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THE WHITE HOUSE
WASHINGTON
22 sep 80

Stu Eizenstat
Frank Moore

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

Rick Hutcheson

cc: The Vice President
Jack Watson

ADMINISTRATIVELY CONFIDENTIAL

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

ACTION
FYI

/	ADMIN CONFID
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	EYES ONLY

/	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIDENBERG
/	EIZENSTAT
/	MCDONALD
/	MOORE
	POWELL
/	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

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for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

September 19, 1980

*Frank, Stu -
Again, this is
all very disturbing.
We'll just have
to minimize
losses
J*

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM*
STU EIZENSTAT *Stu*

SUBJECT: Weekly Legislative Report

INTRODUCTION

While there has been no official word from the Leadership, there is considerable speculation that the Congress may recess well in advance of the October 4 target date. If the Congress is able to pass the Continuing Resolution next week and can forestall consideration of a tax cut bill, it is possible that the recess could begin as early as next Friday. The pressure from Members to recess even a few days earlier is formidable. Any significant shift is likely to jeopardize passage of our priority legislation. On the other hand, an earlier recess will give the Congress less opportunity to pass legislation which we oppose.

I. DOMESTIC POLICY ISSUES

1. Alaska Lands

(-)

There is little action to report on the Alaska Lands bill. Chances of further improvements resulting from House-Senate negotiations over the bill appear to have dimmed, and the negotiations have bogged down into a virtual stand-off. Changes sought by the House have generally been rejected by the Senate, and counter-proposals made by the Senate have been unacceptable to the House.

We remain optimistic, however, that we'll have a bill before the recess.

2. Fair Housing

(-)

Our head count of Senators indicates that we have a majority supporting or leaning towards supporting the administrative procedures contained in the fair housing bill. Key civil rights leaders have been lobbying their Senators to press the Majority Leader for early floor consideration, but the bill still has not been scheduled. Next week will be the critical period, and the Administration's Fair Housing Task Force is in constant contact with the Hill and the bill's supporters in order to review and, when necessary, adjust our legislative strategy.

3. Youth

Yesterday, Senator Pell's Education Subcommittee reported the Education Title of the Youth bill. We now expect Senator Nelson's Employment Subcommittee to mark up its part of the bill next Tuesday, followed immediately by full committee action. Thus far we don't foresee any major problems, although we can expect Republicans to try to gut the bill by adding objectionable amendments either in full committee or on the floor. We still believe we have a good chance of getting the bill enacted prior to the recess -- assuming that the Congress stays in through October 4.

4. Higher Education

The House yesterday passed the revised higher education conference report, and we anticipate that the Senate will act on the bill on Tuesday. The principal change made by the conferees in their second effort was to raise the interest paid on guaranteed loans to 9%. The original conference report would have raised it to 8%. The current rate is 7%.

5. Mental Health Systems Act

House and Senate conferees agreed on a compromise bill on Wednesday, and the conference report should go to the House and Senate floor sometime next week and be cleared for your signature prior to the election recess.

6. Child Nutrition Conference

On Tuesday conferees began to resolve differences in the House and Senate versions of the Child Nutrition amendments, which would extend authority for certain child nutrition programs expiring this year. The Senate-passed bill also contains provisions to reduce federal expenditures in the School Lunch program by tightening eligibility benefits. These and other cost-savings provisions in the Senate bill are similar to but not quite as restrictive as the cost-savings provisions recommended in the Administration's FY 81 budget. A major decision reached by the conferees would allow open-ended federal funding of the Special Supplemental Feeding Program for Women, Infants, and Children (WIC) until authority for that program expires in 1985. Our position has been to fund the program on a year-to-year basis, with funding at \$900 million in FY 81.

7. Rail Deregulation

We have been in close touch with House and Senate staff members who have been meeting all week to resolve outstanding issues prior to a wrap-up meeting of the conferees themselves, tentatively scheduled for Tuesday. We expect the bill to arrive at the White House later in the week. We have been working to save our restructuring assistance program, which appears to be in jeopardy.

8. EDA Authorization

The EDA conference dissolved yesterday after Senator Randolph read a statement declaring the Senate conferees' position that no further progress could be made and that a simple two-year reauthorization (1980-1981) at the current levels would be introduced as soon as possible in the Senate. This will deprive EDA of most of the funding increases we had recommended by FY 81.

Two reasons emerge for the failed conference. First, the strength of the Senate Budget Committee and its willingness to police spending authorization levels made the Senate conferees extremely cautious about the higher levels demanded by the House.

Second, and more importantly, Chairman Roe did not make a concerted effort to reduce the authorization levels sought by the House conferees when they met in caucus. Confidential information indicates that Roe did not try to persuade his side that the compromise levels offered by the Administration should be acceptable, but rather he allowed two junior members to push for much higher levels during their House caucus. We will continue to see whether a compromise can be resurrected.

9. Superfund

By a vote of 288-11, the House today passed H.R. 85, the oil and hazardous substances spills bill. The House also debated H.R. 7020, the dump-site bill. A vote on this second bill is tentatively scheduled for Tuesday, but only after votes on Monday's suspensions and IMF have been completed. These two House bills which comprise the superfund legislation represent a significant step in the direction of our original proposal. However, there are improvements that we want made. Swift action in the House is necessary in order to convince the Senate to act.

