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2:15 PM

THE WHITE HOUSE

WASHINGTON

March 31, 1980

MEETING WITH NATIONAL ASSOCIATION OF REALTORS (NAR)

Tuesday, April 1, 1980
2:15 p.m. (10 minutes)
The Roosevelt Room

From: Stu Eizenstat *Stu*

I. PURPOSE

Approximately 1500 members of the NAR are in Washington for their annual Legislative Conference. They want to express their support for tighter fiscal policy and lower interest rates.

II. BACKGROUND

The basic concern of the NAR is that prospective homebuyers are unable to qualify for mortgages at today's interest rates. Consequently, sales on both existing and new homes have deteriorated sharply. Their secondary concern is the decline in housing production. As you know, housing starts dropped to an annual rate of 1.3 million units in February. These starts figures do not reflect the latest round in mortgage rates, which began in late February. We are privately estimating 1.2-1.3 million starts for calendar year 1980, with an upturn beginning in the fourth quarter.

This is a conservative group which is not supporting a stimulus for homebuilding. Their recommendation is that the Administration tighten fiscal policy by imposing a further 2% spending reduction to take the pressure off monetary policy.

III. PARTICIPANTS

You will be meeting with Ralph Pritchard, President of the NAR, and the 45 member Executive Committee. I will have begun our meeting with them at 2:00.

IV. PRESS PLAN

White House Photo Only

V. TALKING POINTS

NOTE: The NAR leadership has recommended that you begin by asking the realtors for their assessment of what is happening in the field.

- o I know that high mortgage rates have made this period extraordinarily difficult for you. Our data suggests that homebuyers have withdrawn from the market as rates rose above 14%, and we know that your profit margins have fallen sharply as homes sit on the market for extended periods of time.
- o Let me make a few comments about the relationship between our anti-inflation program and the housing industry. First, our long-term objectives are the same: to wring inflation out of the economy and, in particular, out of housing. High inflation inevitably means high mortgage rates and housing speculation; the viability of the realty industry requires affordable levels of mortgage financing and stability in the price of housing.
- o Second, our short-term objective is to bring down interest rates by imposing restraints on government spending and by reducing non-housing demand for credit. By achieving the first balanced budget in 12 years and reducing 1980 expenditures, we will help dampen inflationary expectations. By curtailing the flow of credit to other major sectors, we will increase the availability and reduce the cost of mortgage credit. By imposing reserve requirements against money market funds, we will increase the flow of funds to savings institutions which finance housing. In short, each of the major components of our program is designed to
 - (1) bring down interest rates as rapidly as possible, and
 - (2) cushion the effect of the downturn and credit squeeze on housing.
- o You know that we have been committed to housing; a 1.9 million unit rate since January, 1977 reflects that commitment. As inflation and interest rate rose, we developed new financial instruments, such as the \$10,000 money market certificate, and broadened secondary market activities to avoid a precipitous decline in 1978 or 1979.
- o We remain committed to seeking ways to assure that you do not bear the brunt of anti-inflation policy. The next few months will be difficult. But as the growth of business and consumer lending slows, and as interest rates decline, home sales will revive. Only by reducing inflation today can we set the stage for the substantial housing investment we will need in the coming decade.
- o I appreciate the support you have given me in the past, and I hope we can continue to work together to meet our nation's housing needs.

12 20 p.m.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S ATTENDANCE AT THE
1980 NATIONAL CONFERENCE OF THE BUILDING
AND CONSTRUCTION TRADES DEPARTMENT,
AFL-CIO

APRIL 1, 1980

ATTIRE: Business Suit

12:20 pm The President proceeds to motorcade
for boarding.

NOTE: Sec. F. Ray Marshall
will ride with the President.

MOTORCADE DEPARTS South Grounds en
route Washington Hilton Hotel.

(Driving Time: 10 minutes)

12:30 pm MOTORCADE ARRIVES Washington Hilton
Hotel.

PRESS POOL COVERAGE
CLOSED ARRIVAL

The President will be greeted by:

Mr. William Smith
General Manager, Washington Hilton
Hotel

The President proceeds inside en
route holding room.

12:31 pm The President arrives holding room
where he will be greeted by:

Mr. Joseph F. Maloney
Secretary-Treasurer, Building &
Construction Trades Dept., AFL-CIO

- Mr. John H. Lyons
General President, International
Association of Bridge, Structural
& Ornamental Iron Workers
- Mr. S. Frank Raftery
General President, International
Brotherhood of Painters & Allied
Trades
- Mr. Charles H. Pillard
International President, Inter-
national Brotherhood of
Electrical Workers
- Mr. Harold J. Buoy
International President, Inter-
national Brotherhood of Boiler-
makers, Iron Shipbuilders, Black-
smiths, Forgers & Helpers
- Mr. Martin J. Ward
General President, United
Association of Journeymen &
Apprentices of the Plumbing & Pipe
Fitting Industry of the United
States and Canada
- Mr. Angelo Fosco
General President, Laborers'
International Union of North
America
- Mr. J. C. Turner
General President, International
Union of Operating Engineers
- Mr. Andrew T. Haas
General President, International
Association of Heat & Frost In-
sulators & Asbestos Workers
- Mr. John T. Joyce
President, International Union of
Bricklayers & Allied Craftsmen
- Mr. William Konyha
General President, United Brother-
hood of Carpenters & Joiners of
America
- Mr. Everett A. Treadway
General President, International
Union of Elevator Constructors
- Mr. Pascal Di James
General President, Tile, Marble,
Terrazzo, Finishers & Shopmen
International Union
- Mr. Roy E. Johnson
International President, United
Union of Roofers, Waterproofers,
& Allied Workers

Mr. Edward J. Carlough
General President, Sheet Metal
Workers' International Association
Mr. Robert J. Holton
General Secretary-Treasurer,
Operative Plasterers' & Cement
Masons' International Association
of the United States & Canada
Duration of meeting: 5 minutes

PERSONAL/STAFF TIME: 2 minutes

12:38 pm The President departs holding room
and proceeds to offstage announcement
area.

12:39 pm The President arrives offstage
announcement area and pauses.

"Ruffles & Flourishes"
Announcement
"Hail to The Chief"

The President proceeds inside the
International Ballroom to head table
and takes his seat for speech to the
Building and Construction Trades
Department, AFL-CIO.

OPEN PRESS COVERAGE
ATTENDANCE: 3,400

12:40 pm Introduction of the President
by Mr. Robert A. Georgine,
President, Building & Con-
struction Trades Dept., AFL-CIO

12:41 pm Presidential remarks.

OPEN PRESS COVERAGE

12:51 pm Remarks conclude.

The President departs stage and
proceeds to motorcade for boarding.

12:53 pm MOTORCADE DEPARTS Washington Hilton
Hotel en route South Grounds.

PRESS POOL COVERAGE
CLOSED DEPARTURE
(Driving Time: 10 minutes)

1:03 pm MOTORCADE ARRIVES South Grounds.

FOR IMMEDIATE RELEASE

Building and Construction Trades Department

AFL-CIO

815 SIXTEENTH ST., N.W., WASHINGTON, D. C. 20006 • DISTRICT 7-1461 A.C. 202



ROBERT A. GEORGINE
President

JOSEPH F. MALONEY
Secretary-Treasurer

FOR IMMEDIATE RELEASE

Georgine Announces Program for
March 31, April 1 - 2 Sessions:

NATIONAL CONFERENCE OF AFL-CIO BUILDING TRADESMEN TO
SPOTLIGHT PENSION, ENERGY, POLITICAL AND ECONOMIC PLANS

WASHINGTON, March 19 -- Federal and state legislation affecting the pension plans, economic status and energy needs of Americans in general and 4.1 million union craftsmen in particular, will be spotlighted at the National Conference of the Building and Construction Trades Department, AFL-CIO, President Robert A. Georgine announced today.

The three-day gathering of more than 3,000 building and construction trades representatives from every state in the Union will be held at the Washington Hilton Hotel here on Monday, March 31, Tuesday, April 1 and Wednesday, April 2.

Georgine said that the Building and Construction Trades Department's program for the 1980 elections also would be "thoroughly discussed".

Top federal administration, legislative and union officials are scheduled, including U.S. Senator Robert Byrd, Majority Leader of the Senate; House Speaker Thomas P. O'Neill; Senator Harrison Williams and Representative Frank Thompson; AFL-CIO President Lane Kirkland; Secretary of Labor F. Ray Marshall; Secretary of Energy Charles Duncan; Secretary of Housing and Urban Development Moon Landrieu and Secretary of Transportation Neil Goldschmidt.

Georgine said that President Carter has been invited to address the Conference.

The opening session on Monday morning at 9:30 a.m. will feature Georgine's keynote speech and addresses by Byrd, O'Neill, Kirkland and Marshall.

The general session Monday afternoon beginning at 2:00 p.m. emphasizes pension plans and termination insurance, following an address by Congressman Thompson.

Senator Williams will open the Tuesday morning session at 9:00 a.m., after which there will be a panel discussion on federal and state Davis-Bacon legislation. Then, at 11:00 a.m., Secretary Duncan will begin a program emphasizing the energy needs and programs of the nation.

Tuesday afternoon will be devoted to visits by the 3,000 delegates to their Congressmen and Senators on Capitol Hill.

The national economy is the focus of the Wednesday morning session, with Secretary Landrieu and Secretary Goldschmidt appearing.

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FOR ADDITIONAL INFORMATION:

Alvin Silverman
(202)628-1688
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1—S-14242—FONTANA (11862 PO9430)—B&CTD—3-20-BG—

Program

FOR

THE NATIONAL CONFERENCE

of

The Building and Construction

Trades Department

AFL-CIO

Monday, March 31, 1980

Opening Session

9:30 A.M. Invocation: Father Joseph Donahue

9:35 A.M. Presentation of the Flag
Armed Forces Color Guard

9:40 A.M. Welcome and Keynote Address
Robert A. Georgine, President

10:05 A.M. Address: Honorable Robert Byrd
Majority Leader, U.S. Senate

11:00 ~~10:30 A.M.~~ George Meany Multi-Media Presentation
United Way of America

10:30 ~~10:45 A.M.~~ Address: Lane Kirkland, President AFL-CIO

11:15 A.M. Address: Honorable F. Ray Marshall
Secretary of Labor

Noon Lunch

2:00 P.M. Address: Honorable Frank Thompson
Member of Congress (D-N.J.)

2:30 P.M. Address: Jimmy Carter
President of the United States

3:00 pm Neil Goldschmidt

HONORABLE ROBERT BYRD
Majority Leader, U.S. Senate

LANE KIRKLAND
President, AFL-CIO

F. RAY MARSHALL
Secretary of Labor

Monday, March 31, 1980

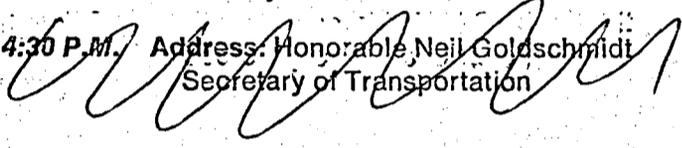
General Session

ERISA — TERMINATION INSURANCE

3:30 ~~3:00 P.M.~~ Slide Presentation—Termination Insurance,
Martin E. Segal Corp.

4:00 ~~3:30 P.M.~~ Panel Discussion, Questions & Answers
National Coordinating Committee for
Multiemployer Plans—
Connerton
Curran
Palay

4:30 P.M. Address: Honorable Neil Goldschmidt
Secretary of Transportation



FRANK THOMPSON
Member of Congress (D-N.J.)

NEIL GOLDSCHMIDT
Secretary of Transportation

JIMMY CARTER
President of the United States

Tuesday, April 1, 1980

General Session

DAVIS-BACON

9:00 A.M. Address: Honorable Harrison Williams
U.S. Senate (D-N.J.)

9:30 A.M. Film—*A Day's Work—A Day's Pay*
Building and Construction Trades
Department, AFL-CIO

9:50 A.M. Panel Discussion—Federal Legislation
—State Problems
—Questions & Answers

HARRISON WILLIAMS
U.S. Senate (D-N.J.)

