidential Interest

Initiative

Rationale

Meeting National Needs. Five other domestic initiatives are recommended for Strong Presidential Interest:

7. Public Works and Economic Development Act

Contains major new urban funding originally proposed in the National Development Bank. Also contains objectionable \$2 billion authorization for local public works. Strong White House involvement will be needed to secure an acceptable bill.

Approve ✓

Disapprove

8. Hazardous Wastes Superfund

Apart from Alaska lands, this is the most important environmental initiative in the Administration's 1980 program. It is winnable and a victory should help us with the environmental community. EPA will retain the lead.

Approve ✓

Disapprove

9. Fair Housing

This is the Administration's most important Civil Rights initiative. HUD has been making good progress in the Congress and will continue to be the lead agency.

Approve ✓

Disapprove

Strong Presidential Interest

Initiative

Rationale

10. Refugee Assistance

Legislation submitted in 1979 is needed to regularize refugee admissions policies and provide needed domestic assistance to refugees. HEW, State and Justice to share the lead.

Approve ✓ Disapprove

Strong Presidential Interest

Initiative

Rationale

National Security/Foreign Policy.
Recommended priorities include:

11. Egypt-Israel West Bank/Gaza Package.
Includes increased aid for Israel as well as additional special assistance that may be required as a result of success in the current West Bank/Gaza Negotiations.

Presidential involvement is assumed since the related agreement would constitute the capstone of the Camp David process. Depending on progress in the negotiations this could be elevated to Highest Presidential Priority.

Approve

Disapprove

12. Ratification of the China Trade Agreement and Related Legislation

This agreement, already pending in the Congress is an essential component of your China policy. We will need follow up on OPEC legislation and other possible authorities for our expanding relationship.

Approve

Disapprove

13. Human Rights. (Legislative initiatives include: Genocide Convention, Racial Discrimination Convention and American Convention of Human Rights.)

Failure to ratify these conventions is inconsistent with and impedes our efforts in the United Nations and bilaterally to promote human rights throughout the world. Special priority is important in view of the CSCE review conference in Madrid in 1980.

Approve

Disapprove

Strong Presidential Interest

Initiative

Rationale

14. Other Bilateral and Multilateral Foreign Assistance Measures. (FY 81 Authorization and Appropriations bills and FY 80 supplementals including PL 480, and Economic Funds for the Caribbean and Central America, and International Financial Institutions and Development Banks.)

Priority is important to meet our treaty and base agreement commitments, continue our peace efforts in the Middle East and provide economic and development support. The PL 480 supplemental is necessary to meet commitments to a number of countries and to provide food for Kampuchean refugees.

Approve

Disapprove

15. Defense Procurement/Military Construction Authorizations

While our proposals for an enhanced defense program are chiefly contained in the appropriations bills listed in the Highest Presidential category above, White House priority will be needed to ensure success on items contained in the authorizations.

Approve

Disapprove

16. Intelligence Charters

Recommended by NSC, CIA and the Justice Department for Strong Presidential Interest. The Department and Agency would take the lead.

Approve

Disapprove

Higher?

Defensive Priorities

Initiatives

Rationale

1. Preservation of Oil Import Quota Authority

It is essential to prevent Congressional enactment of an amendment to repeal your authority to impose oil import quotas and fees.

Approve ✓ Disapprove

2. Water Projects

Priority will probably be necessary to avoid Congressional funding of new water projects before necessary water policy reforms are enacted. Public Works legislation pending in the House would authorize more than \$4 billion in projects we have not approved.

Approve Disapprove

3. Clinch River Breeder Reactor

Special care will be needed to avoid Congressional funding in view of the recent report of the National Academy of Sciences.

Approve ✓ Disapprove

Defensive Priorities

Initiatives

Rationale

4. Balanced Budget Mandates

There is a strong chance that we will be faced with a revival of efforts on behalf of Constitutional amendments or legislation to limit federal spending as a share of GNP.

Approve _____

Disapprove _____

5. FTC Authorization

House passed authorization contains provisions which could severely cripple FTC's consumer protection capacity.

Approve _____

Disapprove _____

6. Preservation of Presidential Flexibility in Foreign Policy

We can probably expect amendments to restriction Presidential discretion as part of the State Department authorization and the foreign aid bills.

Approve _____

Disapprove _____

Pacing Adjustments

Initiative

Rationale

1. SALT II

In view of the decision to defer SALT II, we recommend that the treaty be placed in the pacing adjustments category.

Approve ✓

Disapprove

2. Labor Law Reform

We recommend that labor law reform remain a high priority for action as soon as the labor movement is ready to try for reconsideration by the Congress.

Approve ✓

Disapprove

PRESIDENTIAL MESSAGES

	<u>Dates</u>
Small Business	January 13, 14 or 15**
State of the Union	
◦ Written	January 20
◦ Oral	January 23
Coal Initiative*	Week of -- January 20
Elderly*	Week of -- January 20
Nuclear Waste Management	Week of -- January 20
Budget	January 28
Economic	January 30
Revenue Sharing*	Week of -- February 4
Drug	Week of -- February 4
The Disabled	Week of -- February 4
Minority Business	Week of -- February 4
Regulatory Reform	Week of -- February 4
Youth Employment*	Week of -- February 11
Submission of RPA Timber Policy Goals to Congress	Week of -- March 3

* To be pre-announced before the Congress reconvenes. In addition, possible early briefings or statements on housing and farm issues.

** Message to be pre-announced to coincide with White House Conference on Small Business.

MUST PASS DEPARTMENTAL

Debt Limit Extension -- routine but "must" legislation. (Treasury)

HUD Reauthorizations -- important housing reauthorizations. (HUD)

Reclamation Act Amendments -- Carry over. (DOI)

Veterans Disability Compensation and Survivors Benefits Amendments
-- increase in compensation rates for FY 81. (VA)

Food Stamp Ceiling and Reforms -- Carry over. (USDA)

Child Nutrition Amendments -- Carry over. (USDA)

Oil Company Merger -- Carry over. (Justice)

Disputes Resolution -- Carry over. (Justice)

Privacy Initiatives -- Carry over. (HHS, Justice, DOC)

Consolidated Environmental Planning Grants -- Carry over. (EPA)

Medicare and Medicaid Amendments/Reforms -- Carry over and new.
(HHS) HHS is preparing legislation with additional reforms for
submission in the second session.

Council on Wage and Price Stability Reauthorization

MUST PASS DEPARTMENTAL

Lobby Law Reform -- Carry over. (Justice)

Water Policy Reforms -- WRC Authorization, state grant program for water management and conservation; cost sharing and conservation pricing. (DOI)

Higher Education Reauthorization -- Carry over. (Education)

Condominium Protection Legislation -- Carry over. (HUD)

Home Mortgage Disclosure Act Reauthorization -- Extends reporting requirements from depository institutions to ensure that lending practices do not contribute to the decline of certain neighborhoods. Carry over. (HUD)

Federal Reserve Membership Legislation -- Carry over. (Treasury)

Federal Compensation Reform -- Carry over. (OPM)

Energy Management and Partnership Act -- Carry over. (Energy)

Energy Impact Assistance -- Carry over. (Energy)

FBI-CIA Charters -- Carry over. (Justice, CIA)

Stanford Daily -- Carry over. (Justice)

Elementary and Secondary Amendments -- to implement reductions in the impact aid program included in FY 81 Budget. (Education)

MUST PASS DEPARTMENTAL

Minor Higher Education Amendments -- to increase collection of defaulted student loans. (Education)

Minority Business Development Administration -- to restructure the minority business program and increase opportunities for minority participation in national economic growth. (Commerce)

Extension of Economic Emergency Loan Program for Farmers -- (USDA)

Mental Health Systems Act -- Carry over. (HHS)

IAEA Voluntary Safeguards Treaty -- Carry over. (State)

Treaty of Tlateloco Protocol I -- Carry over. (State)

Arms Sales -- New sales as approved. (DOD, State)

Military Compensation Initiatives -- includes retirement Benefits Act (carry over) and Recruitment and Retention bonus expansion. (DOD)

Mass Transit Authorization -- to reauthorize UMTA's public transportation grant program. (DOT)

Airport and Airway Improvement Act -- Carry over. (DOT)

Disability Insurance Reform -- Carry over. (HHS)

Railroad Retirement Financing and Windfall Benefits -- Carry over and new. A revised windfall benefits bill will be submitted in the second session. (RRB)

MUST PASS DEPARTMENTAL

Vocational Rehabilitation Amendments -- Carry over. (HHS)