As you know, the superfund legislation has been stalled in the Senate Finance and Commerce Committees. Overly broad application of the Senate bill has caused strong industry opposition. The Senate Finance Committee will probably act on the revenue provisions next Thursday. The Commerce Committee will probably also act on those provisions which are within its jurisdiction. Prospects for final action in the Senate next week are not good, but we will continue to push. In view of the likelihood that the Senate bill as reported by the Environment and Public Works will not make it to the floor before adjournment, we have begun intensive discussions with chemical and oil industry representatives and Senate staff with the intent of developing a substitute bill that could be scheduled for Senate floor action. We have made considerable progress and believe that a substitute bill is achievable.

10. Multi-Employer Pension Plans

Following agreement among House-Senate conferees, the way was finally cleared for prompt enactment of this long-awaited bill. The Senate yesterday afternoon approved the conference report, and House approval followed this afternoon. We may recommend a bill-signing ceremony.

11. West Valley

General

The Congress this week cleared for your signature the West Valley Demonstration Project bill, which authorizes \$5 million for FY 81 for the Department of Energy to carry out a nuclear waste cleanup project at the Western New York Nuclear Service Center in West Valley, New York. As part of the project, DOE must solidify the high-level radioactive wastes presently stored at the Center, develop containers to permanently dispose of these wastes, transport the wastes to an appropriate federal repository for long-term burial, and shut down and decontaminate all of the Center's facilities. The project is to be jointly funded by DOE and New York State (which owns the site), with DOE assuming 90% of the cost.

This bill has strong local support. We have recommended a bill-signing ceremony. The last day for signing is October 1.

II. ECONOMIC ISSUES

1. Tax Cut Fever

?
The Senate remains divided on the issue of whether to take up a tax cut bill before the election. Members of the Finance Committee want a bill and went so far as to agree to vote as a bloc against all special interest amendments that might be offered from the floor in order to encourage Senator Byrd to schedule a bill for floor action. This action was intended to allay Byrd's concerns that bringing a tax cut bill to the floor would turn it into a Christmas tree. Byrd is still resisting a pre-election vote.

Senator Long has acquiesced to some degree in his attitude on a tax cut bill. While he no longer insists on Senate consideration of a free-standing bill, he may well join the Republicans and try to attach tax-cut provisions to other tax-related measures that come to the Senate floor. The Republicans have placed a hold on floor action on any Finance Committee-approved bills so that they will have vehicles for tax cut riders. Potential vehicles include the bill extending unemployment compensation benefits and the revenue sharing bill.

We will hold

Meanwhile, the House Ways and Means Democrats caucused and agreed to oppose a tax cut. The Democrats instructed Chairman Ullman to convey this message to Speaker O'Neill and to ask the Speaker to notify Byrd.

With time running out and with a growing move on the Hill to pass continuing resolutions so that the Congress can leave earlier than October 4, time is on our side. But if a tax cut bill is passed by the Senate next week, the Ways and Means Democrats could waver. We may ask you to make some calls if the situation warrants it.

2. Revenue Sharing/Countercyclical

The Senate Finance Committee on Thursday reported out a five-year extension of the general revenue sharing program. The bill provides \$4.6 billion annually to local governments on an entitlement basis. The Committee also authorized, subject to appropriation, \$2.3 billion annually for the states in each of fiscal years 1982-1985. The Finance Committee bill also includes a countercyclical program of up to \$1 billion, triggered when the national unemployment rate reaches 7.5%.

We expect the GRS bill to be on both the House and Senate floors next week. Amendments will be offered on the House floor to reinstate the state share of GRS for FY 1982 and beyond (offered by Congressmen Conable and Rodino) and to delete countercyclical (offered by the Republicans).

3. Unemployment Compensation Benefits Extension

Congressman Coman introduced our bill this week and held hearings. A bill could be reported from the Ways and Means Committee as early as Monday, September 22. The House leadership is committed to a floor vote as soon as it can be scheduled.

Senator Byrd wants to complete work on the benefits extension legislation before the recess, but Senator Long may not be as willing. We may ask you to talk to Long on the issue.

4. Proxmire New York City Amendment

The Senate has not yet completed action on the HUD Appropriations bill, which includes the Proxmire rider which would preclude loan guarantees to the City in FY 81. However, our greatest short-term fear has not materialized: there is no evidence that Senator Proxmire will request a floor vote to underscore the Senate's commitment to this provision.

We are working with Treasury, Senators Moynihan and Javits, and Congressman Rangel on the conferees, and we have been meeting regularly with the New York lobbying groups. We do not yet have a good reading on the conference.

5. AppropriationsStatus of 1981 Bills

Ready for conference:
 Energy and Water
 Military Construction
 Transportation

Reported by Senate full committee:
 HUD-Independent Agencies
 State-Justice
 Treasury-Postal
 D.C.

Reported by Senate subcommittee:
 Interior

Passed House:
 Agriculture
 Legislative
 Labor-HHS-Education
 Defense
 Continuing Resolution

Reported by House full committee:
 Foreign Assistance (also a separate IMF bill)

Schedule for Next Week

Monday, September 22	Energy & Water conference (tentative)
Tuesday, September 23	Senate full committee markup continues on Interior & Continuing Resolution

Treasury, Postal Service

Senate full committee completed its markup of this bill on Tuesday.