Tuesday, April 1, 1980

General Session

ENERGY

- 11:00 A.M.** Honorable Dr. John C. Sawhill
Deputy Secretary of Energy
- 11:30 A.M.** Film—*Voices For Energy*
Produced by New Hampshire Voice of Energy
- Noon** Panel Discussion: Nuclear Energy and the 80's
Honorable Mike McCormack, (D-Wash.)
Michael Peevey, President, California Council
for Environmental and Economic Balance
- 1:00 P.M.** Visits to Capitol Hill
No buses this year

DR. JOHN C. SAWHILL
Deputy Secretary of Energy

Wednesday, April 2, 1980

General Session

ECONOMY 1980

- 9:00 A.M.** Bob Packwood, U.S. Senate (R-Oreg.)
- 10:00 A.M.** Address: Honorable Moon Landrieu
Secretary, Department of Housing and
Urban Development

ELECTION 1980

- 10:30 A.M.** What Will Happen in 1980
Alan Baron
? ? ? ? ?
Presentation—Questions & Answers
- 11:30 A.M.** What the Building and Construction Trades
Department Program is for Election '80
(State and Federal)

BOB PACKWOOD
U.S. Senate (R-Oreg.)

MOON LANDRIEU
Secretary
Department of Housing and
Urban Development

Inflation has more than tripled since 1976!

Consider the record:

- Before the President took office, the annual inflation rate was 4.8%. The rate in February was 18%.
- Federal spending has grown at double digit rates since 1976 and is now proposed to increase by a whopping 15.3% for 1980.
- Administration officials have underestimated inflation by 1.5% during 1977, 3.8% during 1978, and 7.2% during 1979.

- Real Federal spending has grown much more slowly since 1976. The table below shows trends using the January 1980 budget. Obviously the new budget would show even more decline.

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.

- Yes, our forecasts for inflation were low but they accurately reflected the information then available to us and to other forecasters. Our forecasts have all been within the Congressional Budget Office's predicted range.

There were factors that could not be predicted -- the doubling of OPEC oil prices for example.

Taxes per household will have doubled since 1976!

Contrary to what you have been led to believe, the President proposes even higher taxes per household in both 1980 and 1981. Taxes will increase \$900 in 1980 and \$1,200 in 1981. It took 200 years for taxes to reach \$4,000 per household. Carter has proposed taxes totalling more than \$8,100 per household in 1981.

Even if you include the World War II years, the proposed federal taxes will be the highest percentage of people's income in our country's history.

• Sloppy. They aren't talking about taxes paid by households; they're talking about total Federal receipts divided by the number of households [i.e. including the windfall profits tax and customs duties and fees]. Even then the numbers are off.

• World War II was deficit-financed. Although the ratio of Federal receipts to personal income is roughly the same now as in World War II, the ratio of Federal outlays to personal income is less than half what it was in World War II.

Carter's touted "anti-inflation" budget calls for increased spending.

Declaring inflation a threat to the nation and the American way of life, the President responds by proposing **even higher spending and taxes, as well as more wage and price regulations and credit controls.** For example, the President's advertised budget cuts in 1980 are a mere \$2 billion. But his unadvertised spending increases will add \$6 billion. This means spending will grow by a huge 15.3%. That's no way to fight inflation!

Similarly, the President has advertised spending reductions of \$13 to \$14 billion in 1981. But unadvertised spending increases of \$9 to \$10 billion will offset most of the "cuts".

FY80 is half over. By the time action on cuts is taken it will be 3/4 over. Two billion dollars in recissions in the last quarter is like an annual rate cut of \$8 billion. Increases are solely a result of increased inflation. Over the course of 1980 the Federal budget will swing some \$30 billion toward surplus.

Carter's program: Higher inflation and interest rates.

- The President proposes increased gasoline taxes. This alone could cause 1% to 2% higher consumer prices.
- The President's proposed higher spending in 1980 will reduce savings and investment and housing by driving up interest rates.
- Increased tax receipts from dividends and interest earnings in 1981 will also reduce savings, investment, and productivity and cause interest rates to be higher.

But worst of all, the much heralded balanced budget for 1981 increases the tax burden on all Americans!

- Ten cents/gallon increase in price of gasoline will increase costs. But not by 1% to 2%. It will add 1/2 percentage point to the CPI in May and June and another 1/4 percentage point over the next 12 months. But it is the price we have to pay for excessive energy use over time and for years of artificially low prices. Over time the gas tax will prove deflationary as declining demand softens the market and slows price increases.
- This whole statement is untrue. The increase in estimated outlays for FY80 is due solely to increased inflation estimate. Over the course of 1980 the budget will swing dramatically to restraint (by some \$30 billion).

[Notice that the Ad fails to mention the fact that the proposal for a balanced FY81 budget will reduce Federal borrowing and thus reduce pressure on interest rates.]
- The increased receipts from taxes on dividends and interest result from a proposal to put unearned income on the same footing as earned income. This is not a tax increase. It is collecting taxes owed but often not paid.

There is an alternative: The 2% Solution.

Fact: If the President and the Congress would slow the annual growth of spending by a mere two percentage points during the next 18 months, they would balance the budget, reduce inflation, and cause interest rates to fall.

Fact: If the administration would slow the growth of federal taxes by a mere 2% to encourage savings and investment, inflation and interest rates would decline and make it possible for more Americans to invest in their dream homes. It would also allow companies to increase investment in new plant and equipment, which would improve productivity and create jobs.

Fact: The 2% Solution would:

- Balance the budget at \$595 billion in spending and taxes.
- Reduce inflation by at least three percentage points.
- Lower short-term interest rates by at least three percentage points.
- Reduce mortgage interest rates by two percentage points.
- Build 400,000 additional new homes each year.
- Allow one million additional households to move to better housing each year.
- Create one million jobs.
- Increase average household income \$900.

The 2% Solution

We assume that this means that over the next 18 months the budget should grow by 3 percentage points less than originally estimated -- that is, by about \$17 billion less. This is almost exactly what the Administration has proposed.

The results of this program could not be what they claim:

For example, balancing the budget at \$595 billion (their number) would require cuts twice the size we have proposed!

For example, even if all \$17 billion in cuts went into new homes, it would not produce 400,000 new units.

1. THANK YOU, BOB GEORGINE, AND THANK YOU, MY GOOD FRIENDS IN THE BUILDING AND CONSTRUCTION TRADES:
2. AS YOU KNOW, THE PRESIDENT OF IRAN ANNOUNCED EARLY THIS MORNING
3. THAT THE AMERICAN HOSTAGES WILL BE TRANSFERRED TO THE CARE AND PROTECTION
4. ACTION, IF TAKEN, WILL BE OF THE IRANIAN GOVERNMENT.
5. THIS IS A POSITIVE STEP. AS THE ANNOUNCED TRANSFER ACTION TAKES PLACE,
6. ACCORDINGLY, WE WILL DEFER IMPOSING ADDITIONAL SANCTIONS AT THIS TIME. /
7. WE WILL CONTINUE TO WORK FOR THE EARLIEST POSSIBLE RELEASE OF ALL THE HOSTAGES. //
8. I WOULD LIKE TO SET THE RECORD STRAIGHT ON ONE ISSUE:
9. NO ONE IN THIS GOVERNMENT HAS APOLOGIZED TO ANYONE IN THE GOVERNMENT OF IRAN
10. BECAUSE WE HAVE NOTHING FOR WHICH TO APOLOGIZE. //
11. WE HAVE NOT CONDONED NOR EXPRESSED ANY APPROVAL OR UNDERSTANDING
12. OF THE SEIZURE BY THE MILITANTS OF OUR FELLOW AMERICANS IN TEHRAN --
13. NOR WILL WE ~~DO SO~~, EVER CONDONE OR APPROVE SUCH ILLEGAL &
14. INHUMANE ACTION!
15. * * * * *
16. WE ARE GOING THROUGH SOME DIFFICULT TIMES TOGETHER,
17. BUT WE MUST REMEMBER THAT OURS IS THE STRONGEST OF ALL NATIONS,
18. AND THAT WE CAN MEET EVEN THE MOST DIFFICULT OF CHALLENGES. //
19. OVERSEAS, WE FACE OMINOUS THREATS TO OUR NATIONAL SECURITY.
20. AT HOME, WE FACE SERIOUS THREATS TO OUR ECONOMIC SECURITY AND WELL-BEING. /

(NEXT PAGETHIS IS NOT A TIME.....)

1. THIS IS NOT A TIME TO THROW STONES AT ONE ANOTHER NOR TO TRY TO FIND
SCAPEGOATS.
2. WE NEED TO ACT IN CONCERT.
3. THESE THREATS CHALLENGE US TO ACT TOGETHER.
4. THEY CHALLENGE OUR PATRIOTISM.
5. AND I CAN THINK OF NO MORE PATRIOTIC MEN AND WOMEN THAN THOSE IN THE
AMERICAN LABOR MOVEMENT. //
6. OUR OVERRIDING CONCERN TODAY MUST BE OUR NATIONAL SECURITY --
7. OUR MILITARY SECURITY, OUR ENERGY SECURITY, AND OUR ECONOMIC SECURITY. /
8. THERE IS NO MORE POWERFUL FORCE FOR PEACE THAN THE UNITED STATES --
9. A BEACON FOR FREEDOM AND HUMAN RIGHTS, COMMITTED TO WORLD PEACE, AND STRONG
MILITARILY.
10. OUR MILITARY POWER IS SECOND TO NONE IN THIS WORLD.
11. AS LONG AS I AM PRESIDENT, IT WILL STAY THAT WAY.
and share the commitment of the American people,
12. FOR AT LEAST FIFTEEN YEARS, SOVIET DEFENSE SPENDING HAS BEEN GROWING AT A
RAPID RATE.
13. UNTIL 1977, REAL DEFENSE SPENDING IN THE UNITED STATES HAD DECLINED FOR EIGHT
STRAIGHT YEARS.
14. THAT HAS BEEEN REVERSED, AND WE ARE RAPIDLY MAKING UP THE GROUND LOST IN THOSE
YEARS.
15. WE ARE, AND WILL REMAIN,
16. READY TO DEFEND OUR VITAL INTERESTS WHEREVER THEY ARE THREATENED.

(NEXT PAGEIN IRAN, WE HAVE BEEN.....)

1. IN IRAN, WE HAVE BEEN RESTRAINED AND PATIENT, BECAUSE
2. WE PLACE A HIGH VALUE ON HUMAN LIFE, AND FREEDOM.
3. I HAVE WORKED DAY AND NIGHT FOR THE SAFE RELEASE OF THE INNOCENT AMERICANS
4. WHO ARE HELD HOSTAGE.
5. BUT OUR PATIENCE IS NOT ENDLESS,
6. AND THE IRANIAN GOVERNMENT MUST REALIZE ✓
7. THAT FAILURE TO BRING THIS OUTRAGE TO AN END IS ✓
8. ~~IS~~ DIRECTLY CONTRARY TO THE BEST INTERESTS OF THE IRANIAN PEOPLE. //
9. IN THAT SAME REGION, ^{IRAN & OTHER NATIONS OF} THE WORLD FACE THE OMINOUS THREAT OF SOVIET AGGRESSION.
10. LED BY THE UNITED STATES,
11. ALMOST ALL NATIONS HAVE CONDEMNED THE INVASION OF AFGHANISTAN.
12. WE HAVE MADE THE SOVIETS PAY A HEAVY ECONOMIC AND DIPLOMATIC PRICE FOR THEIR MISCALCULATION.
13. WE WILL STAND FIRM.
14. WE WILL NOT YIELD.
15. WE WANT AND EXPECT OUR ALLIES AND OTHER NATIONS TO JOIN US,
16. BUT IN ANY CASE WE WILL BE FORCEFUL AND PERSISTENT
17. AND LET THE BENEFICIAL INFLUENCE OF OUR POWERFUL NATION BE EXERTED FOR PEACE AND FREEDOM.

(NEXT PAGEI HAVE SERVED ...)

1. I HAVE SERVED CLEAR NOTICE THAT AN ATTEMPT BY ANY OUTSIDE FORCE
2. TO GAIN CONTROL OF THE PERSIAN GULF REGION
3. WILL BE REGARDED AS AN ASSAULT ON THE VITAL INTERESTS OF THE UNITED STATES --
4. AND SUCH AN ASSAULT WILL BE REPELLED BY ANY MEANS NECESSARY,
5. INCLUDING MILITARY FORCE. //
6. WHEN I TOOK OFFICE THREE YEARS AGO, I PLEDGED TO WORK TIRELESSLY -FOR-PEACE --
7. FOR OURSELVES AND FOR OTHERS.
8. WE HAVE ACCOMPLISHED MUCH --
9. THE PANAMA CANAL TREATIES,
10. PEACE BETWEEN EGYPT AND ISRAEL,
11. NORMALIZED RELATIONS WITH CHINA,
12. A NEW ERA OF RELATIONS WITH THE THIRD WORLD,
13. AND A BOLD DRIVE FOR HUMAN RIGHTS.
14. BUT WE MUST REMEMBER THAT PEACE ULTIMATELY RESTS ON OUR UNITY AND STRENGTH
AND RESOLVE.
15. WINSTON CHURCHILL ONCE CALLED WORLD WAR II "THE UNNECESSARY WAR"
16. BECAUSE THE ALLIES DID NOT FACE UP TO AGRESSION UNTIL TOO LATE.
17. WE CANNOT ALLOW ANOTHER SUCH MISTAKE.