GI Bill Benefit Increases -- increase in allowances for education and special training. (VA)

Third Party Reimbursement for Veterans Medical Care -- Carry over. (VA)

Amendment to Naval Petroleum Reserves Production Act -- to provide for oil and gas leasing and management of the Reserve lands. (DOI)

OASDI Amendments -- Authority for interfund borrowing and other improvements. (HHS)

Federal Crop Insurance Program -- Carry over. (USDA)

Health Professions Education -- to redirect federal support so as to increase the supply of primary care professionals, to reduce the oversupply of specialty physicians, to encourage more professionals to practice in underserved areas and to increase minority participation in health professions education programs. (HHS)

DEPARTMENTAL PRIORITY

Deep Seabed Mining -- Carry over. (State, DOC)

U.S. Fishing Industry Assistance -- to implement May 1979
recommendations of White House Task Force. (DOC)

Product Liability Risk Retention -- to deal with problem
of product liability. (DOC)

Merchant Marine Act Amendment on Dry Bulk Vessels -- to promote
construction of vessels to implement President's Maritime
Policy. (DOC)

WIC -- to lift the current limit on appropriations. (USDA)

Extension of Rural Housing Assistance Authorizations -- Carry over.
(USDA)

Agricultural Research Facilities -- to authorize \$48 million to
improve research and training. (USDA)

ERISA Amendments -- Recommendations required by Reorganization
Plan #4. (DOL)

FECA Amendments -- to prevent abuse, remove inequities and provide
incentives to restore injured workers to employment. (DOL)

DEPARTMENTAL PRIORITY

Uniform Patent Policy and Patent System Reform -- - to follow
up on Industrial Innovation decisions announced in 1979.
(DOC)

Commerce Department Reauthorizations -- Weather Modification;
Coastal Zone Management; Ocean Pollution; Marine Protection;
National Sea Grant Program; Maritime Administration; Marine
War Risk Insurance; Section 502 Negotiating Authority; and
National Bureau of Standards. (DOC)

Defense Production Act Extension -- (DOC)

Protection for Census Enumerators -- (DOC)

Confidentiality of Industry Data provided under Defense Production
Act -- Carry over. (DOC)

Domestic Tourism -- (DOC)

Defense Officer Personnel Management Act -- Carry over. (DOD)

NATO Standardization -- Carry over. (DOD)

NATO Training -- DOD

Acquiring Property for Services from Friendly Foreign Governments
-- (DOD)

DEPARTMENTAL PRIORITY

Controlled Substances Act Amendments -- strengthens federal-state cooperation and reclassifies various drugs. (Justice)

False Claims Act Amendments -- Carry over. (Justice)

Federal Tort Claims Act -- Carry over. (Justice)

Freedom of Information Act Amendments -- provides for more efficient Administration and greater protection for Government interests such as criminal investigations and informants. (CIA, Justice)

Graymail Legislation -- Carry over. (CIA, Justice)

Illinois Brick -- Carry over. (Justice)

INS Efficiency Package -- Carry over. (Justice)

D.C. Judicial Authority -- transfers various law enforcement responsibilities from U.S. Attorney's office to the D.C. government. (Justice)

Murder for Hire -- makes murders by hired killers a federal crime. (Justice)

Protection of Intelligence Agents' Identities -- makes it a crime for former federal employees to disclose information concerning the identities of covert agents. (Justice)

DEPARTMENTAL PRIORITY

Customs Service Authorization -- (Treasury)

Currency and Foreign Transaction Amendments -- (Treasury)

Check Claims Legislation -- to improve provision for settling
check claims. (Treasury)

Tax Amendments -- timely payment, withholding and defensive
priorities such as carry over basis. Carry over. (Treasury)

Treasury Enforcement Amendments -- Carry over. (Treasury)

Aid to Railroads -- Carry over. (DOT)

Northeast Corridor Improvement Project -- (DOT)

Emergency Truck Size and Weight Standards -- Carry over. (DOT)

Enforcement of Aviation Safety Requirements -- (DOT)

Rail Labor/Conrail -- (DOT)

Federal Ridesharing -- (DOT)

Veterans Vocational Rehabilitation Amendments -- Carry over. (VA)

Bill to Authorize VA Administration to outplace Veterans from VA
Health Facilities to Personal Care Residences at their Own Expense
(VA)

DEPARTMENTAL PRIORITY

VA Medical Personnel Amendments -- Extends and increases special pay authority to recruit and train physicians and dentists.
(VA)

Campaign Contribution Reform Act -- Carry over. (Justice)

Wild and Scenic Rivers -- Carry over. (DOI, USDA)

Deep Seabed Mining -- Carry over. (DOC)

Ratification of Convention on Psychotropic Substances -- Included in 1977 Presidential Drug message. Ratification would assist international drug control efforts. (DPS)

Court Improvements Package -- Carry over. (Justice)

Housing Law Recodification -- Legislation to modernize and simplify HUD mortgage credit authorities. (HUD)

Criminal Code Reform Act -- Carry over. (Justice)

Antitrust Procedural Improvements -- Carry over. (Justice)

Arbitration Act -- Carry over. (Justice)

DEPARTMENTAL PRIORITY

Federal Property and Administrative Services Act Amendments --
to reform federal agency procurement practices for office
furniture and equipment. (GSA)

Hospital Capital Expenditures -- Carry over. (HHS)

FDA Drug Regulation Reform -- Carry over. (HHS)

Nitrite Moratorium and Food Safety Act -- Carry over. (HHS)

Food Drug and Cosmetic Act Amendments -- to revise outdated provisions
and improve public health protection. (HHS)

Museum Services Reauthorization -- Carry over. (HHS)

Asbestos in Schools -- to expedite detection and removal of
asbestos from schools. (HHS)

SSI, Child Support and AFDC Amendments -- to make minor
Administrative changes in these programs. (HHS)

Title XX Amendments -- to provide funds for program evaluation
and improve services to U.S. territories. (HHS)

Confidentiality of Public Records -- to correct misinformation
and prevent inappropriate disclosure of information from
public assistance programs. (HHS)

DEPARTMENTAL PRIORITY

Environmental Reauthorizations: Water Pollution, Federal Insecticide, Fungicide and Rodenticide Act, Toxic Substances, Solid Waste and Environmental R&D Authorization Acts. (EPA)

National Heritage Policy Act -- Carry over. (DOI)

Snake River Birds of Prey National Conservation Area -- to protect Snake River habitat. (DOI)

National Park Service and Fish and Wildlife Service Wilderness Proposals -- Carry over plus six possible new Park Service areas. (DOI)

Mineral Leasing Act Amendment -- Carry over. (DOI)

Economic Opportunity Act Reauthorization -- CSA

Disaster Program Reform -- restores USDA as prime agency for agricultural disaster lending -- Carry over. (SBA)

Consolidation of SBA Loan Programs -- consolidates direct business loan programs and allows SBA to target direct lending assistance. (SBA)

SBA Interest Rates -- establishes market interest rates on SBA direct loans rather than at the cost of government money. (SBA)

SBA Loan Program Reforms -- (three bills) to permit direct loans to be sold to participating lenders, to authorize pooling of guaranteed loans and sale of certificates of beneficial interest and increase SBA guaranteed loan limit from \$500,000 to \$1 million. (SBA)

Small Business Development Centers -- Carry over. (SBA)

DEPARTMENTAL PRIORITY

Food Safety and Quality Amendments -- to strengthen consumer protection and ensure wholesomeness of meat, egg, poultry and dairy products. (USDA)

Food Security Reserve -- Carry over. (USDA)

International Sugar Agreement Implementing Legislation -- Carry over. (USDA)

Watershed Protection and Flood Prevention Act -- Carry over. (USDA)

Extension of Great Plains Conservation Program -- (USDA)

Building Energy Performance Standards -- transfers jurisdiction from HUD to DOE -- Carry over. (Energy)

Federal Land Withdrawal for Waste Isolation Power Plant -- provides for withdrawal of public lands in New Mexico for WIPP. (Energy)

Federal Power Marketing Revolving Fund -- Carry over. (Energy)

FERC/DOE Regulatory Changes -- clarifies relationship between DOE and FERC on certain regulatory matters. (Energy)

Oil Shale Initiatives -- includes three proposals: (1) to expand land federal exchange criteria to include energy resource development; (2) to modify restrictions on oil shale leases and (3) to permit multi-mineral development and extraction on leases. (Energy)

DEPARTMENTAL PRIORITY

State Collection of Federal Unemployment Tax -- to allow State agencies to collect the federal unemployment tax, reducing paperwork and administrative costs. (DOL)

National Foundation on the Arts and Humanities Act Extension - to extend the Foundation for the Improvement of Post Secondary Education and the National Institute of Education. (HHS)

Biological Weapons Convention -- establishes criminal sanctions for possession of biological weapons by private citizens. (State)

Commodity Agreements -- coffee and rubber. (State)

Foreign Service Legislation -- Carry over. (State)

Economic Social and Cultural Rights Covenants -- Carry over. (State)

Civil and Political Rights Covenants -- Carry over. (State)

THE WHITE HOUSE

WASHINGTON

January 25, 1980

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

OMB Memo on DOD Objections
to Federal Worker Safety
Executive Order

I fully agree with Jim McIntyre's attached memorandum, which I asked OMB to prepare pursuant to your request. The OMB executive order will not interfere with national security, and it will address a real concern about worker safety in DOD. DOD's amendments are substantively objectionable and will not be acceptable to the unions. OMB's recommendation is significant because the issue has been handled by John White, who was formerly DOD Assistant Secretary for Manpower. In any case, the order will not be ready for your signature for at least three weeks, and a decision need not be made immediately. "Uniquely military workplaces" are exempt, and OSHA is given no sanction authority. This is also part of the National Accord.