As reported, the bill reflects the following major changes to our request:

o A reduction in the payments to Postal Service subsidies by \$280 million (\$530 million under the House level) with the suggestion that the subsidy to free and reduced rate mail be reduced without eliminating six day delivery service. (This cut fulfills Senator Chiles' commitment to the Leadership made earlier this year.)

o A cut in funding for COWPS of \$15.3 million from the request of \$25.0 million. The committee included language to prohibit the expenditure of funds until all authorizations have been enacted.

o Most of the other Executive Office accounts (including the White House Office) were funded at or near the budget request level.

The Senate committee took the following action on several of the House-added general provisions:

o By a vote of 6 to 4, reinstated the McDade provision -- deleted by the subcommittee -- that prohibits the use of funds to calculate or transmit to the Congress decennial census data for the purpose of congressional reapportionment. An attempt to delete this objectionable amendment is expected on the Senate floor. We plan to talk to the Leadership about strategy to defeat this amendment.

o Struck, by a vote of 11 to 8, the amendment forbidding the use of Federal employee's health insurance to pay for abortions.

o Deleted the Levitas provision prohibiting the implementation of any regulation that has been disapproved by a legislative resolution.

Military Construction

The Senate passed this bill last Wednesday.

Floor action resulted in the addition of \$13 million to the committee's recommendations. Of this increase, \$3.2 million was provided to initiate construction of an unrequested binary chemical production facility at Pine Bluff, Arkansas. (see page).

(1) This is a delicate issue given that full funding of binary chemical ammunitions is currently included in the Defense FY 1982 program. At a minimum, the \$3.2 million in the military construction appropriations and an associated \$19 million in Army weapons procurement appropriations should be formally deferred until a Presidential decision is made to proceed with chemical munitions. Should it be decided not to proceed, a rescission should be considered.

Language was included that prohibits the use of funds for the purchase of foreign steel for the construction of the shelters or bases of the proposed MX missile system.

Defense

The House passed the Defense Appropriation bill with policy increases of about \$3.2 billion over our amended request. In addition to minor correcting amendments to add funds for several authorized programs, there was considerable debate and a 327-68 vote restoring \$100 million that the committee had cut out for recruiting.

By a vote of 220-179, a general provision known as the Maybank amendment was modified to permit DOD to direct purchase of non-critical defense materials to labor surplus areas. DOD supports the Maybank provision that has been in effect since 1954 in that it assists in de-politicizing defense contracts. The Maybank provision will not be amended in the Senate committee version of the bill. We recommend a low Administration profile in the Senate on this sensitive issue.

Continuing Resolution

The bill was passed by the House yesterday. The resolution provides continuing appropriations authority for every department and agency through December 15. (Funds provided for CRBR or a project alternative are available for the full year.)

Due to pressure to provide increased funds for certain programs, the resolution provides that bills passed only by the House would be covered by the House rate. Historically, such appropriations have been at the lower of the House level or the current rate. The orphan of the appropriations process -- foreign assistance -- would be funded under the resolution at its current level. New activities would also be permitted in most cases under this year's bill.

A cap on executive pay is provided for by reference to the House-passed version of the 1981 Legislative Branch bill, which includes the necessary language.

Language is included that prohibits medicaid-funded abortions except where the life of the mother would be endangered if the fetus were carried to term. Language is included that prevents most of the new riders on 1981 bills from taking effect until the regular bills are enacted. However, two exceptions are made to the Labor/HHS/ Education bill. Provisions included would (1) prohibit programs preventing voluntary prayer and meditation in public schools; and (2) provide that no court order or injunction could override any of the spending bans imposed in that bill. We expect other riders to be added when the Senate takes up the bill.

The Senate full committee tried to report out the resolution today, but because the Republicans loudly objected that 1½ days' notice was insufficient time to adopt a voting strategy, Senator Magnuson agreed to continue markup at next Tuesday's full committee meeting.

We expect the Senate committee to adopt language providing for funding programs at the lower of the House-or Senate-passed levels, an approach which should be generally acceptable to the House.

The termination date of the resolution is still uncertain for the Senate version. We have requested that Senator Magnuson agree to a December 15 date which would serve as an incentive for Congress to come back and enact more appropriation bills (which would contribute to better program management) and to complete action on the Second Budget Resolution.

6. Reconciliation

The conferees convened in a plenary session yesterday which involved mostly inspirational speeches. The real work will involve 12 "subconference groups", which will begin meeting early next week. We hope your note to the Cabinet will minimize the possibility of any adverse agency interaction with the 100 conferees.

III. FOREIGN AFFAIRS, DEFENSE AND INTELLIGENCE ISSUES

1. Tarapur

As we expected, the House yesterday passed a resolution disapproving nuclear fuel exports to India. The key vote was 298-98. The Senate takes up the Glenn resolution of disapproval on Tuesday.

We are in a very close and tough fight and have all hands working the issue. As we get down to the last days of the session, all issues are intertwined. Consequently, Senator Jackson is threatening to vote against us because of Secretary Muskie's letter against binaries. Senator Levin is making the same threat because the Administration did not offer stronger support for his amendment against Jackson.