(NEXT PAGEBUT SECURITY OVERSEAS...)

1. BUT SECURITY OVERSEAS REQUIRES SECURITY AT HOME.
2. OUR WORLD LEADERSHIP DEPENDS ON OUR OVERCOMING THE PROBLEMS OF ENERGY AND INFLATION.
3. THE MOST IMPORTANT DOMESTIC CHALLENGE AND RESPONSIBILITY
4. IS TO REDUCE INFLATION AND THE HIGH INTEREST RATES THAT INEVITABLY ACCOMPANY HIGH INFLATION.
5. THESE ECONOMIC PROBLEMS ARE THE WORLDWIDE CONSEQUENCES OF ENORMOUS
6. AND UNPRECEDENTED INCREASES IN THE PRICE OF ENERGY.
7. THE FACT THAT OTHER NATIONS SHARE THE SAME BURDENS --
8. OR WORSE ONES --
9. IS OF LITTLE COMFORT TO US IN THE UNITED STATES.
10. IT IS A TIME FOR WISE AND RESOLUTE ACTION,
11. AND FOR COURAGE AND UNITY AS A STRONG NATION.
12. LAST WEEK, CONGRESS ENACTED THE KEY TO OUR NATION'S FIRST COMPREHENSIVE ENERGY POLICY -
13. THE WINDFALL PROFITS TAX.
14. LAST YEAR, I PLEDGED ^{to you} IN SAN DIEGO THAT, WITH YOUR HELP,
15. WE WOULD GET THAT TAX.
16. BOB (GEORGINE), THAT IS ONE MORE COMMITMENT THAT YOU AND THE CONGRESS HAVE HELPED ME MEET.
17. THE WINDFALL PROFITS TAX WILL FINANCE A MASSIVE DRIVE FOR ENERGY SECURITY ↗
18. AND ONE OF THE BIGGEST CONSTRUCTION PROJECTS IN THE HISTORY OF THE WORLD.

(NEXT PAGE ...WE HAVE WORKED HARD...)

1. WE HAVE WORKED HARD FOR THREE YEARS TO DEVELOP A NATIONAL ENERGY POLICY
 2. WHICH WILL REDUCE OUR EXCESSIVE DEPENDENCE ON FOREIGN OIL.
 3. WE ARE NOW SENDING \$1.7 BILLION OVERSEAS EVERY WEEK FOR OIL --
 4. AN AVERAGE OF \$1500 THIS YEAR FOR EVERY FAMILY IN THE UNITED STATES!
 5. INSTEAD OF SECURITY, IT BUYS US MORE INFLATION,
 6. MORE UNEMPLOYMENT,
 7. AND THE THREAT OF MORE OIL CUTOFFS. //
- MORE THAN \$1000 FOR EVERY HOUSEHOLD*
8. NOW WE CAN BEGIN TO KEEP THAT MONEY HERE,
 9. TO INVEST IN AMERICAN INDUSTRY,
 10. TO HIRE AMERICAN WORKERS,
 11. TO DEVELOP AMERICAN ENERGY THAT WE CONTROL AND NOBODY ELSE CAN EMBARGO. /
 12. YOU AND I LEARNED LONG AGO THAT CONSERVATION IS IMPORTANT,
 13. BUT ALONE IT IS NOT ENOUGH.
 14. WE MUST START NOW AND BUILD AN ENERGY BASE FOR THE 21ST CENTURY --
 15. AND WE HAVE THE CONSTRUCTION WORKERS RIGHT HERE TO BUILD IT. //
 16. WHEN FUTURE GENERATIONS LOOK BACK, I WANT THEM TO KNOW THIS PERIOD
 17. AS THE TIME WE TURNUED OUR ENERGY PROBLEMS AROUND,
 18. AND THEREFORE ADDRESSED DIRECTLY AND EFFECTIVELY OUR ECONOMIC PROBLEMS. /

(NEXT PAGE I AM DETERMINED)

1. I AM DETERMINED TO BUILD A FUTURE OF WHICH WE CAN BE PROUD,
2. A SECURE FUTURE,
3. AND I WANT TO BUILD IT WITH YOUR HELP.
4. THAT ALSO MEANS CONTROL OF THE INFLATION
5. THAT JEOPARDIZES OUR ECONOMIC SECURITY. //

(NEXT PAGE ... I DO NOT NEED...)

1. I DO NOT NEED TO TELL YOU HOW BAD INFLATION IS,
2. OR THAT MANY OF ITS CAUSES ARE BEYOND OUR CONTROL.
3. INFLATION IS WORLDWIDE, LATELY REACHING VERY HIGH LEVELS
4. EVEN IN COUNTRIES LIKE JAPAN, GREAT BRITAIN,
FRANCE & WEST GERMANY. /
5. HIGH INFLATION HAS PERSISTED FOR MORE THAN A DOZEN YEARS IN OUR COUNTRY
TO GAIN ITS PRESENT FORCE.
6. BUT AT ITS CORE, INFLATION CAN BE CONTROLLED ONLY IF WE ACT --
7. -- COURAGEOUSLY & WITH PERSISTENCE. //
8. RATHER THAN DETAIL MY ANTI-INFLATION PROGRAM AGAIN,
9. LET ME JUST DESCRIBE THE PRINCIPLES I HAVE FOLLOWED. /
10. FIRST, I HAD TO TAKE TOUGH ACTION TO JOLT AN INFLATION RATE
THAT IS EXPLOSIVE.
11. INFLATION THIS YEAR THREATENED TO BREAK THROUGH ITS PREVIOUS LIMITS
12. AND GET COMPLETELY OUT OF CONTROL IF WE HAD NOT ACTED. /
13. SECOND, THESE MEASURES REQUIRE DISCIPLINE AND SELF-RESTRAINT,
14. AND THERE IS NO AVOIDING THIS REALITY.
15. THERE ARE NO EASY ANSWERS.
16. THERE ARE NO MAGIC SOLUTIONS.
17. THERE ARE NO LEGISLATIVE SHORTCUTS POSSIBLE TO OUTLAW INFLATION. /

1. THIRD, UNCONTROLLED INFLATION HITS MANY PEOPLE HARDER THAN OTHERS.
2. INFLATION IS AN INCONVENIENCE FOR THE RICH,
3. BUT IT IS DISASTROUS FOR WORKING FAMILIES,
THE POOR,
& THE ELDERLY.
4. MORE THAN ANYONE ELSE, THEY NEED OUR HELP IN THE FIGHT AGAINST INFLATION.
5. FINALLY, THE AMERICAN PEOPLE EXPECT LEADERSHIP.
6. THEY EXPECT HONESTY, FAIRNESS AND DISCIPLINE FROM THEIR GOVERNMENT. *CONGRESS REMARKABLY COOPERATIVE*
7. A GOVERNMENT THAT COMES UP SHORT AND BORROWS THE DIFFERENCE ↴
8. YEAR AFTER YEAR CANNOT EXPECT ALL OTHERS TO LIVE WITHIN THEIR MEANS.
9. THAT IS WHY I SENT TO CONGRESS ^{YESTERDAY} OUR COUNTRY'S FIRST BALANCED BUDGET
IN 12 YEARS.
10. ~~THE REVISED BUDGET WENT TO CONGRESS YESTERDAY.~~
11. I HAD TO REDUCE OR DELAY SOME PROGRAMS ^{FOR WHICH} WE BOTH WORKED HARD ~~FOR~~,
12. BUT WE HAVE ACTED WITH SENSITIVITY AND WITH COMPASSION FOR THOSE
WHO ARE MOST IN NEED. //
13. I HAVE ASKED AMERICANS TO WORK TOGETHER & TO SHARE RESPONSIBILITY.
14. LAST FALL, YOU SIGNED WITH ME A "NATIONAL ACCORD" OF VOLUNTARY ACTION
TO HELP END INFLATION
15. -- AND I AM GRATEFUL FOR YOUR HELP & LEADERSHIP.

1. YOU HAVE TAKEN THE HEAT FOR RESTRAINING WAGE DEMANDS.
2. BECAUSE OF YOUR COOPERATION, WAGE INCREASES HAVE NOT BEEN THE CAUSE
OF THIS SPEEDUP IN INFLATION.
3. I NEED YOUR CONTINUED RESTRAINT THIS YEAR.
4. IN RETURN, I PLEDGE A TOUGH, EXPANDED MONITORING PROGRAM
5. TO COME DOWN HARD ON UNJUSTIFIED PRICE INCREASES. /
6. OVER THE LAST YEAR & A HALF, MOST MAJOR CORPORATIONS
7. -- LIKE MOST OF ORGANIZED LABOR --
8. HAVE PLEDGED COOPERATION WITH OUR VOLUNTARY WAGE & PRICE PROGRAM.
9. SEVERAL LARGE FIRMS THAT RECEIVED NOTICES FROM THE "COUNCIL ON
WAGE & PRICE STABILITY"
10. HAVE TAKEN RESPONSIBLE ACTION TO REDUCE PRICES
11. SO AS TO COMPLY WITH THE PRICE STANDARD - -
12. -- AMONG THEM SEARS, ROEBUCK & COMPANY,
WARNER-LAMBERT COMPANY,
& FABERGÉ, INC. /
13. OTHER COMPANIES HAVE CUT THEIR PRICES TO COMPLY EVEN BEFORE
RECEIVING NOTICES
14. -- INCLUDING THE ALUMINUM COMPANY OF AMERICA,
THE GRAYBAR ELECTRIC COMPANY,
& THE SCOTT PAPER COMPANY. /

1. BUT A FEW HAVE NOT COOPERATED.
2. SOME COMPANIES IN YOUR INDUSTRIES HAVE BEEN FOUND OUT OF COMPLIANCE
3. -- INCLUDING IDEAL BASIC INDUSTRIES & NATIONAL GYPSUM COMPANY.
4. A NUMBER OF OIL COMPANIES HAVE ALSO BEEN CITED FOR NON-COMPLIANCE
5. -- THE CHARTER COMPANY, MURPHY OIL, CROWN CENTRAL PETROLEUM. /
6. YOU MAY HAVE READ OVER THE WEEKEND THAT ONE MAJOR OIL COMPANY
-- MOBIL --
7. HAS REFUSED TO ACT TO BRING ITSELF BACK UNDER THE PRICE STANDARD.
8. MOBIL'S OVERCHARGES TO ITS CUSTOMERS DURING THE THIRD QUARTER OF LAST YEAR
9. AMOUNTED TO OVER \$45 MILLION.
10. THE COMPANY WAS ASKED TO TRIM PRICES ON FUTURE SALES
11. LONG ENOUGH TO BRING ITSELF BACK INTO COMPLIANCE--
-- BUT IT REFUSED. /
12. IT IS DIFFICULT TO UNDERSTAND THE ATTITUDE OF THESE FIRMS *WHEN OUR NATION*
13. ~~AT A TIME~~ WHEN MOST BUSINESSES ARE ACTING RESPONSIBLY *NEEDS THEIR HELP*
14. TO OBSERVE THE PRICE STANDARDS OF THE ANTI-INFLATION PROGRAM. / *AND*
15. IT IS ONLY FAIR FOR THE AMERICAN PUBLIC TO KNOW WHICH COMPANIES REFUSE ↗
16. TO TAKE REASONABLE ACTION TO COMPLY WITH THE VOLUNTARY STANDARDS.
17. MORE THAN ANYONE IN THIS COUNTRY,
18. YOU UNDERSTAND THAT OUR HARD-WON ECONOMIC GAINS ARE AT STAKE. //