Attachment

11:20m

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

Signing Ceremony for the
1980 Economic Report

Tuesday, January 29, 1980

11:20 a.m., The Cabinet Room
(10 minutes)

Participants:

Chairman and Members of the Council of Economic Advisers:

Charles L. Schultze, Chairman; Lyle E. Gramley and
George C. Eads, Members.

CEA Professional Staff

CEA Support Staff

Press Coverage: None. White House Photographer only.

Talking Points: Attached.

Also Attached: Three unsigned copies of the Economic Report
for Presidential signature.

TALKING POINTS FOR ECONOMIC REPORT
SIGNING CEREMONY

- o This is the 38th Economic Report of the President.
- o I like the Report, and the Vice President and I both like the colors -- green and white.
 - Next time, however, you might arrange to select a bright green instead of the conservative shade of this Report.
- o The Economic Report is the only place where the government's short-term and long-term economic policies, overall policies and specific measures are discussed together as one piece.
- o Just the process of hammering out agreement on the Economic Report from the various Cabinet departments, the Executive Office agencies, and the White House, forces all of us to think about how our policies are related, and makes us less likely to be inconsistent and contradictory.
- o Whatever the CEA's record as a forecasting operation, I'm pleased to sign a book that has always been noted for the accuracy of its statistics. You have an admirable record and I'm proud of you.
- o I appreciate the long days -- and long nights -- that all of you have put into this Report. Charlie Schultze tells me that on an hourly basis you would all qualify for the CWPS low-wage exemption.



NEWS FROM

**CONGRESSMAN
PARREN J. MITCHELL**

7th Congressional District, Maryland

414 Cannon Bldg.

Washington, D.C. 20515

Phone: (202) 225-4741

*To
Parren -
A good
statement
Thank
you!*

J. Carter

PRESS RELEASE #57
FOR IMMEDIATE RELEASE

THURSDAY, JANUARY 17, 1980

"MITCHELL ADDRESSES WHITE HOUSE CONFERENCE ON SMALL BUSINESS"

Congressman Parren J. Mitchell (D.-7th-Md.) spoke at the closing session of the 1980 White House Conference on Small Business, Thursday, January 17, 1980 at the Washington Hilton Hotel, Washington D.C. The following is the statement made by the Maryland Representative:

It was necessary to have this conference. The President and all other parties who worked for more than two years to make this conference a success deserve our appreciation and the gratitude of the Nation as well. I am certain that this conference has yielded constructive as well as controversial recommendations. I am certain it has heightened anxieties and yet, at the same time, it has given assurances with regard to the future well being of small business in America. I feel assured that we will enter into and proceed through the decade of the 1980's with greater success assured for small business because of the work of the 1980 White House Conference on Small Business.

I would hope that my work in the Congress on behalf of small business in general, and minority business in particular, is well known to you. I remain committed to those goals toward which I have worked in the Congress for the past ten years. I stand before you today to publicly re-new that commitment. However, I also stand before you today to state my growing uneasiness, indeed concern, over some of the directions in which our small business community appears to be moving.

You regulate your business. Local, state, and the federal government also regulate parts of the American society. There is no doubt in my mind that some government regulations are excessive, nit-picking operations which serve neither the nation nor its components well. However my concern is over the ill

considered, poorly thought through calls for an end to all government regulations - and that is the extreme position. Ladies and gentlemen, this society is not composed in such a fashion as to let that happen.

You cannot free the health industry from all regulations and not do the same thing for employment. Health affects employment and employment affects health.

You cannot free the manufacturers from all regulation and not do the same for the lending institutions of America. Money practices affect the manufacturers and the manufacturers affect our lending institutions.

I submit to you that we should not out of our sense of frustration or anger attempt to throw out all federal regulations. To do so would be folly.

This nation, and I believe the small businesses of America, do not want to see our rivers and streams stagnate because of industrial pollution. We do not want to see our cities and towns with a blanket of noxious fumes overhead, slowly poisoning families. The Environmental Protection Agency has made mistakes, but it must remain as an integral part of government.

No thinking person wants to see American workers exposed to working conditions where life and limb are in constant jeopardy because of industrial hazards, radiation, structural factory defects, and dangerous machinery. The Occupational Safety and Health Administration may have made mistakes but it must remain as a strong, effective integral part of our new government.

Regrettably, there are those who produced flammable night wear for little children. We need a strong, unfettered federal trade commission.

In short, vexing, unnecessary, capricious, regulations must be done away with, but small business must not become so selfish and callous that it would seek to destroy those regulatory agencies which protect our environment, our workers, and our families.

The other area of major concern is the animosity, the antipathy with which some segments of America's small business community view and evaluate the federal government's efforts on behalf of minority business.

In the 1960's, our government called upon the social conscience of corporate America to aid in ending the invidious forms of racism which not only kept those who are Black citizens in a second class status in America, but which also kept the nation caught up in the grip of almost unbearable tensions, frustrations and passions.

This morning, I call upon, I make an appeal to the conscience of this nation's small business community. I urge you to aid us in stopping the feckless attacks on federal minority business programs. I urge that you become the third party in this enormously important effort which seeks to move Blacks and other minorities closer to economic parity.

Disproportionate Black unemployment rates have prevailed in this nation since the end of World War II. For thirty-five years this condition has obtained, and it is time to end it. The creation, sustaining and strengthening of viable minority businesses will aid us in bringing an end to this intolerable situation.

Strong minority businesses will bring in much needed federal revenues. It is exceedingly difficult for me to understand opposition to programs which will strengthen the American economic system which, for far too long, has suffered a serious balance of trade deficit; uncertainties about the American dollar in the international money markets; and other serious economic disadvantages. It is most difficult for me to understand opposition to federal minority business efforts.

I think the nation's small business community must understand that past and present racial attitudes have blunted minority business efforts and have thwarted meaningful economic development in our minority communities.

On January 12, 1980, President Carter, acting with courage and wisdom, issued a memorandum to the heads of all departments and agencies giving specific steps to be taken in the attempt to secure even higher goals in minority and L.S.A. procurement for 1980.

Mr. President I thank you for that action, and the subsequent actions to be taken to implement the procedures contained in your January 12th memorandum.

Again, bluntly and without equivocation, I appeal to the social conscience of the small business sector. Join with the President, the congress and minorities as we seek to secure economic parity.

Join with us as we seek the full, complete implementation of Public Law 95-507. Join with us as we press the corporate structure for additional economic opportunities.

Join with us and in so doing you will strengthen minority communities in economic development, thereby protecting your own interests, and therefore strengthening the nation. I came here this morning anticipating hostility because that which I have said does not enjoy full support from all of you. However, I came here also secure in the knowledge that the component of America which you represent is not dominated by mean, self-serving interests. I came, secure in the belief that there is a social conscience in small business and that such a conscience will demonstrate itself in the decade of the 1980's.

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9:55an

THE WHITE HOUSE
WASHINGTON
January 28, 1980

MEETING WITH SOPHIA LOREN

Tuesday, January 29, 1980

9:55 a.m.

The Oval Office

From: Frank Moore *FM/Bill*

I. PURPOSE

To have a brief discussion with Sophia Loren.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: After her brief meeting with you today, Ms. Loren asked if she could have the chance to meet with you again. She would like to talk to you "as a mother with two small children." She has been telling the Members of Congress how well you are being received by the responsible citizens of Europe because of your handling of international affairs. She believes that you are making the world safe for her children.