2. Intelligence Agents Protection Act

On Wednesday the Senate Judiciary Committee unanimously reported the Intelligence Identities Protection Act. This unanimity was a bit misleading because some Members had serious misgivings, as do we. We will work with staff members to improve the bill in conference so as to make it effective in protecting agents' lives and at the same time safeguarding first amendment rights. The House is tentatively scheduled to take up a stronger version of the bill on Thursday.

3. Intelligence Oversight

Today the Senate passed the Intelligence Authorization conference report with the Intelligence Oversight bill attached. The House is expected to consider the Intelligence Oversight bill next week.

4. Foreign Aid Conference

(-)

The long impasse on the foreign aid conference was broken this week when progress was made on the intelligence legislation. A number of contentious issues will be taken up when the foreign aid conference reconvenes on Wednesday. These include Presidential flexibility issues and the Stone amendment revoking export licenses for turbine engines for Iraqi frigates. All funding issues have been put off until the end of the conference. The conferees made only limited progress during their first session yesterday and will probably need at least two more days to complete the agenda.

5. Somalia Reprogramming

(-)

The House Foreign Affairs African Subcommittee has formally objected to the proposal to reprogram \$20 million in FY 80 FMS credits to secure military access to Somalia's ports and airfields, and objections have also come from the House Foreign Affairs Foreign Operations Subcommittee. Opposition has also surfaced from seven members of the full committee and the Black Caucus. A letter signed by African Subcommittee Chairman Clarence Long says that the panel remains unconvinced that \$20 million in reprogramming is needed, but invites the Administration to come back if it can provide more evidence. In the next few days the State Department will pursue this opening by presenting stronger arguments on the strategic necessity of the Somali facilities and on the Ogaden situation. Unfortunately, time is against us. The FMS agreement must be concluded and the funds obligated by next week.

6. House "Peace Through Strength" Resolution

(-)

Congressman Zablocki has decided to hold a hearing next Thursday before his Foreign Affairs Subcommittee on International Security on H. Con. Res. 306, which calls for peace through strength and especially military superiority over the Soviets. State, Defense, and the Arms Control and Disarmament Agency are being asked to testify. The resolution has 223 cosponsors. Zablocki is under pressure from Republicans to take action and believes the best course is to take an affirmative approach aimed at ultimately developing an alternative resolution that would be more compatible with the Administration's policies.

7. Refugee Consultations

(-)

The consultation process required by the Refugee Act of 1980 began this week with the Attorney General and Victor Palmieri in a closed meeting with Judiciary Committee Chairman Rodino, Congresswoman Holtzman, and Congressman Fish. Next Friday, the two will appear before Senator Kennedy's Judiciary Committee at a formal hearing, to be followed by a hearing before the full House Judiciary Committee.

The House meeting did not go well. Rodino expressed grave concern over the numbers of Indochinese refugees, the cost to U.S. citizens who are growing resentful over the U.S. footing the refugee bill, and the fact that relatives from other regions face delay and difficulty in reaching the U.S. Holtzman's concern centered on the recent drop in the resettlement rate of other countries. Fish picked up similar themes. The clear warning from the meeting was that there is a strong Congressional interest in managing and reducing the flow of refugees.

8. Cuban-Haitian Refugees

Senator Pell's Education Subcommittee yesterday marked up the House-passed Stack bill, which authorizes aid to schools experiencing significant increases in enrollment due to the influx of Cuban and Haitian refugees. The subcommittee adopted the Fascell/Stone amendment, which authorizes \$100 million to reimburse state and local governments for increased costs associated with the refugees. We expect the bill to be considered in full committee on Tuesday and to go to the Senate floor before the recess. The Fascell/Stone provisions are already included in the foreign aid authorization bills now in conference, but placing the provisions in another bill gives us another option for securing authorization of the appropriations.

As we planned, the House is scheduled on Monday to take up under suspension that provision of the INS efficiency bill that will enable INS to seize vessels carrying illegal aliens. This is the provision in which you have expressed considerable interest. Congressman Rodino introduced the provision this week as a separate bill. We will arrange, after House passage, to have the bill held at the desk in the Senate, to be taken up by unanimous consent.

9. Resolution of Inquiry on Iran

Reacting to press reports citing existence of the "Iran Papers", Congressman Stark today introduced a resolution calling on you to furnish the House with various documents relating to U.S. involvement in Iran. The bill will be referred to the House Foreign Affairs Committee and will become a privileged motion on October 2 if it is not acted on before then.

10. Binary Weapons

Action in the Senate this week on the Military Construction (MILCON) authorization and appropriations bills strengthened the hand of proponents of the construction of a binary chemical weapons plant at Pine Bluff, Arkansas. On Tuesday, the Senate took up the MILCON authorization bill. After rejecting a compromise proposal offered by Senator Hart calling for a new study on chemical warfare policy and a report to Congress next March, the Senate adopted a Jackson amendment authorizing \$3.2 million for construction of the facility and then went on to pass

the bill. On Wednesday, during consideration of the MILCON appropriations bill, the Senate defeated an amendment by Senator Pryor that would have delayed expenditures for binary weapons production until March 1, 1981. The Senate then adopted a Jackson amendment providing appropriations for the facility. Both bills are now ready for conference. Since the House authorization and appropriations bills already contain a binary weapons provisions, the issue will not be a conference item. We expect the conferees to finish their work before the recess.