HAVE

1. IN 3 YEARS, WORKING TOGETHER, WE ^A CREATED 9 MILLION NEW JOBS.
2. NINE MILLION MORE PEOPLE -- A MILLION MORE CONSTRUCTION WORKERS --
3. ARE AT WORK TODAY BECAUSE OF OUR COMMITMENT TO JOBS. /
4. IN THE 1977 TO 1983 BUDGETS, WE WILL HAVE COMMITTED SEVERAL
HUNDRED BILLION DOLLARS = *PROBABLY > 1/2 TRILLION DOLLARS*
5. TO PROGRAMS THAT DIRECTLY PUT PEOPLE TO WORK
6. BY BUILDING NEW FACILITIES & PROVIDING VITAL SERVICES. /
7. ^{BUT} WE CANNOT CONTINUE TO SEND 80 BILLION DOLLARS OVERSEAS EACH YEAR
8. AND STILL EXPECT REAL PROGRESS TOWARD FULL EMPLOYMENT.
9. THAT TREMENDOUS DRAIN OF CAPITAL SAPS OUR ABILITY TO CREATE NEW JOBS. *CONTRIBUTES*
10. HIGH INFLATION & ^{HIGH} INTEREST RATES, MUST BE REDUCED. / *76*
11. I AM COMMITTED TO FULL EMPLOYMENT,
12. BUT I KNOW THAT WE MUST HAVE ENERGY & ANTI-INFLATION PROGRAMS
13. THAT PERMIT US TO SUSTAIN FULL EMPLOYMENT OVER THE LONG TERM.
14. IT IS UP TO US TO SOLVE INFLATION.
15. IT IS UP TO PEOPLE WHO ARE COMMITTED TO FULL EMPLOYMENT
& ECONOMIC JUSTICE.
16. WE MUST ACT TOGETHER IN THE FULL KNOWLEDGE THAT IF WE FAIL,
17. SOMEBODY ELSE WILL TRY WITHOUT OUR COMMITMENT TO ECONOMIC JUSTICE. /

LAST WEEK IN THE SENATE A MOVE WAS FINALLY DEFEATED WHICH WOULD HAVE CALLED FOR ADDITIONAL CUTS OF ABOUT \$25 BILLION -- ABOVE PROPOSED THOSE YESTERDAY TO BALANCE THE BUDGET.

1. DURING THIS ELECTION YEAR, WE ARE HEARING AGAIN FROM PEOPLE
2. WHOSE SOLUTION IS TO DESTROY THE GAINS WHICH HAVE BEEN MADE
FOR THE WORKING PEOPLE OF AMERICA.
3. THEY ARE READY TO DISMANTLE PROGRAMS IT TOOK DECADES TO BUILD. /
4. THEY ARE READY TO CRIPPLE THE RIGHTS OF WORKERS
5. TO ORGANIZE & BARGAIN COLLECTIVELY --
6. -- TO CRIPPLE WORKERS' RIGHTS TO A SAFE WORKPLACE, A MINIMUM WAGE,
& PROTECTION FROM HARDSHIPS.
7. THEY HAVE ALREADY TRIED TO REPEAL DAVIS-BACON, BUT WE STOPPED THEM.
8. IF THEY TRY AGAIN, WE WILL STOP THEM AGAIN. /
9. WE ALSO HAVE SOME UNFINISHED BUSINESS.
10. THIS NATION NEEDS -- AND I SUPPORT -- LABOR LAW FORM. (PAUSE) //
11. WE NEED -- AND I SUPPORT -- COMMON SITUATION LEGISLATION. //

1. IN THIS ELECTION, WE ALSO HEAR THE EASY PROMISES --
2. THAT WAGE & PRICE CONTROLS ARE THE PAINLESS ANSWER
3. (WHEN THEY HAVE FAILED IN THE PAST, & WHEN WAGES ~~WILL~~ ^{COULD} BE FROZEN
4. BUT THE PRICE OF THE NECESSITIES OF LIFE ~~CANNOT~~ ^{COULD NOT} BE CONTROLLED)
5. -- THAT WE CAN JUST SHUT DOWN OUR ENTIRE NUCLEAR INDUSTRY --
6. -- THAT WE CAN FREEZE OIL PRICES WITHOUT ADVERSE CONSEQUENCES
STOPPING OUR PROGRESS IN ~~TO~~ CONSERVATION OR "U.S." ^{ENERGY} PRODUCTION--
7. -- THAT WE NEED TO TAKE ACTIONS AGAINST RUSSIA,
8. BUT ONLY ACTIONS WHICH DO NOT REQUIRE ANY SACRIFICE OR COST --
9. IN SHORT, THAT NOBODY HAS TO GIVE UP ANYTHING, ANY TIME,
TO PAY FOR EVERYTHING WE WANT. //
10. YOU & I DO NOT HAVE THE LUXURY OF EASY PROMISES.
11. WE MUST FACE THE WORLD AS IT IS.
12. THAT IS WHAT COURAGEOUS AMERICANS MUST DO EVERY DAY OF OUR LIVES.
13. AMERICANS WANT LEADERSHIP, & THEY WANT IT FROM US. /

KIND OF

1. I GREW UP IN A REGION TRANSFORMED BY THAT LEADERSHIP.
2. I GREW UP WITH "REA" & "TVA" & THE REST OF THE "NEW DEAL."
3. I SAW PROGRAMS, SUCH AS "SOCIAL SECURITY" & HOUSING & PUBLIC WORKS,
GIVE NEW HOPE TO MILLIONS OF AMERICANS.
4. IN THE LAST 3 YEARS, I HAVE BEEN DETERMINED TO STRENGTHEN THOSE PROGRAMS
& PUT WORKERS BACK
ON THE JOB.
5. WE HAVE DONE THAT -- TOGETHER.
6. I AM JUST AS DETERMINED TO CONTROL INFLATION.
7. I AM DETERMINED THAT WE SUSTAIN IN AMERICA THE INTERNATIONAL SECURITY,
THE ENERGY SECURITY,
& THE ECONOMIC SECURITY
SO VITAL TO THE 1980's.
8. THIS IS A DECADE OF DECISION -- A DECADE OF CHALLENGE.
9. IT IS OUR DECADE.
10. WE MUST MEET THE CHALLENGES WITH COURAGE.
11. WE CANNOT FLINCH.
12. I NEED YOUR HELP -- & THE NATION NEEDS YOUR HELP --
13. TO MAKE THE DREAMS OF A GREAT NATION COME TRUE.
14. THANK YOU.

p. 2 draft

April 11, 1980

cc
To day -
Stu
Hain/Kordan
Quick comments
on margin

Remarks to the AFL-CIO Building and Construction
Trades Department Legislative Conference

Thank you, Bob Georgine, and thank you, my good friends

J

in the building and construction trades:

As you know, the President of Iran announced early this morning that the American hostages will be transferred to the care and protection of the Iranian government. This is a positive step. Accordingly, we will defer imposing further sanctions at this time.

additional
(SB)
Pres.
President

We will continue to work for the earliest possible release of all the hostages.

set the record straight on

I would like to clarify one issue:

~~No one in this government has sent any letter or message to Khomeini.~~ No one in this government has apologized to anyone in the government of Iran because we have nothing for which to apologize. ~~[No one in this government has]~~ *We have not* condoned nor expressed any approval or understanding of the seizure by the militants

of our fellow Americans in Tehran -- *not will we do so.*

We are going through some difficult times together, ^{*but*} ~~and~~
we must remember that ours is the strongest of all nations,
and that we can meet even the most difficult of challenges.

Overseas, we face ominous threats to our national
security. At home, we face serious threats to our economic
security and well-being.

This is not a time to throw stones at one another nor
to try to find scapegoats. We need to act in concert.

These threats challenge us to act together. They challenge
our patriotism. And I can think of no more patriotic men and
women than those in the American labor movement.

Our overriding concern today must be our national security --
our military security, our energy security, and our economic
security.

There is no more powerful force for peace than the United States -- a beacon for freedom and human rights, committed to world peace, and strong militarily.

Our military power is second to none in this world. As long as I am President, it will stay that way.

For at least fifteen years,

During this same time, Soviet defense spending has grown at a rapid rate.

has been growing

Until 1977, real defense spending ^{in the United States} had declined for eight straight years. ~~It~~ ^{That has been} reversed ~~that~~, and we are rapidly making up the ground lost in those years.

We are, and will remain, ready to defend our vital interests wherever they are threatened.

In Iran, we have been restrained and patient. We place a high value on human life. I have worked day and night for the safe release of the innocent Americans who are held hostage.

But our patience is not endless, and the Iranian government must realize that ~~it cannot continue this outrage against human~~ ^{failure to bring this} ~~to an end is directly contrary to the best~~ ^{interests of the Iranian people.}

~~rights and common decency.~~

In that same region, the world faces the ominous threat of Soviet aggression. Led by the United States, almost all nations have condemned the invasion of Afghanistan. We have made the Soviets pay a heavy economic and diplomatic price for their miscalculation. We will stand firm. We will not yield.

We want and expect our Allies and other nations to join us, but

in any case *be forceful and persistent*
~~if necessary~~ we will stand ~~ourselves~~ and let the beneficial

influence of our powerful nation be exerted for peace and freedom.

I have served clear notice that an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States-- and such an assault will be repelled by any means necessary, including military force.

When I took office three years ago, I pledged to work tirelessly for peace -- for ourselves and for others. We have

accomplished much -- the Panama Canal Treaties, peace between Egypt and Israel, normalized relations with China, a new era of relations with the Third World, and a bold drive for human rights.

But we must remember that peace ultimately rests on our unity and strength and resolve.

Winston Churchill once called World War II "the unnecessary war" because the Allies did not face up to aggression until too late. We cannot allow another such mistake.

But
Security overseas requires security at home. Our world leadership depends on our overcoming the problems of energy and inflation.

The most important domestic challenge and responsibility is to reduce inflation and ^{the high} interest rates, ^{that inevitably accompany high inflation.} in spite of ~~the~~
These economic problems are the
worldwide consequences of enormous and unprecedented increases in the price of energy. The fact that other nations share the

same burdens, or worse ones, is of little comfort to us in the United States. It is a time for wise and resolute action, and for courage and unity as a strong nation.

Last week, Congress enacted the key to our nation's first comprehensive energy policy -- the Windfall Profits Tax.

Last year, I pledged in San Diego that, with your help, we would get that tax. Bob (Georgine), that is one more commitment that you and the Congress have helped me meet.

The Windfall Profits Tax will finance a massive drive for energy security and one of the biggest construction projects in the history of the world.

We have worked hard for three years to develop a national energy policy which will reduce our excessive dependence on foreign oil. We are now sending ^{\$1.7}~~\$1.5~~ billion overseas every week for oil -- an average of \$1500 this year for every family in the United States! Instead of security, it buys us more

inflation, more unemployment, and the threat of more oil cutoffs.

Now we can begin to keep that money here, to invest in American industry, to hire American workers, to develop American energy that we control and nobody else can embargo.

You and I learned long ago that conservation is important, but alone, ^{it} is not enough. ~~that~~ We must start now and build an energy base for the 21st century -- and ~~that~~ we have the construction workers right here to build it.

When future generations look back, I want them to know this period as the time we turned our energy problems around, ^{and therefore addressed directly and effectively our economic problems.} I am determined to build a future of which we can be proud, a secure future, and I want to build it with your help.

That also means control of the inflation that jeopardizes our economic security.

I do not need to tell you how bad inflation is, ^{or} ~~or~~ that many of its causes are beyond our control. Inflation is world-
lately reaching very high levels
wide, [^]even in countries like Japan, Great Britain, France and
High inflation rates have been
West Germany, ~~and has~~ ^{in our country} persisted for more than a dozen years, [^]to
gain its present force.

But at its core, inflation can ~~persist only because of~~ *be controlled only*
if we act -- courageously and with persistence.
~~us -- our expectations, our plans, and our lack of unity.~~

~~Only we can solve the problem of inflation.~~

Rather than detail my anti-inflation program again, let
me just describe the principles I ^{have} followed.

First, I had to take tough action to jolt an inflation
rate that is explosive. Inflation this year *threatened to break through*
~~has broken through~~
its previous limits and ~~could~~ get completely out of control if
had not acted.
~~we do not take action.~~

Second, these measures require discipline and self-restraint,
and there is no avoiding this reality. There are no easy answers.

There are no magic solutions. There are no legislative shortcuts possible to outlaw inflation.

Third, ^{uncontrolled} inflation hits many people harder than others.

Inflation is an inconvenience for the rich, but it is disastrous for working families, the poor, and the elderly. More than anyone else, they need ^{our} ~~us~~ to help in the fight against inflation.

Finally, the American people expect leadership. They expect honesty, fairness, and discipline from their government. A government that comes up short and borrows the difference year after year cannot expect all others to live within their means.