Participants: The President, Sophia Loren, Alex Ponte, her stepson and manager, Princess Sophia Baziera and Bill Cable.

Press Plan: White House photographer. Additionally Ms. Loren will be accompanied by her photographer, Pericilla Ratazzi, who would like to take a few photographs. She will not stay for the entire meeting.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 28, 1980

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

Subject: Merchandise Trade Balance in December

Tomorrow (Tuesday, January 29) at 2:30 p. m. the Census Bureau will release the December figures on the merchandise trade balance.

The foreign trade deficit rose sharply last month -- to \$3.1 billion, from \$1.4 billion in November. Exports declined by \$0.2 billion, but the drop was more than fully accounted for by an even larger reduction in gold sales. Imports rose by \$1.4 billion, with virtually all of the increase reflecting a higher dollar volume of oil imports. Part of the rise in the oil import bill stemmed from higher world oil prices; the remainder was due to a rise in the volume of oil imports from a very low level in November. Apart from oil and gold, changes in most categories of imports and exports were small in December.

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WRHC BUILDING
2260 S.W. 8TH STREET
MIAMI, FLA. 33135
PHONE: 541-3300

Jan 28, 1980.

The honorable Jimmy Carter.
President of The United States.
The White House.

Mr President:

Several groups inside Cuba who are opposing the Castro government have chosen me to represent them outside the island, and thru me, they want to express their support to your firm stand against soviet expansionism in the world, and to your Human Rights Doctrine.

As the situation in Cuba worsens, they also want to express their faith in your country and your government, that you would not tolerate another Hungary or another Afghanistan in Cuba, should the people and the Armed Forces decide to put an end to the Castro regime

And finally I can assure you Mr President, that when this happen, and it will, should we succeed, God willing, Cuba will be a loyal friend and ally of your country and your government, and I am sure the world will have less turmoil and more peace.

God help us all.


Tomas Regalado.

316 s.w. 28 Road,
Miami, Fla, 33129.

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January 25, 1980

OK - AUS

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MEMORANDUM FOR THE PRESIDENT

FROM:

LANDON BUTLER 

SUBJECT:

CALLS TO LABOR LEADERS HELPFUL IN IOWA

The same unions that played a key role in our Iowa victory--NEA, CWA, UFCW, and the Plumbers--also have large memberships in Maine and New Hampshire, and they are an important part of our labor effort in those two states. Hamilton and I feel it would be very helpful to our Maine and New Hampshire labor campaigns if you call the Presidents of those four unions to thank them for the tremendous help they provided in Iowa.

Each of these unions sent paid national staffers to Iowa, contributed substantial union funds to get out the vote efforts, and made personal phone calls or sent letters to their Iowa memberships. Enclosed are suggested telephone call cards.

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THE WHITE HOUSE

WASHINGTON

January 29, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: HR.4788, Omnibus Water Projects Bill

As you know, an objectionable water projects authorization bill, HR.4788, unexpectedly has been scheduled for floor action in the House this Wednesday. This bill authorizes a large number of water resources projects, contrary to long-standing Executive branch and Congressional procedures for approving such projects. It is so inconsistent with your water policy that, unless substantially changed, it will be a strong veto candidate. Briefly summarized, our main objections to HR.4788 are:

- o It contains 54 project authorizations which have not received full Departmental and Administrative review (including 17 which have no study available and another 29 with studies underway, but without a final report by the Chief of Engineers). If we are to evaluate, and the public is to have confidence in, the engineering, economic, environmental and social feasibility of these projects, completion of Executive Branch review is essential.
- o It contains 9 proposals for single-purpose water supply project studies, in most instances for city water systems. These nine projects would commit the Federal government in future years to up to \$174 million in expenditures, unadjusted for inflation. Precedents created by this bill for Federal funding of city water supply systems could end up costing the Federal government tens of billions of dollars for projects which have been traditionally a responsibility of local governments.
- o The bill subjects regulations of the Army Corps of Engineers to a one House legislative veto, an unconstitutional and administratively objectionable Congressional usurpation of Presidential authority.

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- o The bill relieves local sponsors of their cost sharing responsibilities for 17 projects and does not contain any part of the Administration's cost sharing proposal.
- o It would create other new and costly Federal program responsibilities and would declare by legislative fiat that certain uneconomic projects are economically feasible.
- o It contains numerous provisions conferring unjustified windfall benefits on various communities and other interests affected by Federal water projects.

We are taking actions now to lay the groundwork for a veto, should one be necessary later. On January 19, 1980, Assistant Secretary of the Army Blumenfeld sent a letter (copy attached) to Chairman Johnson of the House Public Works Committee outlining the Administration's objections in detail and advising that the bill is not in accord with your program. A similar letter has also gone to Chairman Gravel of the Senate Subcommittee regarding S.703, a bill with many of the same provisions. (The Senate has nearly completed Subcommittee mark-up.)

On Monday, Secretaries Alexander and Andrus sent a joint letter (copy attached) to the Speaker expressing our objections and communicating our strong opposition to HR.4788. The purpose of this and the Blumenfeld letters is to avoid allegations by the bill's supporters during a veto fight that the Administration ignored the legislative process by not making its views known at appropriate times. They will also help insure that the Congress and the public perceive us as consistently following through with your water policy and not as waffling or back-pedaling during an election year.

We will continue to track this bill and its Senate counterpart and keep our lines of communication open to the environmental community, Congressional members and other public and private groups who are likely to support us.

2:00 P.M.

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THE WHITE HOUSE
WASHINGTON

January 28, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Patricia Barlow
Deputy Press Secretary

SUBJECT: Your Meeting With Non-Washington Editors and Broadcasters
Tuesday, January 29, 2:00 p.m., The Cabinet Room

Today there are 32 editors and broadcasters from 23 states. Ten are broadcasters (4 television and 6 radio), including the editorial director for WCBS-TV in New York City and a Cuban-American broadcaster from Miami. The large daily newspapers represented are the Bergen County (N.J.) Record, Dayton Journal Herald, Tulsa World, Allentown (PA) Call, Knoxville News-Sentinel, Fort Worth Star-Telegram, and the Richmond News Leader. (A list of the attendees and additional background information is attached).

The group will have met earlier in the day with Kitty Schirmer, Bo Cutter, Stu Eizenstat, Jack Watson and David Aaron. After their meeting with you, they will meet with Vernon Weaver. (An agenda is attached).

There will be the usual photo session for the White House press corps at the beginning of the meeting. I will stop the questions after 25 minutes so individual photographs can be taken.

Attachments

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THE WHITE HOUSE

WASHINGTON

BRIEFING FOR NON-WASHINGTON EDITORS AND BROADCASTERS

January 29, 1980

AGENDA

8:30 a.m.	COFFEE	
8:50 a.m.	WELCOME	PATRICIA Y. BARIO Deputy Press Secretary The White House
	THE WHITE HOUSE NEWS SUMMARY	JANET E. McMAHON Editor of the News Summary The White House
9:10 a.m.	ENERGY POLICY	KATHERINE P. SCHIRMER Associate Director Domestic Policy Staff The White House
10:00 a.m.	BREAK	
10:15 a.m.	THE BUDGET FOR FISCAL YEAR 1981	W. BOWMAN CUTTER Executive Associate Director For Budget Office of Management and Budget
10:55 a.m.	BREAK	
11:00 a.m.	THE STATE OF THE UNION	STUART E. EIZENSTAT Assistant to the President for Domestic Affairs and Policy The White House

- more -

11:45 a.m.	SMALL COMMUNITY AND RURAL DEVELOPMENT POLICY	JACK H. WATSON, JR. Assistant to the President for Intergovernmental Affairs and Secretary to the Cabinet The White House
12:30 p.m.	BUFFET LUNCH	
1:00 p.m.	FOREIGN POLICY ISSUES	DAVID AARON Deputy Assistant to the President for National Security Affairs The White House
1:30 p.m.	EN ROUTE THE CABINET ROOM	
1:45 p.m.	THE PRESS OFFICE	JODY POWELL Press Secretary to the President The White House
2:00 p.m.	Q & A WITH PRESIDENT CARTER	
2:30 p.m.	EN ROUTE 160 OLD EXECUTIVE OFFICE BUILDING AND FILING TIME	
3:00 p.m.	SMALL BUSINESS DEVELOPMENT	VERNON WEAVER Administrator Small Business Administration
3:45 p.m.	CONCLUDE	

ATTENDEES

ALABAMA

Millard Grimes, president, Grimes Publications, Opelika. The former editor of the Columbus (GA) Enquirer, Grimes now directs a publishing company which operates several small papers in Alabama and Georgia.