The issue was extremely hard to work from a legislative point of view because of mixed signals from the Administration and a perceived lack of willingness to make an all-out effort. Sponsors of the Hart amendment, which lost by one vote, were irritated that DOD did not go all out against the amendment and that Muskie was left to carry the ball.

11. PLO and IMF

The House of Representatives overwhelmingly passed an amendment offered by Congressman Gilman to the IMF authorization bill on September 17, which stated that it is U.S. policy that the PLO not be given membership or observer status at any meeting sponsored by the Fund. If the IMF does give the PLO such recognition, "the President would be required to report his recommendations to the Congress with regard to any further U.S. participation in the Fund."

*I hear
we won
& PLO Post.*

This relatively restrained language reflects a major effort by leading members of the Jewish Caucus (Congressmen Solarz and Rosenthal in particular) to short-circuit a conservative Republican effort (led by Congressmen Crane and Dougherty) to embarrass the Administration and Democratic members who are strong supporters of Israel.

12. Nicaragua

Congressional and public reaction to the announcement that you have made the necessary determination on terrorism to allow the disbursement of the \$75 million has been relatively muted. Somoza's assassination may renew interest, however, and we will have to watch the reaction closely.

Congressman Yatron's HFAC Latin American Affairs Subcommittee has asked for hearings on the determination Thursday, September 25. State has been asked to testify in open session on the process involved in reaching the terrorist determination, to be followed in Executive Session by witnesses from the CIA and DIA. The hearing was prompted by a written request from the Republican members of the Subcommittee (Congressmen Gilman, Guyer and Lagomarsino). An inquiry by the House Intelligence Committee appears to have resulted in a staff recommendation against holding hearings.

IV. MISCELLANEOUS

1. This Week's Mailings to the Hill

The following materials were sent to the Hill this week:

Stealth Talking Points to House and Senate Leadership

Remarks/Quotes from Jody Powell's regular daily briefing regarding: Zumwalt's charges; Reagan's comments on strengthening civil rights laws; and the forged NSC document (to House and Senate Democrats)

Note: The House will
not be in session Tentative Schedule for the House
on Friday

Week of September 22

Monday

Suspensions (21)

September 22

H.R. 5340	Extend Authorizations for Water Resources Research
H.R. 5898	Rattlesnake Wilderness, Montana
S. 1464	Indian Lands for Mille Lacs Band of Minnesota Chippewas
H.R. 8081	Holocaust Memorial Act
H.R. 8087	Omnibus National Trails Act
H.R. 8096	Wild and Scenic Rivers Act
H.R. 7919	Maine Indians Settlement Bill
H.R. 7385	Transfer of Land for the Bureau of Mines
H.R. 6331	Capitol Buildings and Grounds
H.R. 7878	Transfer of Certain Naval Vessels
S. 91	U.S. Code Title Ten Amendments, Survivor Benefits
H.R. 7540	Customs Court
S. 658	Bankruptcy Act
H.R. 8117	Safe Drinking Water Amendments
H.R. 7104	Federal RR Safety Authorization Act of 1980
H.R. 7554	Small Business Investment Incentive Act of 1980
H.R. 7939	Securities Investor Protection Act Amendments
H.R. 6959	Salmon and Steelhead Resources Conservation
H.R. 7039	American Fish Promotion Act
H.R. 3486	Documentary Materials Privacy Protection Act
H.R. 7085	Relating to the Hostages in Iran

Tuesday

September 23

H.R. 6228	Communications Cross Ownership Act of 1980 (suspension) RECORDED VOTES ON SUSPENSIONS DEBATED MONDAY
H.J. Res. 601	International Monetary Fund Appropriations, FY '81
H.R. 7020	Hazardous Waste Containment Act of 1980
H.R. 6806	Public Utility Treatment Under Internal Revenue Code
H.R. 6979	Coastal Zone Management Act

Wednesday

September 24

H.R. 7112	State and Local Fiscal Assistance Amendments
H.R. _____	Federal Supplemental Unemployment Compensation Act of 1980
S. 885	Pacific Northwest Electric Power Planning & Conservation
H.R. 4370	Coal Pipeline Act of 1980
H.R. 6777	COWPS Authorization Extension
H.R. 7265	DOE Authorizations of Defense Programs

Thursday

September 25

H.R. 7782	Secret Service Pay Adjustment
H.R. _____	Authorizaton to Study Extending Metro Subway to Dulles
H.R. 5615	Intelligence Identities Protection Act
H.R. 6704	Juvenile Justice and Delinquency Prevention Act
H.R. 6667	Water Pollution Control Act
H.R. 7548	Farm Credit Act Amendments of 1980

THE WHITE HOUSE
WASHINGTON

September 22, 1980

The Vice President
Lloyd Cutler
Anne Wexler
Stu Eizenstat
Sarah Weddington
Frank Moore
Gene Eidenberg
Jack Watson
Al McDonald
Jody Powell
Fred Kahn
Jim McIntyre

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

Rick Hutcheson

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for Preservation Purposes

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

September 19, 1980

FYI

REPORT TO THE PRESIDENT

Patent Legislation: Congressman Jack Brooks was responsible for eliminating the amendment to the Administration's patent policy legislation which would have established the Patent and Trademark Office as an independent agency. The key elements of the bill concerning the disposition of patents developed under Federal contracts remain intact though Brooks may try to eliminate these provisions in full committee and on the floor.