That is why I sent to Congress our country's first balanced budget in twelve years. The revised budget went to Congress

yesterday. I had to reduce or delay some programs we both worked

hard for, *but we have acted with sensitivity and with compassion for those who are most in need.*

I have asked Americans to work together, ^{and} to share responsibility. Last fall, you signed with me a National Accord of

voluntary action to help end inflation -- and I am grateful for your help and leadership.

You have taken the heat for restraining wage demands.

~~I know you do not get elected to pull your punches at the bargaining table. But~~ Because of your cooperation, wage increases have not been ^{the chief} ~~the chief~~ cause of ^{this speedup} inflation. In return, I pledge a tough, expanded monitoring program to come down hard on unjustified price increases.

I need your continued restraint this year.

Over the last year and a half, most major corporations -- like most of organized labor -- have pledged cooperation with our voluntary wage and price program.

Several large firms that received notices from the Council on Wage and Price Stability have taken responsible action to reduce prices so as to comply with the price standard -- among them Sears, Roebuck and Company, Warner-Lambert Company, and Fabergé, Inc.

Other companies have cut their prices to comply even before receiving notices -- including the Aluminum Company of America, the Graybar Electric Company, and the Scott Paper Company.

But a few have not cooperated.

Some companies in your industries have been found out of compliance -- including Ideal Basic Industries and National Gypsum Company. A number of oil companies have also been cited for noncompliance -- the Charter Company, Murphy Oil, Crown Central Petroleum.

You may have read over the weekend that one ^{major} ~~hugely profitable~~ oil company -- Mobil -- has refused to act to bring itself back under the price standard. Mobil's overcharges to its customers during the third quarter of last year amounted to over \$45 million. The company was asked to trim prices on future sales long enough to bring itself back into compliance -- but it refused.

It is difficult to understand the attitude of these firms at a time when most businesses are acting responsibly to observe the price standards of the anti-inflation program.

It is only fair for the American public to know which companies refuse to take reasonable action to comply with the voluntary standards.

More than anyone in this country, you understand that our hard-won economic gains are at stake.

In three years, working together, we created nine million new jobs. Nine million more people -- a million more construction workers -- are at work today because of our commitment to jobs.

~~2. In the 1977 to 1983 budgets,~~ ?
st~~ill~~ In the 1977 to 1983 budgets, we will have committed
\$556 billion ~~more than~~ ^{Some} half-a-trillion dollars ~~to~~ to programs that directly put people to work by building new facilities and providing vital services.

We cannot continue to send \$80 billion overseas each year and still expect real progress toward full employment.

That tremendous drain of capital saps our ability to create new jobs. *High inflation and interest rates must be reduced.*

I am committed to full employment, but I know that we must have energy and anti-inflation programs that permit us to sustain full employment over the long term.

~~I am also committed to protecting job gains while we fight inflation. I will not consciously deepen unemployment. As I said in San Diego, and as we agreed in the National Accord, we will not fight inflation with your jobs.~~

Leave in
~~It is up to us to solve inflation. It is up to people who are committed to full employment and economic justice. We must act together in the full knowledge that if we fail, somebody else will try *without our commitment to economic justice.*~~

During this election year, we are hearing again from people whose solution is to destroy the gains which have been made for the working people of America. ~~They are ready to turn millions of people out of work.~~ They are ready to dismantle programs it took decades to build.

They are ready to cripple the rights of workers to organize and bargain collectively -- to cripple ^{workers} ~~their~~ rights to a safe workplace, a minimum wage, and protection from hardships. They have already tried to repeal Davis-Bacon, but we stopped them. If they try again, ~~I will stand by you again,~~ ~~and~~ we will stop them again.

We also have some unfinished business. This nation needs, and I support, labor law reform. (pause) We need, and I support, common situs legislation.

In this election, we also hear the easy promises that wage and price controls are the painless answer -- that we can just

(When they have failed in the past, and when wages will be frozen but the price of the necessities of life cannot be controlled)

shut down our entire nuclear industry -- that we can freeze
oil prices ^{without adverse consequences to conservation or U.S. production} and ~~burn as much as we want~~ -- that we need to take
actions against Russia, but only actions which do not require
any sacrifice or cost -- in short, that nobody has to give up
anything, anytime, to pay for everything we want.

You and I do not have the luxury of easy promises. We
must face the world as it is. That is what courageous Americans
must do every day of our lives.

Americans want leadership, and they want it from us.

I grew up in a region transformed by that leadership. I
grew up with REA and TVA and the rest of the New Deal. I saw
programs, such as Social Security and housing and public works,
give new hope to millions of Americans.

In the last three years, I have been determined to strengthen
those programs and put workers back on the job. We have done that,
together.

I am just as determined to control inflation.

I am determined that we sustain in America the international security, the energy security, and the economic security so vital to the 1980's. This is a decade of decision -- a decade of challenge. ~~But~~ It is our decade. We must meet the challenges with courage. We cannot flinch! I need your help, and the nation needs your help, to make the dreams of a great nation come true.

Thank you.

#

THE WHITE HOUSE
WASHINGTON

(A)

As you know, the President of Iran ~~has~~ announced ^{early this morning} that the American hostages will be transferred to the care and protection of the Iranian government. This a positive step. Accordingly, we will defer imposing further sanctions at this time.

We will continue to work for the earliest possible release of all the hostages.

THE WHITE HOUSE
WASHINGTON

I would like to clarify
one issue:

No one in this government
has sent any letter or
message to Khomeini. No
one in this government has
apologized to anyone in
the government of Iran be-
cause we have nothing
for which to apologize. No
one in this government has
condoned nor expressed any
approval or understanding of
the seizure ^{by the militants} of our fellow
Americans in Tehran.

[Bob Georgine's attendance will be confirmed by Landon Butler x2861 by 10:30 AM Monday.]

Bob Rackleff
Draft A-1; 3/27/80
Scheduled Delivery:
Mon, 3/31/80, 2:30 PM

P-1 d: 91

Susan
file
J

Remarks to the AFL-CIO Building and Construction Trades
Department Legislative Conference

Thank you, Bob Georgine, and thank you, my good friends

in the building and construction trades:

The most important domestic challenge and responsibility is to reduce inflation and interest rates, in spite of the worldwide

We are going through some difficult times together,

we must remember that ours is the
and I, and this country, need your help.

strongest of all nations, and that we can meet even the most difficult of challenges.

Overseas, we face ~~a~~ ominous threats to our national

security. At home, we face serious threats to our economic

security and well-being.

This is not a time to throw stones at one another nor to try to find scapegoats during a troubled time when we should, need to, act in concert.

These threats challenge us to act together. They

challenge our patriotism. And I can think of no more patriotic

men and women than those in the American labor movement.

Our overriding concern today must be our ^{national} security -- our

military security, our energy security, and our economic security.

Insert
A

To page 4

Consequences of enormous and unprecedented increases in the price of energy. The fact that other nations share the same burdens, or worse ones, is of little comfort to us in the United States. It is a time for wise and resolute action, and for courage and unity as a strong nation.

There is no more powerful force for peace than the United States -- a beacon for freedom and human rights, committed to world peace, and strong militarily.

Our military power is second to none in this world. As long as I am President, it will stay that way.

Until 1977, real defense spending had declined for eight straight years. I reversed that, and we are rapidly making up the ground lost in those years.

We are, and will remain, ready to defend our vital interests wherever they are threatened.

In Iran, we have been restrained and patient. We place a high value on human life. I have worked day and night for the safe release of the ^{innocent} Americans ^{who are} held hostage.

But our patience is not endless, and the Iranian government must realize that it cannot continue this outrage ^{against human rights and common decency.}

It is up to Iran to respect human rights before it can ever rejoin the community of nations worthy of respect.

and common decency

In that same region, the world faces the ominous threat of Soviet aggression. Led by the United States, almost all nations have condemned the invasion of Afghanistan.

← We have made the Soviets pay a heavy economic and diplomatic price for their miscalculation. *We will stand firm. We will not yield. We want our Allies and other nations to join us, but if necessary we will stand ourselves, let our and let the beneficial influence of our powerful nation be exerted for peace and freedom.*

When I took office three years ago, I pledged to work tirelessly for peace *for ourselves and for others.* We have accomplished much -- the Panama Canal Treaties, peace between Egypt and Israel, normalized relations with China, a new era of relations with the Third World, and a bold drive for human rights.

But we must remember that peace ultimately rests on our *unity and* strength and resolve.

Winston Churchill once called World War II "the unnecessary war" because the Allies did not face up to aggression until too late. We cannot allow another such mistake.

from p 1 ~~XXXX~~

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The Windfall Profits Tax will finance a massive drive for energy security and one of the biggest construction

projects in the history of the world.

We have worked hard for three years to develop a national energy policy which ^{now} will reduce our excessive dependence on foreign oil.

← We are sending \$1.5 billion overseas every week for oil -- an average of \$1500 for this year for every family in the United States!
Instead of security, it buys us more inflation, more

unemployment, and the threat of more oil cutoffs.

Now we can begin to keep that money here, to invest in American industry, to hire American workers, to develop American energy that we control and nobody else can embargo.

You and I learned long ago that conservation ^{is important, but} alone is ^{and build} not enough, that we must start now ^{on} an energy base for the 21st century -- and that we have the construction workers right here to build it.

When future generations look back, I want them to know this ^{period} as the time we turned our energy problems around. I am determined to build a future ^{of which} we can be proud ~~of~~, a secure future, and I want to build it with your help.

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That also means, ~~an end to~~ the inflation that jeopardizes
our economic security.

I do not need to tell you how bad inflation is. Or that
many of its causes are beyond our control. Inflation is
worldwide, even in countries like *Japan, Great Britain, France and* West Germany, and has ~~taken~~
persisted for more than a dozen years to gain its *present* force.

But at its core, inflation can persist only because of
us -- our expectations, our plans, and our lack of unity.
The problem of
Only we can solve *inflation.*

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Rather than detail my anti-inflation program, let me
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First, I had to take tough action to jolt an inflation
rate that is explosive. Inflation this year has broken through
its previous limits and could get completely out of control
if we do not take action.

discipline and

Second, these measures require self-restraint, and there is no avoiding this reality. *There are no easy answers.* When ~~everyone tries to cut a~~ *there are no magic solutions. There are no legislative* bigger slice, and the pie is getting no bigger, we get inflation. *shortcuts possible to outlaw inflation.* ~~Something has to give.~~

Third, inflation hits many people harder than others.

Inflation is an inconvenience for the rich, but it is disastrous for working families, the poor, and the elderly. More than anyone else, they need us to *help in the* fight *against* inflation.

Finally, the American people expect leadership. They expect honesty, fairness, and discipline from their government. A government that comes up short and borrows the difference year after year cannot expect *all others* ~~everyone else~~ to live within their means.

That is why I sent to Congress our country's first balanced budget in twelve years. The revised budget went to Congress *yesterday,* *or delay* today. I had to reduce some programs we both worked hard for.

I have asked Americans to work together, to share responsibility. Last fall, you signed with me a National Accord of voluntary action to help end inflation -- and I am grateful for your help and leadership.

You have taken the heat for restraining wage demands. I know you do not get elected to pull your punches at the bargaining table. But because of your cooperation, wage increases have not been ^{the chief cause of inflation.} ~~inflationary~~. In return, I pledge a tough, expanded price monitoring program to come down hard on unjustified increases.

← AA

More than anyone in this country, you understand that our hard-won ^{economic} gains are at stake.

In three years, working together, we created nine million new jobs. Nine million ^{more} people -- a million ~~construction~~ workers -- are at work today because of our commitment to jobs.

AA

INSERT FOR PAGE 8, Building Trades speech

Over the last year and a half, most major corporations -- like most of organized labor -- have pledged cooperation with our voluntary wage and price program.

Several large firms that received notices from the Council on Wage and Price Stability have taken responsible action to reduce prices so as to comply with the price standard -- among them Sears, Roebuck and Company, Warner-Lambert Company, and Fabergé, Inc.

Other companies have cut their prices to comply even before receiving notices -- including the Aluminum Company of America, the Graybar Electric Company, and the Scott Paper Company.

But a few have not cooperated.

Some companies in your industries have been found out of compliance -- including Ideal Basic Industries and National Gypsum Company. A number of oil companies have also been cited for noncompliance -- the Charter Company, Murphy Oil, Crown Central Petroleum.

You may have read over the weekend that one hugely profitable oil company -- Mobil -- has refused to act to bring itself back under the price standard. Mobil's overcharges to its customers during the third quarter of last year ~~under the program~~ amounted to over \$45 million. The company was asked to trim prices on future sales long enough to bring itself back into compliance -- but it refused.