Jay Thornton, general manager, Talladega Daily Home. Small daily in area east of Birmingham, the paper endorsed you in 1976.

CALIFORNIA

Don Algie, publisher, Gardena Valley News. Weekly in the metropolitan Los Angeles area. You sent a special message to the paper last November when it celebrated its 75th anniversary.

COLORADO

Ken Noblit, editor, Colorado Springs Gazette-Telegram (Freedom Newspaper group). In the hometown of the U.S. Air Force Academy, concerned about impact of a renewal of draft registration on women. May also ask about the recent meeting of the U.S. Olympic Committee in Colorado Springs.

CONNECTICUT

Debbie Hanley, news director, WATR-AM, Waterbury.

FLORIDA

Don Lindley, associate editor, Daytona Beach Morning Journal. Major issue is the future of the local speedway and race, given current gasoline prices and their impact on tourism. Lindley has a personal interest in foreign policy issues, and likely will ask about the increases in the defense budget.

Tom Regalado, news director, WRHC-AM, Miami. Hispanic station, Regalado also writes a column for Ideal Magazine. Main concerns are relations with Cuba, Soviet activity in the Caribbean, and the affairs of Cuban refugees.

INDIANA

Stu Huffman, editor, Columbus Republic. Small daily in farm area south of Indianapolis. Concerned about impact of suspension of sales to the Soviet Union and the gasohol program.

IOWA

Don Black, editor, the Gate City, Keokuk. Small daily in the southern-most Iowa town on the Mississippi River. In addition to interest in caucus results, also concerned about improvements of locks and dams on the River and proposals to increase hydroelectric power potential along the River.

Jim Heyer, publisher, Sumner Gazette. Weekly, farm policies are main concern.

KANSAS

Kev Nunn, news director, KAYS-TV, Hays. CBS/ABC affiliate in 54th largest television market in the country.

LOUISIANA

Graham Smith, news director, KATC-TV, Lafayette. ABC affiliate in the 115th largest television market in the country.

MAINE

Jim McGregor, editor, the Maine Paper, Hallowell. New weekly in the Augusta area, very conservative (backed by former Governor Jim Longley). McGregor is a former reporter with AP and UPI, and worked many years in Georgia and Alabama. Will likely ask about the up-coming caucuses.

MASSACHUSETTS

Dan Murphy, editor, Beverly Times (Ottaway Newspaper group). Small daily in area north of Boston on the Atlantic Ocean. Main interest, the upcoming primary and Senator Kennedy's campaign.

Bill Coulter, editor, Clinton Daily Item. Small daily in town where you held your first Town Meeting in March, 1977. May ask when you will hit the campaign trail and hold more Town Meetings.

Tom Reilly, editorial page editor, The Walpole Times. Weekly in Boston suburban community of 18,000.

MICHIGAN

Don Patrick, news director, WWJ-AM, Detroit. All-news radio station.

NEW HAMPSHIRE

Joanne Lannin, editor, Wednesday Journal, Manchester. This is the only widely circulated paper other than the Union-Leader in the largest city in the state. It is a give-away, delivered to each household weekly. Tends to be conservative, but fair.

NEW JERSEY

Bob Comstock, executive editor, Bergen County Record, Hackensack. Large daily that has been supportive of you. Still favors SALT II, hospital cost containment legislation, and suspension of grain sales to the Soviet Union. Concerned about chemical waste disposal and clean-up in New Jersey.

NEW YORK

Peter Kohler, director of editorials, WCBS-TV, New York. Flagship station for the CBS television network.

Jack Durant, news director, WKTU, Utica. NBC affiliate in the 151st largest television market in the country.

NORTH CAROLINA

Dennis Patterson, editor, Bladen Journal, Elizabethtown. Small weekly in the southeastern, agricultural part of the state. May, however, ask about impacts to Ft. Bragg of a possible resumption of the draft.

OHIO

Bill Worth, managing editor, Dayton Journal Herald (Cox Newspaper group). Large daily in western Ohio. Interests: defense spending, fate of steel and auto industries, northern tier pipeline.

John Cole, editor, Lorain Journal (Horvitz Newspaper group). Medium-size daily in city near Cleveland on Lake Erie. Affects of the suspension of trade with the Soviet Union are of special interest in this area.

OKLAHOMA

Kenneth Neal, associate editor, Tulsa World. Large daily, with energy issues of primary concern, especially windfall profits tax. May ask whether you would veto a tax bill with the tax ending when \$227 billion has been collected (as Senator Dole and others are urging in the conference committee).

PENNSYLVANIA

Eric Chiles, national editor, Allentown Call. Large daily in eastern part of state. Concerned about the failing steel industry, inflation, and gasoline price increases.

Barbara Ann Boylan, features editor, WKTO-AM, Pittsburgh. AP Radio news network affiliate.

TENNESSEE

Ralph Millett, editor, Knoxville News-Sentinel (Scripps-Howard Newspaper group). Large daily, coal development and inflation are main concerns.

TEXAS

Phil Record, managing editor, Fort Worth Star-Telegram (Capital Cities Communications group). Large daily, and very supportive of Rep. Jim Wright. Biggest issue at present is a legislative proposal to restrict interstate flights from Love Field in Dallas, which would favor the newer Dallas-Fort Worth airport.

Moss Thornton, news director, KILE-AM, Galveston. Part of the Texas State Radio Network. Likely to ask about the longshoremen's loading boycott of cargoes destined for the Soviet Union.

VERMONT

Dale Houston, news director, WKVT-AM, Brattleboro. Affiliated with the CBS Radio Network.

VIRGINIA

Jerry Finch, managing editor, Richmond News Leader (Media General group). The larger of the two dailies in Richmond, the paper is very conservative and non-supportive. Favors a resumption of the draft, greater defense spending; opposed to SALT II, windfall profits tax, gasoline rationing plan. Will likely ask about our military preparedness.

1/29/80

Draft Registration

Q: Is it true, as Senator Kennedy claimed, that only 13 days are saved toward drafting by having registration now?

A: 1. REGISTRATION IS NEEDED NOW SO THAT WE CAN BEGIN TO PREPARE FOR THE POSSIBILITY, WHICH I HOPE WILL NOT OCCUR, OF HAVING TO MOVE TOWARD A DRAFT. THERE IS NO DOUBT THAT REGISTRATION WILL SAVE TIME ONCE THE NEED FOR A DRAFT OCCURS. THE PRECISE TIME SAVED IS UNCERTAIN NOW, BUT IT IS LIKELY THAT FUTURE ANALYSIS WILL SHOW THAT THE TIME SAVED IS AT LEAST SEVERAL WEEKS AND PROBABLY MORE.

2. BUT THE AMOUNT OF TIME SAVED IS JUST ONE ASPECT OF MY DECISION TO SEEK REGISTRATION. I AM ALSO CONCERNED ABOUT HAVING AN EFFICIENT SELECTIVE SERVICE MECHANISM, WHICH WE DO NOT NOW HAVE. ONCE THE IMPROVEMENTS IN THE SYSTEM ARE IMPLEMENTED, WE WILL BE MUCH BETTER EQUIPPED TO HANDLE REGISTRATION AND THE POSSIBILITY OF DRAFTING.

3. FINALLY, I AM ALSO CONCERNED ABOUT MAKING CERTAIN THAT THE SOVIET UNION KNOWS OF OUR RESOLVE. THERE SHOULD BE NO DOUBT IN THE SOVIETS' MINDS THAT WE WILL BE PREPARED TO HONOR OUR COMMITMENTS AND PROTECT OUR VITAL INTERESTS. A RETURN TO REGISTRATION IS AN IMPORTANT STEP TOWARD THAT END. THEY MUST KNOW THAT AMERICAN LEADERS ARE WILLING TO TAKE POLITICALLY CONTROVERSIAL STEPS WHEN NECESSARY TO PROTECT OUR VITAL INTERESTS. I BELIEVE THE AMERICAN PEOPLE WILL SUPPORT ME IN THAT ACTION.

1/29/80

Deficits

Q: Do you disagree with Senator Kennedy's contention that during your term we will have had the largest total deficit of any Administration in history?

A: THE FACT OF THE MATTER IS THAT THE CUMULATIVE DEFICIT FOR THE FOUR YEARS JUST BEFORE I CAME INTO OFFICE EXCEEDS ANY IN HISTORY. I AM GLAD TO HEAR OF THE SENATOR'S NEW-FOUND CONCERN FOR FEDERAL DEFICITS.