Trade Advisory Committees: I met this week with the President's Export Council which is currently winding up its affairs given the expiration of its charter at the end of the calendar year. I believe its activities have been extremely beneficial and strongly urge you consider either its extension or the continuation of its function in another form. Reginald Jones is to be commended for the leadership and energy he brought to the PEC as its chairman.

I met also with New Jersey's Governor Byrne, new Chairman of the Governors Committee on Foreign Trade. We agreed to establish close liaison in order to assure the complementarity of our efforts.

Economic Development Administration: The House and Senate conferees deadlocked last night on the expanded EDA legislation and decided on a two-year extension (through FY 1981) of EDA's current legislation. While disagreements focused on the level of appropriation, the level of authorization, and the question of targeting; we believe a large part of the problem emanates from the quality of the interpersonal relations among the conferees. This conclusion was completely unexpected as your personal intervention had resulted in the House conferees agreeing to drop the provisions establishing standby local public works authority. Should last night's decision stand, I believe it to have grave implications for our ability to respond to the pressing economic needs of regions and industries, and to follow through with your recently announced economic program. We are presently exploring the possibility of a reconsideration by the conferees.

Export Trading Companies: We believe we are on the verge of resolving the differences between the Administration and the Federal Reserve Board that have complicated our ability to move the ETC legislation in the House. If successful, passage may be guaranteed this session; if not, House passage remains problematic due largely to the uncompromising position being taken by Congressman St Germaine on the banking provisions of the proposed legislation.

Steel: Save for final decisions regarding the environmental components of the steel package to be forwarded to you early next week, I believe final resolution of all outstanding issues, including the TPM, has been reached. Next week's submission will be in three parts: a decision memorandum on the matter of TPM reinstatement, a summary report of the Steel Tripartite Committee, and a proposed response from you to that report which will integrate your decisions on the TPM with those regarding the environmental, tax, labor and community adjustment, and technology areas. This will constitute an integrated steel policy and an important illustration of your efforts to revitalize our industrial base.

China: May I congratulate you on the achievements symbolized by the Rose Garden signing ceremony. It was truly a historical occasion, and I was honored to be present. My meetings with Vice Premier Bo, and our discussions with the Chinese in the context of the meeting of the Joint Economic Committee went very well. I note also that their trade fair in San Francisco appears very successful. The occasion of the Department's reception for the delegation provided the opportunity for our announcing that I would travel to China in mid-November to mark the opening of the U.S. Trade Fair in Beijing, the largest trade exhibition ever held by the United States and our first in the PRC.

Economic Policy: Douglas Fraser and I shared the platform during this week's National Town Meeting on the productivity and competitiveness of U.S. industry. Our ideas were somewhat compatible, and I was pleased by his expression of support for many aspects of your revitalization program.

Philip W. Klutznick
Secretary of Commerce



CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 19, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: G. WILLIAM MILLER
CHAIRMAN, ECONOMIC POLICY GROUP

Bill

SUBJECT: EPG Activities

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Meeting of Monday, September 15, 1980

Considered possible re-instatement of the trigger price mechanism. Separate memorandum being prepared by the Department of Commerce is being sent to you.

Reviewed possible elements of a statement on Administration's steel program.

Summary statement of ongoing policies and new initiatives is being prepared by the Domestic Policy Staff. Major elements include:

- . Reinstatement of the trigger price mechanism
- . Steps to spur modernization and investment in advanced technology
- . Worker and community adjustment assistance

Meeting of Thursday, September 18, 1980

Reviewed with Moon Landrieu state of housing industry. In view of continued strength in housing starts and permits and the need to persist in policies which will not reignite inflationary expectations, EPG agreed that housing stimulus would not be appropriate at this time.

Reviewed implementation plans for the Economic Revitalization Board. A separate memorandum from Jack Watson and Arnie Miller contains EPG's recommendations on the candidates for the Board.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

September 19, 1980

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MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Neil Goldschmidt

SUBJECT: Significant Issues for the Week of September 15

Status of Transportation Legislation - With the possibility of Congressional adjournment next Friday, five transportation bills are close to completion but may not make it. Of these, the rail regulatory reform bill is essential. Failure to pass the others before adjournment will create some problems but will not be critical.

Rail Regulatory Reform - Fortunes of the rail bill shift hourly. It now appears that there will be a conference next week, but Stu and I will be in touch with Senator Cannon and Representative Florio to encourage them. Staff negotiations had broken down in the last several days, but there is better progress today.

Two late-breaking problems centered on Senate opposition to the joint-rates provision important to ConRail and to our rail restructuring assistance authorization which is important for the midwest. There has been some movement today but both may remain difficult issues for us. I will advise you if your direct personal intervention is required. For the moment, we need to encourage Cannon and Florio to elevate negotiations beyond the staff level.

Transit Authorization - We appear reasonably close to a compromise on the handicapped access controversy, but Chairman Jim Howard has control over whether the bill will get to the House floor.