It is difficult to understand the ^{attitude} ~~position~~ of these firms at a time when most businesses are acting responsibly to observe the price standards of the anti-inflation program.

It is only fair for the American public to know which

companies are acting responsibly and which ones refuse to
take reasonable action to comply with the voluntary standards.

That is why I am naming names. I intend to go on naming
names.

The vast majority of Americans are willing to make the
necessary sacrifices in the fight against inflation. There
is no reason why Mobil Oil and some of these other big companies
cannot do their part.

[end insert]

Addition to Building Trades Speech Suggested by Sec. Marshall

[Insert after para. 2, p. 8 -- new language underscored]

In three years, working together, we created nine million new jobs. Nine million more people -- a million more construction workers -- are at work today because of our commitment to jobs.

do not underline

In the 1977 to 1983 budgets, we will have committed \$556 billion -- more than half-a-trillion dollars -- to programs that directly put people to work by building new facilities and providing vital services.

More than anyone in this country, you understand that our hard-won gains are at stake.

continue to We cannot send \$80 billion overseas *each* next year and still expect real progress toward full employment. That tremendous drain of capital saps our ability to create new jobs.

do not underline

I am ~~still~~ ^{but} committed to full employment, ~~make no~~
~~mistake.~~ I also know that we must ~~first~~ have energy and
anti-inflation programs that permit us to sustain full
employment over the long term.

I am also committed to protecting jobs gains while we
fight inflation. I will not consciously deepen unemployment.
As I said in San Diego, and as we agreed in the National
Accord, we will not fight inflation with your jobs.

We will monitor unemployment carefully and take
appropriate action to counter it if it rises higher than we
expect.

It is up to us to solve inflation. It is up to people
^{who are} committed to full employment and economic justice. We must
^{act together}
~~do this,~~ in the full knowledge that if we fail, somebody else
will try.

Their jobs and your jobs are at stake. They are at stake because if we do not ^{control} solve inflation, ^{all of us will suffer} ~~somebody else will try.~~

^{During} this election year, we are hearing again from people whose solution is to ^{destroy the gains which have been made for the working people of America.} ~~wreck our economy.~~ They are ready to turn millions of people out of work. They are ready to dismantle programs it took decades to build.

They are ready to cripple the rights of workers to organize and bargain collectively -- to cripple their rights to a safe workplace, a minimum wage, and protection from hardships. They have already tried to repeal Davis-Bacon, but we stopped them. If they try again, I will stand by you again, and we will stop them again.

We also have some unfinished business. This nation needs, and I support, labor law reform. [pause] ^{We need,} ~~We need,~~ ^{and I support, common situs legislation.} ~~and I support, common situs legislation.~~

In this election, we also hear the easy promises that wage and price controls are the painless answer -- that we can just shut down our ^{entire} nuclear industry -- that we can freeze oil prices and burn as much as we want -- that we need ^{to take actions} sanctions against Russia, but ^{only actions which do not require any sacrifice or} ~~they had better not have a~~ cost -- in short, that nobody has to give up anything, anytime, to pay for everything we want.

You and I do not have the luxury of easy promises. We must face the world as it is. That is what ^{Courageous} Americans must do every day of ^{our} ~~their~~ lives. ~~That is what they want us to do~~ -- ~~to face the world as it is, and to give them hope.~~

^{Americans}
~~They~~ want leadership, and they want it from us.

I grew up in a region transformed by that leadership. I grew up with REA and TVA and the rest of the New Deal. I saw programs, such as Social Security and housing and public works, give new hope to millions of Americans.

In the last three years, I ^{have been} ~~was~~ determined to strengthen those programs and put workers back on the job. ^{We have done} ~~I did that,~~ ^{together.}

I am just as determined to ^{control} ~~solve~~ inflation.

I am determined that we sustain in America the international security, the energy security, and the economic security so vital to the 1980's. This is a decade of decision. ^{a decade of challenge.} But it ^{We must meet the challenge with courage. We cannot} ~~can also be~~ ^{flinch!} our decade. ^{is} I need your help, and the nation needs your help, to make ^{the dreams of a great nation come true.} ~~that come true.~~

Thank you.

#

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

URGENT INFORMATION

March 31, 1980

MEMORANDUM FOR: DAVID AARON
FROM: LEN LEFKOW
SUBJECT: Embargoed Statement by Khomeini

AFP's White House Correspondent informs us that they have been given a four-page statement by Khomeini for release at midnight our time in which Khomeini totally rejects any transfer of the hostages to government control.

In effect, the statement says the President's "apologies" will not change anything and that the hostage question will be put to the Iranian parliament. Khomeini is quoted as saying he rejects absolutely the President's so-called "honorable" solution.

8:30 AM

THE WHITE HOUSE

WASHINGTON

March 31, 1980

MEETING WITH JOHN DINGELL
AND OTHER MEMBERS OF HOUSE
ATTENDING EMB CONFERENCE

Tuesday, April 1, 1980
8:30 a.m. (15 minutes)
The Cabinet Room

From: Frank Moore *FM*
Stu Eizenstat *Stu*

I. PURPOSE

To let the conferees know your views on the Energy Mobilization Board.

II. PARTICIPANTS AND PRESS PLAN

House conferees for the Energy Mobilization Board Conference attending:

John Dingell
Jim Santani
Toby Moffett
Phil Gramm
Bud Brown
Manuel Lujan
Dave Finnegan

Harley Staggers
Phil Sharp
Dick Ottinger
David Satterfield
Jim Broyhill
Randy Davis

In addition, Frank Moore, Stu Eizenstat, Gus Speth, Bert Carp and Bill Cable will be attending.

Press Plan: White House photographer only.

III. BACKGROUND

Earlier memos and letter to Conferees of March 24, 1980, attached.

IV. STRATEGY

To urge John Dingell, his ranking Republican Bud Brown and their key supporters to move in our direction on the major outstanding questions: (1) substantive waivers (which we oppose); (2) "grandfathering" of projects against new post-construction requirements (which we support); and (3) "streamlining" of procedures at all levels of government (which we also support).

Dingell and Brown are prepared to offer the Senate substantial concessions on all three points -- including the compromise on substantive waiver described in our earlier (attached) memos. We are told privately by Dingell that Udall will support these concessions, although we have not confirmed this with Udall. Thus, you should not mention this to Dingell. If they raise these compromises with you, we strongly urge you not to indicate acceptance or rejection. Instead, we urge you to:

- o On the basis of this breakthrough, indicate that you hope the Conference will move quickly to conclusion.
- o Praise them for moving substantially in our direction.
- o Indicate that you urge, expect and hope for further changes by the end of the Conference -- including "streamlining" provisions as strong as the Senate bill and if at all possible, further movement on substantive waivers which is a "lightening rod" issue with environmentalists, state and local government groups, and which may spark a Muskie-led Senate floor fight.

TALKING POINTS

- o I deeply appreciate the hard work you have put into the EMB and the substantial steps you have taken to move toward our position.
- o The agreements that the Conferees have reached thus far are acceptable to me and I know your support has been instrumental in achieving those agreements.

- o John, as you know, we have several other priority energy initiatives that are pending in Congress as well as my budget and inflation proposals. These items are going to also require a lot of attention and will occupy much of the Congress' time.
- o I know that the issues that are holding up the EMB Conference are quite complex and controversial. It will not be easy finding a solution for them.
- o You recall that I mentioned to you before and I have communicated to Congress that an effective EMB does not require the waiving of substantive laws. While I realize the difficulty in reaching an agreement on this matter, I strongly urge you to accept the Senate's version of the substantive waiver issue.
- o Waivers of substantive law are not necessary and, in fact, could cause prolonged Congressional debate and litigation that would frustrate the EMB's expediting responsibilities. A substantive waiver that is rarely, if ever, used, should not hold up the Conference. A substantive waiver that will be repeatedly used is an inappropriate way to dispose of necessary substantive laws. I believe we can expedite decisions without over-ruling substantive laws.
- o The important points of the EMB to me are the provisions that spotlight energy projects critical to the nation's future, consolidate judicial review, streamline the Federal government's ability to eliminate unnecessary bureaucratic red tape and an effective grandfather clause.
- o Consolidating many of the duplicative administrative functions of Federal, state and local governments is one of the most important aspects of this legislation that promises to truly expedite decisionmaking. I urge you to work to retain these streamlining functions of the EMB. Consolidated judicial review that would prevent endless litigation is also necessary.
- o I have called for an effective grandfather clause, but I would hope that the grandfather provision is not unnecessarily broad in scope and that it focuses on grandfathering projects from the point that construction begins. It should not be merely a substantive waiver in disguise.
- o Because of the numerous matters still before the Congress and particularly your Committee, I encourage you to begin holding meetings on a regular basis until these remaining issues have been resolved.
- o Are there ways in which we can be helpful to you in reaching an agreement on these issues and bringing this Conference to conclusion.

THE WHITE HOUSE

WASHINGTON

March 21, 1980

*Whatever
if false -
The differences
are substantively
minor -
J*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE
STU EIZENSTAT *Stu*

SUBJECT:

EMB

The situation has changed in important ways since our last memorandum to you on this subject (A attached). We had indicated that the environmental community might accept conversion of the House waiver into a statute, with an expedited procedure for consideration, but subject to being killed by majority vote in any committee with jurisdiction. This is no longer the case.

As you know:

- o The original House Commerce Committee bill provided for waiver of Federal, State and local laws with respect to a priority energy project subject to one-House veto.
- o This was modified on the House floor, through our efforts, to apply only to Federal laws (and State laws implementing Federal laws), and to require two-House concurrence under expedited procedures through a Joint Resolution, which is in fact a statute.
- o The further modification which was discussed informally would allow any single committee, in addition to the House and Senate floors, to kill the joint resolution by majority vote. Under this procedure:
 - The Board would recommend a substantive law exemption to the President.
 - The President if he chose to do so would forward the request to Congress.
 - Committees would have a period of time (perhaps 60 days) to approve or reject the measure.

-- If the Committee approves or takes no action the measure would go to the floor of the House or Senate. If any Committee voted against the measure, it would be dead. For the resolution to take effect it would require approval by both Houses and Presidential signature as with any law.

Although they had indicated to us and to key members of Congress that the above approach might allay their worst fears on the waiver issue, the environmental groups no longer hold this view. However, Chairman Dingell and a majority of the House Conferees now appear ready to make an offer to the Senate and Administration along these lines.

The environmentalists argue that any procedure for exempting specific projects from substantive laws will encourage companies to request exemptions, and encourage the President to seek them. They argue that the Board should focus on procedural expedition, not case-by-case exemption from substantive laws. On the merits we argue with their analysis -- although we note that the latest potential compromise has come a very long way from the original Commerce Committee bill. For this reason the Administration has consistently opposed any procedure for changing substantive law and has successfully urged the Senate to stand firm.

At the present time, however, the environmental community is urging your active efforts to pry four House members (Sharp and Santini on the Democratic side, Lujan and Carlos Moorhead on the Republican side) away from John Dingell, to beat Dingell on this issue and recede to the Senate position.

Failure to accede to this request will likely result in public criticism from environmental groups and their supporters on the Hill (including Wirth, Udall, Muskie, Eckhardt and Metzenbaum) who have asked to meet with you on this issue.

However, the open confrontation with Dingell this would create is very unlikely to produce the needed additional votes; it is more likely to lead Dingell to delay or even kill the EMB legislation. It could also cost us crucial cooperation on the ESC/Conservation bill and on utility oil backout. Dingell views himself, legitimately, as having moved a great way in our direction, and wants to avoid a break with his Republican members and most business supporters of the bill.

Recommendation

At this time we recommend that you authorize us to send the attached letter (B attached) to all members of the Conference Committee restating our position. This will at least help with the environmental community.

Approve _____

Disapprove _____

We also recommend that, to go the last mile, you meet early in the week with Dingell and other key House moderates to urge them to recede to the Senate position. This meeting may produce substantive results -- but we do not predict this. At the least it will show that you have personally demonstrated your commitment.

Approve _____

Disapprove _____

We recommend against efforts at this time to wrest control of the Conference away from Dingell.

NOTE: We are attaching a fact sheet (C attached) prepared by the environmental coalition giving their reasons for opposing the compromise. We note that some of these objections (e.g. no limit on number of projects) could be addressed in the compromise process.