1/29/80

Senator Kennedy/New England

Q: Do you expect to defeat Senator Kennedy in any of the New England states (Maine, New Hampshire, Massachusetts or Vermont)?

A: IT WOULD BE VERY DIFFICULT TO DEFEAT HIM IN ANY OF THESE STATES. HE WILL CERTAINLY FLOOD THEM WITH CAMPAIGN WORKERS FROM MASSACHUSETTS. WE WILL NOT BE ABLE TO MATCH THAT EFFORT. WE WILL DO THE BEST WE CAN WITHOUT SACRIFICING OUR EFFORT IN THE REST OF THE COUNTRY.

1. We are suffering from an inflation that has persisted for more than 12 years. It is naive to think that it can be solved by pushing a magic button labeled "mandatory wage and price controls." The first problem is that mandatory controls in peacetime can't last the course; they can't be maintained long enough to lower inflation permanently.

- o Taking into account variations in style, there are millions of different products to be priced in the United States.
- o As costs of energy, raw materials, labor and environmental controls change, and as market conditions vary, these millions of prices have to be changed and kept up to date, in some cases daily.
- o There are 10 million nonfarm businesses in the United States, each of whom has to set wages for many different occupations and skills.
- o No set of mandatory wage and price control regulations can accurately fix these millions upon millions of prices and wages and keep them up to date.
- o As a consequence, two things happen under mandatory controls:
 - pressures build up that inevitably force product after product to be wholly or partially decontrolled
 - distortions and absurdities in the economy grow ever greater, leading to major inefficiencies and shortages.

2. Peacetime price and wage controls produce no sustained lowering of inflation.

- o The Nixon controls did reduce inflation at first -- in 1971 and 1972.
- o But the inevitable economic distortions and pressure for relief soon forced a relaxation; as prices and wages were freed from controls, they surged upward.

- o Controls lowered the inflation rate in late 1971 and early 1972 by 1 percentage point below its previous level. But starting in the second half of 1972, the rate of inflation steadily rose and by the first half of 1974, the inflation rate was more than 8 percentage points higher than it was in the pre-control period.
 - o The latest economic study of the Nixon price controls, conducted for the National Bureau of Economic Research, uses two different approaches to isolate the effect of controls from all other factors affecting inflation. Under one approach the study concludes that over the whole period, 1971-1975, controls raised the average inflation rate by 0.3 percent a year; under the approach most favorable to controls, the estimated effect was an average inflation reduction of only 0.45 percent a year.
3. Mandatory price and wage controls would spawn a massive bureaucracy.
- o The Nixon controls -- which were quite loose compared to wartime control -- required 4,000 people to operate them.
 - o The late AFL-CIO President, George Meany, estimated in 1978 that to be fair and equitable, mandatory controls would have to be very comprehensive, requiring 250,000 to 300,000 Federal employees to operate them.
 - o By contrast, the current voluntary and informal wage and price standards are administered by less than 200 people.
4. Mandatory controls soon lead to wholesale inefficiencies and shortages of critical raw materials and other goods.

During the period of mandatory controls from mid-1971 through early 1974:

- o Nonferrous metals (copper, zinc, aluminum, lead) were in short supply around the world.
 - World prices rose far above controlled domestic prices, and exports increased. For example, exports of copper scrap doubled in the first half of 1973.

- As a result, shortages at home were greatly aggravated.
- And capacity expansion was hampered by the squeeze on profits of domestic producers.
- o Producers of coal, who sell their output mainly under long-term contracts, were very reluctant to enter into such contracts at fixed prices, since energy prices were rising dramatically.
 - Severe disruption of electric power generation was threatened.
- o Expansion of cement production was needed to furnish adequate supplies for enlargement of industrial capacity.
 - Cement prices had to be exempted, and allowed to rise to market-determined levels, to keep inflationary problems from worsening over the long run.
- o Paper products were in short supply in all industrial nations.
 - World prices soared above domestic prices for pulp; exports increased; and domestic shortages worsened.
 - Newspapers had to cutback on news and advertising space. Magazines couldn't get paper for printing.
 - When paper was exempted from controls, the printing and publishing industry was faced with sharply rising costs that couldn't be passed through because of controls on their own prices.
- o Fertilizer prices abroad were \$30 a ton above domestic prices in 1972-73. Exports shot up, and domestic supplies dwindled.
 - Decontrolling fertilizer prices, however, would have diverted supplies of ammonia from production of explosives, needed to increase output in coal mining.

- When prices of fertilizers were decontrolled, prices paid by farmers for some fertilizers doubled in six months.
- o Home heating oil was in short supply in the winter of 1972-73.
 - Controls had made it more profitable to produce gasoline than home heating fuel.
- o Prices of many refined petroleum products rose dramatically despite controls. For example, propane prices doubled in six months.
- o Since import prices were not controlled, products were shipped to Canada and reimported.
 - The extra transportation costs added further to inflation.
- o Increased output of coal was hampered by shortages of mine roof bolts, whose production had been made unprofitable by controls.
- o During the 60-day freeze imposed in mid-1973, uncontrolled feed grain prices rose sharply. But since meat prices were frozen, production of livestock and poultry became unprofitable.
 - Farmers slaughtered livestock and poultry rather than marketing them. They were losing \$100 a head on sales of cattle.
 - At one point in the summer of 1973, 46 beef packing houses were closed, and 6,000 employees were laid off.
 - Shopping for meat and poultry across Canadian and Mexican borders became a stampede.
 - The liquidation of cattle herds precipitated by the effects of controls continued until 1979. In three years, the breeding herd was reduced by 20 percent.

-- We are still suffering from that fiasco.
In 1978 and 1979, beef prices rose 50 percent,
partly because of the effects of the earlier
controls.

5. Distortions lead to demands for exemptions, which have to be granted to keep the economy from grinding to a halt.
 - o By March 1974, just before the Nixon controls were removed altogether, the industries that had been exempted from controls included: fertilizer, cement, zinc, aluminum, automobiles, mobile homes, rubber tires and tubes, all retail trade, furniture, paper, coal, shoes and other footwear, canned fruits and vegetables, petrochemicals, prepared feeds, and semi-conductors.

6. Inevitably, controls will be mandated over products whose prices simply cannot or should not be controlled.
 - o In the last two years the chief sources of inflation have been rapidly rising prices of meat, energy, and housing.
 - o Outside of those areas, the rate of inflation has increased very little.
 - o It is hard to believe that Congress would enact a price control law which permitted these products to remain uncontrolled.
 - o But the last time price controls were attempted on meat a disaster resulted; recontrolling the price of domestic crude oil would fundamentally reverse the nation's energy policy and put us more and more at the mercy of OPEC oil producers; and attempting to control the prices at which 3 million individuals sell their houses each year would be an administrative nightmare.

7. Past history shows that peacetime price controls become a political football, and economic efficiency is sacrificed to political pressure or public relations gimmickry.

- o In March 1972 a small business exemption to price controls was enacted, which -- among many other consequences -- let small petroleum retailers and distributors free from petroleum controls. They were able to buy at controlled prices and sell at uncontrolled prices, making huge profits.
- o Controls were imposed on heating oil prices at levels that caused shortages because of an Administration commitment to a regional group of Senators.
- o Rent controls were imposed, not because any of the price control authorities thought they were justifiable or needed, but to enlist public opinion behind the price control program; in turn, this led to a decision to investigate every complaint filed by a tenant, so that 3,000 internal revenue personnel were engaged in rent controls alone. (Political necessity, however, forced an exemption for "small" landlords renting four units or less; this let 18 million of the nation's 24 million rental units out from under controls.)

8. The current voluntary wage and price standards require a minimum of interference in the decisions of business and labor, but have kept down price and wage increases in those areas where controls could be applied.

- o Outside of food and energy, and with rent used to measure housing costs, inflation has risen, but not dramatically -- from 6 percent in 1977 to 7-1/2 percent in 1979.
- o A principal reason for this increase in inflation was a slowing growth in productivity; the imposition of wage and price controls would make productivity worse, not better.
- o Wage increases have not speeded up; in fact they were slightly less in 1979 than in 1978.

1/29/80

Iran/Canada

Q: What can you tell us about reports that a number of Americans escaped from Tehran through the Canadian embassy?