Appropriations - If Congress does adjourn next week, DOT funding will be part of a Continuing Resolution. If Congress is here beyond next week, there is a reasonable chance that we will get our appropriations through.

National Highway Traffic Safety Administration Authorization - Conference action depends on resolution of a dispute between House and Senate on bumper protection standards. This is really a dispute between steel and aluminum bumpers and their respective partisans in Congress. We are not attempting to influence the outcome of this issue but will try to keep the parties working to reach a consensus.

Oil and Hazardous Waste "Superfund" - Two separate bills and many committees cloud prospects for bringing all pieces together by the end of this session.

Cuban Refugee Patrol - In order to maintain the Coast Guard operation in the Straits of Florida in accord with guidance from your staff, we will need quick decisions on additional funding and manpower for the Coast Guard and on another extension of the involuntary call-up of reservists. I am providing OMB with details.

The operation simply cannot be continued at an effective level under present funding levels without cannibalizing the Coast Guard and destroying its effectiveness in its other missions.



THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

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MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.
JOHN C. SAWHILL

A handwritten signature in cursive script, appearing to read "C. W. Duncan, Jr.", written over the typed name.

SUBJECT: Weekly Activity Report
Week of September 12 - 19, 1980

1. Legislation:

- o Some progress has been made on nuclear waste legislation. S. 2443, the West Valley Demonstration Project Act, passed the House and Senate on September 17. Committee staff are now working on a combined nuclear waste bill that will incorporate all of H.R. 6390, the Atomic Energy Amendments of 1980, and parts of H.R. 7418, the Nuclear Waste Research, Development and Demonstration Act. Combination of the bills is a precondition to action by the House Rules Committee.
- o We are having some, not unexpected, problems with appropriation bills. The Senate Appropriations Subcommittee on Interior completed markup on September 15 of H.R. 7724, FY 1981 Interior and Related Agencies Appropriations. Funding was reduced for the Strategic Petroleum Reserve, preimplementation of the gasoline rationing plan and the Energy Management Partnership Act. Prospects are uncertain that these funds will be restored during full committee markup.

2. Synthetic Fuels Corporation: John Sawhill appeared on September 18 before the Senate Energy Committee on his nomination as Chairman of the Synthetic Fuels Corporation. Because of the lack of a quorum, no vote was taken. We expect that the Committee will vote next week at a business meeting. The Committee has scheduled hearings for September 24 and 25 on the nominations of the other board members.

3. OPEC Meeting: OPEC Oil Ministers met in Vienna on September 18 and agreed to fix the price of Saudi benchmark crude at \$30.00 per barrel and to freeze other official prices at present levels. These decisions will remain in effect until the December OPEC meeting in Bali. The Saudis announced a \$2.00 per barrel increase for all Saudi crudes. This increase would add \$0.68 per barrel to the average price of OPEC oil, \$0.56 per barrel to the average price of world oil, and \$0.41 per barrel to the average price of United States imports.

4. Algeria Liquid Natural Gas: A separate memorandum has been sent to you on the terms of a proposed one-year sales arrangement.

THE WHITE HOUSE

WASHINGTON

September 19, 1980

C
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MEMORANDUM FOR THE PRESIDENT

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FROM: ALFRED E. KAHN

Fred

SUBJECT: Activities Report, covering the past two weeks

Wage/Price Program

We announced today that we are extending the wage/price program, subject to the thorough review and consideration of possible alternatives by the end of the year that you recently announced. In doing so, we followed the recommendations of both our Pay and Price Advisory Committees.

We are continuing negotiations -- thus far unsuccessful -- with W. R. Grace over the noncompliance of their agricultural/chemical unit with our first year standards. I have met with Senators Huddleston and Ford, promising them that I would give this case my careful personal attention -- which I am doing, to the point of nausea. I have an agreement from John Sawhill to extend the commencement of Grace's pending synfuels contract for two weeks to give us more time to attempt to resolve the matter. One slight drawback: Grace seems absolutely determined not to give back a cent. Still I am evaluating their arguments on reconsideration just as quickly as possible.

Last Wednesday we secured an agreement from the country's largest cement producer, Lone Star Industries, to undertake \$2.1 million of corrective action during the remainder of its second program year. Lone Star is the second cement manufacturer within a month to agree to such action. Over the past two weeks we secured corrective action agreements also from Dixie Yarns, Inc., of Chattanooga, from Republic Gypsum Company, of Dallas, and from Frontier Airlines, of Denver.

Small Hydro

We are working with Jack Watson's office on an East Room announcement of the considerable progress we have made in the licensing and funding of small-scale hydroelectric projects. In planning

this announcement, we have received tremendous interagency cooperation and are ready to release word of federal assistance to nearly four dozen small hydro projects -- nearly half your goal of 100 by the end of the fiscal year '81. In making this announcement, we will be able to cite significant regulatory reforms.

We are anxiously awaiting confirmation of your participation in the ceremony, which both Jack and I have strongly recommended.