THE WHITE HOUSE
WASHINGTON

March 7, 1980

Frank
✓

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
FRANK MOORE *F.M.*
SUBJECT: EMB

Overview

At this point the Conference Committee has completed action on virtually all of the lesser issues. The results, acceptable to the Administration, are if anything more to the liking of the environmental community than our original proposal. However, the Conference is now at loggerheads on the issue of substantive waiver.

- o The Senate, at our strong urging, has stuck by its bill which would allow the EMB to "grandfather" projects, as we proposed, against changes in law or regulation which are adopted after construction begins. The "grandfather" could last only so long as compliance by the project is technically or financially infeasible.
- o The House-passed bill, through the "Santini amendment," allowed the President, on the advice of the EMB, to recommend a "waiver" of substantive law or regulation (Federal only, not state or local). The waiver would become effective on adoption of a joint resolution by majority vote of both Houses. While a joint resolution is a law, subject to veto by the President, the House procedure would differ from the normal legislative process in the following ways:
 - The resolution could not be bottled up in Committee, but must go to the floor of the two Houses.

- The Resolution could not be amended either in Committee or on the floor.
- The Resolution could not be filibustered or tabled but must be voted up or down.

The House-passed bill is an improvement on the original House Commerce Committee bill which provided for waiver of Federal, state and local laws subject only to one-House veto. The House Committee -- arguing that the Santini amendment is not a "waiver" but enactment of a legislative exemption, is also standing by its position.

Positions of the Key Conferees

At this point the Senate Conferees, led by Senators Johnston and Domenici, are united behind the Senate position. A majority (Senator Jackson, Senator Johnston and Senator Ford from the Democratic side, and all the Republicans with the possible exception of Senator Wallop) can support some form of "substantive waiver" on the merits. However, they are anxious to retain the support of more environmentally-minded members of the Conference (Senators Bumpers, Bradley, Metzenbaum, Matsunaga, Tsongas and Durkin) in order to avoid a bruising fight led by Senator Muskie when the Conference Report returns to the Senate. In addition, both Senator Johnston and Senator Domenici are personally committed to working with the Administration, and have been very helpful.

The House Conferees are divided into three groups:

- o Udall's minority, which opposes any form of substantive waiver (Udall, Wirth, Eckhardt, Carr)
- o Dingell's group, which strongly supports substantive waiver (Dingell, Staggers, Sattersfield, Graham on the Democratic side and all six Republicans led by Bud Brown)
- o Several moderates, (Sharp, Santini, Ottinger, Moffett). Of this group Sharp and Santini have supported Dingell down the line in the Conference so far. While Ottinger and Moffett would likely support Udall on the waiver issue, they can be expected to have a moderating influence as the Conference goes on. The most influential of these, Phil Sharp, has strongly indicated that he will not leave Dingell.

Dingell's dilemma is this: to have a majority he must retain the support of the moderate group plus either solid Republican support or solid support from the Udall-Wirth group. Yet the Republicans will not support much if any retreat from the House-passed waiver provision. They would probably welcome the chance to oppose the Conference Report, on partisan grounds. The Udall-Wirth group, on the other hand, will not go much beyond the original Senate bill. And the moderates clearly prefer some form of substantive waiver on the merits.

Recommended Approach

So far we have strongly urged the Senate to hold firm and have watched the cross-currents in the House side of the Conference develop. It is clear that the major differences are not between the House and Senate but within the House Conferees. If we want a bill without objectionable substantive waiver we must form a coalition in the House which includes the Dingell group, the Sharp group and the Udall-Wirth group. This coalition must be formed either:

- o Around a somewhat expanded "grandfather" provision (for example, permitting the EMB to suspend some laws and regulations adopted before construction begins) or
- o Around a watered-down version of the House waiver provision. If, for example, the Resolution were made subject to amendment in Committee and the Floor and subject to being held in Committee by majority vote, the result would clearly be simply an expedited legislative process.

While we do not believe a choice should be made between these alternatives at the present, it appears the second option would calm the worst fears of the environmental community and would be an acceptable compromise for a broad range of moderates in the Conference. Unless you object, we will continue to quietly explore this approach with key Conferees.

It would probably be a good idea for you to meet with Representative Dingell in the near future and if appropriate, after the Dingell meeting with other key House Conferees. The purpose of these meetings would be to urge that a consensus be developed which will produce an effective bill which a broad cross-section of Democrats can support.

ok
after
250
if needed
work is
done

THE WHITE HOUSE

WASHINGTON

March 24, 1980

Dear

The Energy Mobilization Board remains essential to achieving energy security for our nation. I appreciate the hard work and long hours that you and the other Conferees have put into the EMB Conference, and the difficulty of your task. Yet more than twelve weeks have passed since the Conference began. I must call on you to redouble your efforts and finish the job.

My own positions are clear. To be effective the EMB legislation must contain:

- o Consolidated judicial review to prevent years of delay in duplicative court suits;
- o "Streamlining" provisions to cut through procedural red tape;
- o An effective "grandfather" provision to keep critical national energy projects from being brought to a standstill by changes in law or regulation adopted after construction begins.

We have concluded that effective energy mobilization does not require by-passing the normal legislative process to waive substantive law, and I, therefore, oppose such provisions.

I appreciate the progress that already has been achieved. The tentative agreements reached by the Conference to this point are constructive and fully acceptable to the Administration. I urge the Conference Committee to resume meeting on a regular basis until the remaining issues are resolved.

Sincerely,

/s/

Jimmy Carter

Waiving Laws Is Not "Mere" Legislation

Advocates of the waiver-of-law mechanism contained in the House EMB bill and the proposal made by the House conferees on February 21, 1980, argue that it is nothing more than an accelerated process for legislative action. However, while accelerated legislative action is involved, it is deceptive to consider only the process without the substance. The purpose of the process is to exempt individual projects from laws that others must obey. It is a departure from the traditional legislative process with considerable institutional significance. It will inevitably encourage Priority Energy Projects to seek to be exempted from rather than to comply with existing laws. If waivers are granted, there will be enormous pressure from non-energy industries to create a similar mechanism for them.

Erosion of the Separation of Powers

For two centuries we have relied on the doctrine of separation of powers as a check on abuse of power by any single branch of government. The separation of powers doctrine is based upon the notion that governmental powers are distributed by function. It is the function of the Legislative Branch to enact (and, when necessary, amend) laws of general application. It is the function of the Executive Branch to implement the laws (and, when necessary, seek legislative authority from the Legislative Branch). It is the function of the Judicial Branch, in individual cases and controversies, to apply and interpret the laws. The three Branches are structured differently reflecting their different functions.

The proposed waiver process would jumble those functions.

- It would only be initiated by the Executive, not by the Legislative.
- It would only be available to provide special treatment for individual projects, not for general legislation.
- It would be a negative, rather than a positive, process, that is it could be used only to waive the laws, not to improve them.
- It would permit the Executive rather than the Legislative Branch to shape legislation, since the EMB would determine which provisions should be waived subject to what terms and conditions, and Congressional amendment would be prohibited.

- It would substitute the Executive for the Judicial Branch in making case-by-case interpretation of the laws.

Divide and Conquer

The detrimental effects of a project-specific waiver would be localized, but the project itself would be anointed by its priority status as an energy boon to the entire Nation. In each case the argument would be "the dangers of this one waiver are insignificant in light of the Nation's need for energy." The time for analysis and debate would be too short, and the pressure too great for effective examination of the merits of a waiver proposal. Logrolling and porkbarrel politics would prevail, to the detriment of legitimate efforts to make regulatory legislation more workable.

Regulatory Uncertainty

The possibility of a waiver would virtually compel Priority Projects to seek waivers. The financial incentives to do so would be enormous and there would be few disincentives. The argument made in favor of the "grandfather" waiver is that it is essential to eliminate regulatory uncertainty; yet the possibility of a waiver of existing laws would create exactly that, by leaving project planners free to weigh the benefits of obtaining a waiver of existing laws against the "costs" involved in seeking a waiver. Until the waiver was granted or denied the Project would not know whether to plan on compliance. Even if no waiver were eventually granted, the possibility of a waiver would overshadow the entire permitting process.

An Impossible Burden for Opponents

Although each waiver proposal would require an affirmative vote of approval in each House of Congress, the political realities of the Nation's energy hunger, combined with the accelerated legislative process, would put the burden on opponents of a waiver proposal to show why it should not be approved. There would be no limit on the number of waiver proposals that may be submitted, and, while the EMB and the applicant could be expected to lobby effectively in support of the proposal, the resources of opponents would be inadequate for repeated battles.

Energy Coalition
3/10/80

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

INFORMATION ONLY

March 31, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

Gus Speth



SUBJECT: Meeting with John Dingell -- EMB and Substantive Waiver

1. Issue. The potential power of the EMB to waive substantive laws is the single most contentious environmental issue this Administration has faced.

2. Purpose of Memorandum. My purpose in sending you this memorandum is to support you in resisting a modified substantive waiver that we anticipate John Dingell will present to you at your meeting Tuesday, April 1.

3. Efforts to Date. The Administration is not perceived as having mounted a major effort in support of your position.

a. Your Statements. As you assured the Nation's environmental leaders last month, "This Board should only eliminate unnecessary delays in making an objective decision, and not undermine any necessary protections. I do not support waivers of substantive environmental standards, and do not support broad grandfather clauses that are simply substantive waivers in disguise." Last week in your letter to the conferees you reiterated your position.

b. Congressional Perceptions. On the Hill perceptions of the Administration's position differ. As several members (including conferees in both houses) wrote you last week:

"It has become clear during the conference committee sessions that a workable coalition can be crafted to produce a bill without waiver provisions and end the current impasse. That goal, which we believe you share, can only be accomplished with clear, consistent efforts from the Administration and requires your personal involvement. To date, Senate conferees have held firm in opposition, but despite repeated appeals to your staff, no consistent effort has been mounted, particularly with respect to House conferees, to eliminate the waiver provisions from the legislation.

"Given the absence of those efforts, we have no alternative but to appeal directly to you to play a role in eliminating provisions of this legislation which are repugnant to us and to a broad spectrum of our colleagues on both sides of the aisle in both the House and the Senate."

c. Environmentalists' Perceptions. The leaders of all the major environmental organizations and the League of Women Voters telegraphed you

two weeks ago requesting a meeting, stressing that "there has been considerable confusion about your position among the conferees." (Contrary to some misperceptions the environmentalists have always opposed any form of substantive waiver.)

3. The Stakes. The stakes include:

a. Whether a substantive waiver proposal will pass. Laws that the EMB could put on a fast track waiver range from Alaska lands to parks and wilderness to air and water pollution legislation (and State laws implementing them). The House offer scheduled to be made April 1, while lessening the number of substantive waivers and making them more difficult, is still a substantive waiver and should be opposed for the following reasons:

- i. It is bad policy to set up a mechanism to "fast track" the waiver of substantive environmental laws. Currently, special treatment on a company-by-company basis is almost never granted. To set up a process that allowed company-by-company exemptions would both encourage such exemptions and set a bad precedent for the future.
- ii. It is bad policy to set up a process whereby one executive agency (EMB) initiates waivers of laws which another agency (e.g., EPA, Interior, Agriculture, NOAA) is charged with implementing.
- iii. The precedent is a bad one which will invite replication in other areas. Soon industries and firms of all sorts whose permits have been slowed by EMB induced diversion of effort to fast-tracked energy projects will lobby for similar treatment.

b. The prospects for the success of the EMB when established. It can either be a broadly accepted institution or one resisted by and fought at every turn by the environmentalists and Western States.

c. The political position of the environmentalists -- their support will be influenced in some measure by our efforts on this issue and the outcome.

d. The Congressional perception of whether when you speak, your subordinates implement your policy.

4. The Administration must convince the Hill and the environmentalists it means what it says. It is possible to get a bill affected interests will accept. Our effort should include --

a. Praise for the Senate conferees for developing a superb bill and remaining steadfast in their opposition to substantive waiver.

b. Your personal effort Tuesday morning to persuade John Dingell to drop his support of substantive waiver.

c. Most critically, if the effort with Dingell is unsuccessful, making a maximum and successful effort to sway the swing votes among the House

conferees. (The Senate conferees remain loyal to the Administration position.) Among the House conferees 6 are said to be firmly committed to Dingell's position; 7 are firmly opposed to his position and instead support your position on substantive waiver; and 5 have supported Dingell but their position is soft. To win the House conferees (and therefore get the bill we want), we would need 10 votes. We would have to apply all out pressure to get the votes of 3 of the following: Staggers, Sharp, Santini, Lujan, Moorhead.