A: WE CAN CONFIRM THAT SIX AMERICAN EMBASSY EMPLOYEES WHO WERE NOT CAPTURED HAVE COME OUT OF TEHRAN. THEY HAVE BEEN THERE IN THE CANADIAN EMBASSY. THEIR NAMES WILL BE RELEASED ONCE THE FAMILIES HAVE BEEN NOTIFIED. DURING THEIR STAY IN THE CANADIAN EMBASSY, THERE WAS NO DIRECT CONTACT BETWEEN THEM AND THE U.S. GOVERNMENT. WE KNOW OF NO OTHER AMERICANS IN TEHRAN IN SIMILAR CIRCUMSTANCES. WE HAVE EXPRESSED TO THE CANADIAN GOVERNMENT OUR DEEP APPRECIATION FOR ITS ASSISTANCE AT THE EMBASSY.

I DO NOT THINK IT WOULD BE HELPFUL FOR ME TO COMMENT FURTHER ON THIS MATTER AT THIS TIME.

THE OMNIBUS WATER PROJECTS BILL

BACKGROUND REPORT
BY
OFFICE OF MEDIA LIAISON
THE WHITE HOUSE PRESS OFFICE

January 25, 1980

BACKGROUND

Within a week, the U.S. House of Representatives is expected to vote on H.R. 4788, the Water Resources Development Act, authorizing or modifying some 200 Army Corps of Engineers water projects and programs with an estimated total price tag of more than \$4 billion.

On January 21, Secretary of the Interior Cecil D. Andrus and Secretary of the Army Clifford L. Alexander, Jr., informed the Speaker of the House that "if H.R. 4788 is enacted in its present form, we see virtually no possibility that we could recommend its approval" by the President. At the same time, they pledged to work with the Congress on legislation which "meets the mutual objectives of the Congress and the Administration to foster sound water resources development programs."

The Administration believes that ~~H.R. 4788 not only threatens the President's policy of budget restraint, but that it violates even the most basic standards of good management.~~ For example:

Specifically — It includes projects for which no studies have been even started to see whether the projects are needed, whether they are economically justifiable, whether they are safe, or what effect they might have on the environment;

— It includes projects where such studies are still in progress but where no final report has been issued;

— It authorizes the federal government to take over a previously local responsibility for the con-

struction and repair of single purpose water supply projects, a precedent which could commit the federal treasury to tens of billions of dollars in new expenditures in the future;

— It takes on local responsibilities in other areas, such as bridge construction and repair, recreational facilities, and road building;

— It arbitrarily overrules previous findings that certain projects are economically or environmentally unsound; and

— It departs from standard cost-sharing rules which require local participation in the funding of projects.

Approving this bill in its present form would be like having the federal government write a blank check to be filled in by the Congress at some later date, without first determining what is really needed and what the ultimate budgetary, social and environmental costs will be.

A LOOK AT H.R. 4788

~~The Water Resources Development Act is the biennial authorization bill for Army Corps of Engineers navigation and flood control projects. It would authorize study, construction and modification of about 150 water projects, and it includes a number of other provisions which would affect national water policy. The total federal cost is estimated by the Congressional Budget Office at about \$4.3 billion.~~

This Background Report is intended to provide information to assist you in informing the public. Please direct inquiries to Patricia Bario or Alan Raymond, 162 Old Executive Office Building, Washington, D.C. 20500 (202) 456-6623 or 2973.

The projects range in size from the \$579 million McNary Second Power House on the Columbia River in Oregon and Washington, for which the necessary review has not been completed, to the \$100,000 widening of a channel in the Hudson River, which would have the Army Corps take over a previously local responsibility.

H.R. 4788 has been reported favorably by the Committee on Public Works and Transportation, which this week amended the bill to authorize another \$107 million for new projects.

~~The Carter Administration is on record in opposition to 125 of the bill's provisions. The cost of the objectionable projects totals approximately \$2.5 billion before inflation. In addition, approval of the nine studies and projects for single-purpose water supplies would create new federal spending programs whose ultimate cost could be tens of billions of dollars more.~~

THE WATER PROJECT REVIEW PROCESS

A major reason for the Administration's opposition to H.R. 4788 is the lack of adequate preparation and review for more than half of the ^{objectionable} projects contained in the bill. This does not mean that once a thorough review is completed all of the objectionable projects would be rejected. But the commitment of federal funds to often massive and expensive water projects requires a thorough, professional evaluation of each project's merits and impact.

Water project review presently takes place in three stages:

(1) Congress authorizes a study, in response either to an agency request, to a request by a member of Congress or a Congressional Committee, or to a request which originates with a local government or group.

(2) The Corps of Engineers undertakes a feasibility study, examining the nature of the problem; alternative ways to address it; the economic, social and environmental impacts; and the technical and engineering implications of the project. At this stage a draft Environmental Impact Statement is prepared. A report is then prepared at the regional level and forwarded to the Board of Engineers for Rivers and Harbors and the Office of the Chief of Engineers in Washington.

(3) After review by the board, the Chief of Engineers prepares a draft report based on the findings of the feasibility study and recommenda-

tions of the Board and circulates it for review by other federal agencies and the affected states. He then sends his completed report to the Secretary of the Army. The Secretary transmits the report to the Congress after technical review by his staff and policy review by the Office of Management and Budget (OMB).

THE PRESIDENT'S WATER POLICY

"There is a limited amount of money that can be spent for these very expensive water projects. I want to be sure when we do approve a project—and there will be many approved in the future under my Administration and others—that the most needed projects are the ones to be funded first and we don't continue to waste money on projects that are not needed and are wasteful and sometimes even dangerous."

—President Carter, Press Conference, 5/4/78

In 1977, responding to complaints from Congress that they were uncertain what standards the Administration was using to judge that certain water projects should not be built, President Carter ordered a thorough review of national water policy. What resulted was the President's June 1978 Water Resources Policy Reform Message, in which he took steps to improve water project evaluation in two important ways. First, he established in the inter-agency Water Resources Council a process for independent review of all water projects to ensure that their costs and benefits have been calculated honestly and fairly. Second, he established ten criteria by which he would judge the acceptability of water projects before giving them his support.

Independent Review

The President is presently seeking funds from the Congress to establish an independent review process within the Water Resources Council to ensure that water projects are examined accurately and impartially. The Council would see to it that the technical review which has been conducted is consistent with Federal laws, regulations and guidelines relevant to the planning process and with the goal of wide public participation in the development of project plans. The independent review would give the Administration, the Congress and the taxpayer confidence in the adequacy of the engineering, economic, environmental and social analyses of proposed projects.

National Water Policy Criteria

(1) Projects should have greater national economic benefits than cost except where environmental benefits clearly more than compensate for any economic deficit. Net adverse environmental consequences should be significantly outweighed by national economic benefits.

(2) Projects should have widely distributed benefits.

(3) Projects should stress water conservation.

(4) Projects should have no significant safety problems involving design, construction and operation.

(5) There should be evidence of active public support including support by state and local officials.

(6) There should be no significant international or intergovernmental problems.

(7) Where marketable outputs (electric power or irrigation water) are produced, preference should be given to projects which provide for greater recovery of federal and state costs, consistent with project purposes.

(8) The project's problem assessment, environmental impacts, costs and benefits should be based on up-to-date information.

(9) Projects should be in compliance with all relevant environmental statutes.

(10) Funding for mitigation of fish and wildlife damages should be provided concurrently and proportionately with construction funding.

In addition, President Carter sent the Congress *Water Project Cost-Sharing Legislation*, under which the states would share in the cost of—and decision making on—new water projects, and also share in any revenues from projects that are built. The purpose of the bill is to greatly increase the quality of consideration of projects at the local level by fixing a percentage contribution by the states to the cost of the project. The legislation is still being considered by the Congress, but cost-sharing reforms have not been included in H.R. 4788.

~~H.R. 4788 violates many of the most important objectives and provisions of the President's water policy reform.~~ The above criteria are violated time and again, and in many cases there is a move toward less, rather than more state and local cost-sharing. ~~But even without consideration of the~~

~~President's water policy, H.R. 4788 runs counter to the most basic principles of good management.~~

SOME SPECIFICS

As H.R. 4788 was reported by the House Public Works and Transportation Committee (even *before* they added another \$107 million in new projects), half of its provisions were unacceptable:

—17 projects costing a total of \$102 million have no study underway and another 29, costing \$1.3 billion, have studies in progress but not completed.

—9 projects or studies totaling \$174 million (unadjusted for inflation) would involve the federal government in single purpose water supply. Existing federal policy allows water storage space for municipal and industrial use to be built in conjunction with other purposes, but single purpose water supply has been the prerogative and responsibility of non-federal interests.

The Administration recognizes the seriousness of the water supply situation, particularly in older urban areas, and the President has established a special study group to consider the desirability of and justification for federal participation, based on shared federal-state-local responsibility. H.R. 4788 would foreclose the development of reasonable options and set a precedent which could ultimately commit the federal government to tens of billions of dollars in new spending which would serve primarily local, rather than national, needs.

—17 projects depart from standard cost-sharing rules, increasing the federal share on an ad hoc basis without any justification.

—Other projects authorize the federal government to fund projects in categories that were previously local responsibilities such as bridge construction and replacement, road building and paving, and navigation channel work outside of federal projects. Again, these functions are authorized without any standards, rationale or projection of the ultimate cost of having the Corps undertake these kinds of projects nationwide.

—In some cases, the bill declares arbitrarily that benefits exceed costs, or it waives important environmental safeguards without the documentation needed to make such determinations.

In sum, ~~H.R. 4788 as it now stands would set back water policy management and sound fiscal policy by decades.~~ In fact, it is astonishingly similar to a ~~water projects authorization bill that was vetoed by President Dwight D. Eisenhower on~~

like this one

~~April 24, 1958. That bill, according to President Eisenhower's veto message, "disregarded the careful study and considered judgement of the professional services and other executive agencies concerned;" authorized projects where studies had found them undesirable or where the reports were inadequate; and unjustifiably reduced cost-sharing in favor of local interests. President Eisenhower concluded, "I cannot overstate my opposition to this kind of waste of public funds."~~

A. By establishing firm criteria by which water projects can be judged, President Carter intends to make the review process much more efficient. Often the delays in project construction have been caused by litigation, which might have been avoided if the projects were properly reviewed. To proceed with inadequate review or no review at all just invites opposition and delay. In any case, with projects having such a tremendous economic, social and environmental impact, the desire for quick action is no excuse to ignore the criteria by which a good project can be distinguished from a bad one. It should be remembered that many good projects have been proposed and deserve early completion.

QUESTIONS AND ANSWERS

Q. Why is the Administration going to so much trouble to fight an authorization bill when the actual spending for these projects will not be committed until funds are appropriated in future legislation?

A. As part of his reforms of water policy, President Carter has tried to cut the backlog of authorized but unfunded water projects. The Army Corps of Engineers currently has a backlog of 220 projects, whose total cost would exceed \$11 billion if they were constructed. The idea that there is no cost and no financial commitment in an authorization bill is an illusion and an affront to the taxpayers. Even though President Carter has resisted appropriating funds for unjustified projects, the backlog of authorized projects puts a great deal of pressure on the Congress to spend. As has been pointed out, it is like writing a blank check with the amount to be filled in at some later date.

To the extent unsound projects are actually funded, budgetary resources are diverted from more worthwhile water projects. And to the extent unsound projects are authorized but never funded, alternative solutions to real problems are delayed by the false expectations created by the authorization. In either case, the nation as a whole is worse off.

Q. Why is so much study needed? Doesn't it just delay needed projects?

Q. What will the Administration do if the House approves H.R. 4788?

A. Based on their actions of recent years, we are convinced that there is a clear momentum in the Congress in favor of choosing sound water policy over traditional pork-barrel politics. This was demonstrated in the sustaining of the President's veto of the water projects appropriations bill in 1978, by the Congress' delay in considering an omnibus authorization bill in the same year, and by the passage of a responsible water projects appropriation bill for FY '80.

Should the bill pass the House, the Administration will take its case to the Senate, where a water projects authorization bill is still in sub-committee.

Q. Doesn't the Administration's position on H.R. 4788 reflect a bias against all water projects?

A. Not at all. Even in this bill, there are a number of projects which the Administration does not find questionable or objectionable. The President believes that a more open, honest and credible process for developing water projects and committing taxpayers' dollars must be established and he has made numerous proposals for needed reform. The Administration continues to support these reforms and will continue to object to projects which have not met the necessary economic and environmental criteria. To do otherwise would be a waste of taxpayers' money and would simply threaten to delay projects which *are* both needed and justified.

1/29/80

I SENT TO THE CONGRESS YESTERDAY A TIGHT BUDGET DESIGNED TO SUPPORT THE FIGHT AGAINST OUR NUMBER ONE DOMESTIC ENEMY, INFLATION.

IT CUTS THE BUDGET DEFICIT I INHERITED BY 75%.

WHEN I CAME INTO THE WHITE HOUSE, THE ANNUAL FEDERAL DEFICIT WAS 4.6% OF OUR GROSS NATIONAL PRODUCT. IN THIS BUDGET IT HAS BEEN REDUCED TO SIX-TENTHS OF ONE PERCENT (.6%)

IN THE 1960'S REAL FEDERAL SPENDING INCREASED BY AN AVERAGE OF 3.9% PER YEAR. IN THE 70'S BEFORE I CAME INTO OFFICE THE AVERAGE RATE WAS 3%.

60/39
70/30
→ 13

THE AVERAGE DURING THIS ADMINISTRATION IS 1.3% AND FOR THIS BUDGET IT IS .2%.

BUT NONE OF THIS IS EASY. EVERYONE IS IN FAVOR OF ELIMINATING WASTE AND BALANCING THE BUDGET -- JUST SO LONG AS IT DOESN'T AFFECT THEIR FAVORITE PROJECT OR PET PROGRAM.

WE HAVE A CLASSIC EXAMPLE OF A WASTEFUL, INFLATIONARY PORK
BARREL BILL NOW BEFORE THE CONGRESS. IT IS CALLED THE WATER
RESOURCES DEVELOPMENT ACT. IT DEALS WITH PROGRAMS AND PROJECTS
THAT WILL COST THE AMERICAN TAXPAYER AN ESTIMATED \$4 BILLION.

IT INCLUDES PROJECTS THAT HAVE NOT EVEN BEEN STUDIED TO
SEE IF THEY ARE WORTHWHILE.

IT INCLUDES PROJECTS THAT ARE STILL UNDER STUDY.

IT INCLUDES PROJECTS THAT HAVE BEEN STUDIED AND FOUND TO
BE UNSOUND.

IT MOVES THE FEDERAL GOVERNMENT INTO BROAD NEW AREAS OF
RESPONSIBILITY -- AREAS WHERE IT IS NOT CLEAR THAT WE NEED TO
BE -- WHICH WILL COST THE TAXPAYER TENS OF BILLIONS OF DOLLARS
IN THE FUTURE.

IT IS EASY TO UNDERSTAND WHY THIS IS A POPULAR BILL IN
THE CONGRESS, PARTICULARLY IN AN ELECTION YEAR. IT CONTAINS

PROJECTS AND PROGRAMS FOR 70% OF ALL THE CONGRESSIONAL DISTRICTS
IN THE NATION.

BUT THIS IS A BAD BILL. IT IS CONTRARY TO THE WAY GOVERNMENT
OUGHT TO OPERATE AND TO THE WAY THE TAXPAYERS' MONEY OUGHT TO BE

It is not acceptable to me
SPENT. ~~IF IT IS SENT TO MY DESK IN ITS PRESENT FORM, I INTEND~~

~~TO VETO IT -- AND I INTEND TO FIGHT TO THE LAST VOTE TO SUSTAIN~~

~~THE VETO.~~

THE WHITE HOUSE

WASHINGTON

December 26, 1979

*Stu -
Did I approve
this?
J*

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
SUBJECT: Agent Orange/FYI

Last May, just prior to Vietnam Veterans Week, we announced that the Air Force would conduct a comprehensive, epidemiologic study on the long-term health effects of exposure to Herbicide (Agent) Orange, the defoliant used during the Vietnam War. As you know, this is a controversial subject among veterans and is causing them great concern.

There have been delays in launching the Air Force study due to complications in the approval process of their protocol by various outside bodies, including the National Academy of Sciences. Congressional pressure has been building for some time to cancel the Air Force study and direct HEW to conduct all such studies. A recent GAO report, requested by Senator Percy, accused the Department of Defense of covering up the possible exposure of thousands of non-Air Force personnel and thus has further complicated this issue. Senator Cranston and Senator Percy stepped up their campaign to cancel the Air Force study.

An alternate Administration proposal was developed over the summer. We proposed the establishment of a broad inter-agency work group, under HEW direction, to oversee all Federal and non-government research on the suspect herbicides and their toxic contaminant dioxin. We have worked out agreements with all agencies involved and announced the formation of this work group Tuesday, December 11. Senator Cranston's veterans health bill, through which he attempted to cancel the Air Force study, has been altered in Conference and is essentially consistent with the approach we have taken.

Under the work group agreement, each agency will pursue its own dioxin research in accordance with a research