THE WHITE HOUSE
WASHINGTON

4/1/80

Jody Powell

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

Rick Hutcheson

What Khomeini wants from Carter

By William R. Brown

The experience of our government in attempting to free the US hostages in Iran has been characterized alternatively by false hope and dejection — bewilderment over the course of events. America's problem is that developments have consistently fallen outside its political frame of reference.

Our first failure is our refusal to recognize that the sole purpose of Ayatollah Khomeini is to assure the acceptance of his moral authority. He is not concerned with our idea of a government's working for the general welfare as measured by material or economic improvement. For the ayatollah, a condition of physical well-being can only result from his authority being undisputed. Because Khomeini sees himself as God's spokesman, it is only after the sway of his moral influence is established that God (and not the government) will provide sustenance to the Iranian people. Until that time, chaos will prevail — and is acceptable.

The only occasion on which the Iranian government really stirs itself, in fact, is when an ethnic or political group challenges Khomeini's authority. The frustration of Bani-Sadr, and perhaps even Ghotbzadeh, results from their acceptance of Western values. They think about government as we do. Khomeini probably understands the distinction, and it is doubtful whether he feels any affinity for his lieutenants or for what they would like to achieve; i.e., the removal of the hostage issue so that Iran can get on with the business of reviving the economy and establishing the government's "effectiveness."

The militants in the embassy, on the other hand, rest their entire position on righteousness as pronounced by Khomeini. Need there be any wonder that when the ayatollah does speak, he supports the militants?

The holding of hostages is old business for those who think in traditional Middle East terms. As late as 1962, the Imam Ahmed of Yemen held the sons of tribal leaders against the good behavior of the Zalide tribes. The leaders delivered their sons voluntarily, thereby demonstrating their acceptance of his moral authority as ordained by God. The sons were well treated as evidence of the

imam's morality and magnanimity.

And so it is with Khomeini. The hostages not only assure American quiescence, but our quiescence demonstrates Khomeini's moral authority. The demand of the Iranians, first that we apologize for our support of the Shah and then that we deliver him to them for justice, has the same purpose — to show Iranian moral authority. For the Iranians, we are inferior in these terms, whatever our military might.

The matter of the Shah thereby assumes dimensions that touch issues of international power. If we comply with their demands, it will appear that Khomeini has compelled us to do so. At this moment, their power will be clearly superior to our own. Herein lies an element of the hostage crisis that is important to the Iranians.

Under these circumstances, a cleverly worded response by Carter expressing US "concern" — or even "regret" — for returning the Shah to power in 1953 will not move Khomeini unless Carter's statement also records the moral difference between the American President and the Iranian leader — and perhaps even between the American and Iranian peoples. Only if Carter can devise some other way of satisfying the Iranian sense of moral superiority will the hostages be freed and the United States allowed to end its humiliation.

We are also disturbed by what we consider Iranian deception in permitting us to believe that a UN investigation of the Shah's crimes would lead possibly to a release of the hostages and, if not that, then to their transfer to government or neutral authority. At least the UN commission would be allowed to interview all hostages as a first step in the process.

None of these things happened. But, in Iranian terms, it is legitimate to proceed with mental reservations when dealing with an enemy of superior physical force. If the commission reports publicly on the Shah's atrocities, Khomeini will have moved a step closer to establishing his moral authority. The ayatollah and his ministers consider it justifiable to hint that all will be well if only the commission publishes its report, or perhaps just returns to Iran for further consultations. And so the game proceeds.

The demand that we apologize for our support of the Shah and then deliver him for justice has the purpose of showing Iranian moral authority. For the Iranians, we are inferior in these terms, whatever our military might.



Jody

Sven Simon

All the while, the situation works on the minds of the American President and his public, playing on their anxieties to move them closer to uttering those incantations of gullibility that will supposedly free the hostages. For many Iranians, this flow of events reveals America's moral weakness and shows that we stand not just against the ayatollah but also against God.

Finally, there is the prospect of the Iranian Parliament freeing the hostages after it is elected in April. Here we encounter Khomeini's escape-valve. Traditional Islamic communities, such as Khomeini believes he is fashioning, operated on the basis of consensus rather than through a plurality of mutually adjusting interests. In traditional Islam a parliament (majlis) was not for purposes of representation. Rather, it embodied a popular consensus which itself was inspired by God.

If Khomeini freed the hostages on his own authority, his opponents in Iran could charge that he had moved against God's will and as an impostor had deceived the people only to work his evil ways. But the same charge cannot be made against the voice of community consensus. Khomeini will have no trouble accepting the Parliament's judgment, whatever it may be. But it would be a mistake for us to assume that the Parliament will free the hostages. Nevertheless, the next move of the Iranians will probably be to get the US to respond to this hope.

If the American public has a difficult time coming to terms with this type of thinking, American officials have even greater difficulty. It is not that no one in the Department of State understands these things. Many do. It is just that our leaders cannot respond to such an explanation. It lies outside the politics they practice. Even for a State Department expert to present these ideas belittles the authority of the American President to deal effectively

with a complex situation.

The problem is that explanations structured along the lines of Khomeini's quest for undisputed moral authority can only help Carter avoid mistakes. They do not tell him clearly what he can do within the limits of the bureaucratic perception that he and his advisers are accustomed to using. Thus, our leaders cling to the slim margin of rationality that they see in Bani-Sadr. He talks in ways they understand, and they accept his statements even though these convey messages that are alien to the forces that currently control the situation in Iran.

In US government circles, for some reason, there is embarrassment over suggesting that our policies are tied to someone's idea of God. Officials would rather use the conventional Western ways of thinking about the Middle East — the possibility of exploiting competition between Bani-Sadr and Ghotbzadeh or of revealing to the Iranian people the real purpose of the militants — godless leftists who want to overthrow Khomeini and deliver Iran to the Soviets. It gives those who prepare and read White House briefing papers a sense of control and an authority of their own.

For the present, this approach is of little significance. The hostage crisis serves Khomeini's purpose and he is making the situation as difficult for President Carter as possible. The issue before Carter is not how to free the hostages. Rather it is whether, in terms of his political future, saving the hostages is compatible with a minimal sense of American national dignity.

William R. Brown, dean of the School of Arts and Sciences of Central Connecticut State College, is the author of "The Last Crusade: A Middle East Negotiator's Handbook."

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THE WHITE HOUSE
WASHINGTON

April 1, 1980

Mr. President:

CL and NSC have no comment.

Rick

THE WHITE HOUSE

WASHINGTON

March 28, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
SUBJECT: Naval Engine Sales to Iraq

As you may know, the Commerce Department on January 24, 1980 approved an export license to General Electric to provide engines for four Italian-built Lupo class frigates for Iraq. After receiving protests from Congressmen Bingham and Fenwick, the Commerce Department announced it would review the sale and suspend the license if necessary to prevent shipment during the review period.

We have asked the NSC about the sale and our general procedures for sale of military equipment to countries supporting international terrorism. I was happy to learn that the State and Commerce Departments are working out a method for providing foreign policy review on military end-use items.

However, it is my understanding that the State and Commerce Departments intend to proceed with the sale to Iraq. I think this would be a mistake that will cause us serious problems on the Hill and with public opinion. I also have difficulty understanding why we would be willing to participate in strengthening Iraq's navy, and open ourselves to the accusation that we are assisting a nation we have labeled a supporter of international terrorism.

I understand that this sale also involves sensitive aspects of U.S.-Italian relations, but I think there should be some way to disentangle ourselves from any connection with it. I urge a reexamination of this sale.

cc: Hamilton Jordan
Zbigniew Brzezinski

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Nat Assn Realtors 4/1/80

Ad in NY TIMES

4/1/80

19 mil/yr

\$ Mkt certificates (\$10,000)

Deficits - $4\frac{1}{2} \rightarrow 6\frac{1}{2}\%$

Bal budget $\frac{1}{2}$

Assisted housing +25%

Natl. Assn. of Realtors
Executive Committee Meeting

LR - Central infl

SR - int rates & govt restraint

& non-housing credit demands

RALPH RITCHARD

Meeting with Congressman John Dingell
et al (Energy Mobilization Board)
Tuesday, 4/1/80

THE WHITE HOUSE
WASHINGTON

Dingell & House SMB 4/1/80
Conferees
Hard work - "TH"
Agreements so far acceptable
Important to move
Complex / controversial issues
No need to waive substantive
if rare - don't hold up
if frequent - inappropriate
Spotlight crucial
Consolidate judicial review
Elim Govt red tape
Effective grandfather (cons)
Consolidate Fed/State/loc govt admin
Held regular mtgs
Jim ready to help

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April 1, 1980

The announcement by President Bani Sadr that the hostages will be transferred to the care and protection of the Iranian government is a positive step. Accordingly, we will defer imposing further sanctions at this time.

The Iranian Government has said that the hostage issue will be resolved when the new Parliament convenes. We ^{will} continue to ^{work for} ~~urge~~ the earliest possible release of all the hostages.

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Office of the Attorney General
Washington, D. C. 20530

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March 28, 1980

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RH

MEMORANDUM TO THE PRESIDENT

Subject: Executive Order 12036 Procedures

I have received your comments on my memorandum of March 26, 1980, on the above subject. With regard to our revisions of the FBI guidelines approved by Attorney General Levi in 1976, I should stress that the existing guidelines are already in full compliance with all the requirements of Executive Order 12036 designed to protect the constitutional rights and privacy of U.S. persons and the comprehensive revision we have undertaken is not required by that order. Nevertheless, improvements in those guidelines are desirable and the revisions will be completed by April 18, 1980.

I appreciate your consideration of the need to give a careful review to the SIGINT procedures. We will meet the April 25 deadline.



Benjamin R. Civiletti
Attorney General



Office of the Attorney General
Washington, D. C. 20530

March 26, 1980

cc Ben
Lloyd
Delays have
already been
excessive

MEMORANDUM FOR THE PRESIDENT

J

Subject: Executive Order 12036 Procedures

I have been informed of your concern, in response to a memorandum from the Intelligence Oversight Board, that the remaining procedures governing intelligence activities under Executive Order 12036 be promptly approved this week. I share your concern that this process be completed, and, in fact, over the last nine months, 32 sets of procedures have received Attorney General approval. I have this week approved two additional sets of procedures, governing CIA collection in the United States of counterintelligence and foreign intelligence.

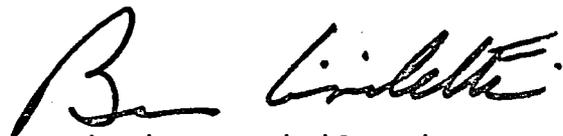
When?
There are only four sets of procedures that have not yet been approved. One set, governing Treasury-Secret Service audio countermeasures, have only recently been submitted by Treasury in final form and should be approved within a week. Another set will replace the existing FBI guidelines which were approved by Attorney General Levi in 1976.

The last two sets would govern the SIGINT activities of the National Security Agency and the analogous collection efforts of the CIA. We are aware of no significant confusion in the intelligence community as a result of my careful consideration of these procedures. NSA and CIA are continuing to collect signals intelligence pursuant to procedures originally promulgated under Executive Order 11905 and authorized to remain in existence under Executive Order 12036 until new procedures are finalized. Neither I nor anyone else in the Department of Justice has received a single complaint from the intelligence community or from the Intelligence Oversight Board about confusion or disarray in these activities, although there is an understandable desire to begin implementing the new procedures.

The Attorney General's approval of these procedures is an endorsement of the lawfulness and constitutionality both of the written rules and the operations they authorize. No past Attorney General has passed directly on these issues. In considering these procedures, I have discovered that no carefully considered, detailed legal rationale for the intelligence activities they will govern had ever been developed. It is important to develop this missing legal rationale for the signals intelligence activities of the government; identifying that legal basis is, I believe, essential to my faithful performance of my duties under Executive Order 12036, as well as to my general duty to advise you, as President, and the intelligence community of the complete lawfulness of these vital activities.

Despite these difficulties, I anticipate that our efforts to develop the legal rationale for these activities will be completed within 30 days, and, assuming as I do that the rationale will adequately support the lawfulness of the SIGINT procedures, I expect to approve the procedures within that period of time. If, on the other hand, our legal analysis should point to problems with these procedures, I will bring those problems promptly to the attention of Admirals Inman and Turner for discussion and resolution.

*Complete
by 4/25
J*



Benjamin R. Civiletti
Attorney General

cc: Zbigniew Brzezinski
Assistant to the President
for National Security Affairs