Electrostatic Copy ~~Notes~~ SECRETARY OF THE TREASURY
for Preservation Purposes WASHINGTON

September 19, 1980

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

- | 1. <u>THE MARKETS AND THE DOLLAR</u> | <u>Today's Close</u> | <u>Change Since 9/12</u> |
|--------------------------------------|----------------------|--------------------------|
| Dow Jones Industrial Average | 963.74 | +27.22 |
| Prime Rate | 12-1/4 to 12-1/2% | 0 to +1/4% |
| Gold (London) | \$677.00 | -\$12.00 |
| Silver (COMEX) | \$ 21.80 | +\$ 1.05 |
- Saudi Arabia's decision to maintain current oil production at 9.5 million barrels per day through the fourth quarter sparked a stock market rally.
 - For most of the week interest rate changes were mixed. However, today most major lenders raised their prime rates to 12-1/2 percent, and larger than expected increases in the money supply announced this afternoon resulted in a moderate but general increase in rates. We are likely to see a nervous market atmosphere next week.
 - The dollar rose against most major foreign currencies in moderately active markets. The Japanese yen rose further, supported by an improved outlook for the Japanese economy and relatively high interest rates.
2. U.S. - PRC JOINT ECONOMIC COMMITTEE
- My sessions with Vice Premier Bo, the working groups, and the signing ceremony all contributed to a highly successful series of JEC meetings. Follow-up discussions at the staff level are scheduled for later this year in Beijing.
3. TAX LEGISLATION
- Gene Godley, Don Lubick, and I are working with Frank Moore and staff to ensure coordinated efforts in holding the line on tax legislation. Although Senator Byrd has withheld scheduling floor action on the Senate Finance Committee tax bill, Chairman Long, GOP Senators, or others may attempt next week to attach the measure as a rider to other legislation.


G. William Miller



SEPTMBER 17 1980

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TO : The President
THRU : Rick Hutcheson, Staff Secretary
FROM : Administrator of Veterans Affairs

A handwritten signature in dark ink, appearing to read 'Max Cleland'.

VA Presidential Update

Static on "Stealth" - National Commanders of 2 largest veteran organizations sounded off in media statements. Legion Commander said: "Speaking for 2.7 million members, I am concerned about recent revelations. I am concerned that the Commander of the Strategic Air Command found it necessary to warn, 'Giving the Soviets advanced warning . . . most certainly sounds the death knell of that system.' These revelations have jeopardized U.S. security." . . . Said the VFW Commander: "The disclosure is transparent domestic political flim flam. The crude political exploitation of a closely-guarded defense secret, when coupled with the recent unveiling of new nuclear targeting strategy endangers and politicizes the bed-rock security of our imperiled country. By confirming the 'Stealth' program, President Carter has given the Soviet Politburo the time and incentive to develop counter measures. I agree totally with Rep. Robin Beard in his call for criminal prosecution of those responsible for disclosure of the 'Stealth' program."

It's Really Working - The early success of VA's storefront, Vet Center readjustment counseling program, which you finally persuaded Congress to adopt, is exceeding even my expectations. In 8 months we have trained nearly 400 expert counselors and opened about 90 storefront centers. Last month alone, a record 5,476 Vietnam era veterans made first-time contact with the centers. In the program's infancy, more than 24,000 troubled veterans have made nearly 67,000 counseling visits; there have been 13,126 family visits for counseling, and counselors have responded to nearly 73,000 telephone calls. Counselors have successfully intervened in a number of threatened suicide, homicide and other crises situations. But this is not a "sit on your duff and let the vets come if they want to" operation. Many alienated veterans do voluntarily seek help - encouraged by the non-bureaucratic, storefront setting and the recommendation of their peers - but most heartening to me is the fact that of all the veterans who have visited, fully one-third have been sought out in the community by our counselors and have been convinced we could help.



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

September 19, 1980

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HHS Activities

Mental Health Systems Act. House and Senate conferees completed work on the Mental Health Systems Act, which would implement many of the recommendations of the President's Commission on Mental Health. The Conference Report is expected to be approved by the House and Senate next week and the bill forwarded for your signature before the election recess.

Toxic Shock Syndrome. The Department's Center for Disease Control announced that use of Rely brand tampons may increase the risk of toxic shock syndrome more than other brands. The Food and Drug Administration is reviewing the data to determine whether regulatory action against Rely or other tampons is warranted.

Cuban Entrants. We are negotiating with the Immigration and Naturalization Service on resettlement arrangements for approximately 500 Cuban unaccompanied minors still in camps. Placement contracts with states should be finalized by Monday, while negotiations with private organizations continue. We are participating in an interagency assessment of possible sites in Puerto Rico in an attempt to consolidate the mentally ill Cubans.

Supreme Court Denies Rehearing on Hyde Amendment. The Supreme Court denied the request for rehearing of its June 30 ruling that Congress has no obligation to finance all medically necessary abortions. Under current law, Federal matching funds will cease for all Medicaid abortions, except for those necessary to save the mother's life and those where the pregnancy occurred as a result of promptly reported rape or incest. We have notified states that HHS Appropriations Act restrictions on Federal funding of abortions will be effective once the District Court's injunction is lifted.

AFDC and Medicaid Payment Error Rates. The Department announced a reduction in payment error rates in the Medicaid and AFDC programs. The press release reported that 22 states are liable for fiscal penalties for not meeting error rate goals required by regulation. The affected states were contacted prior to issuance of the press release and asked to submit evidence of good cause and a corrective action plan to eliminate payment errors. From this information, I will determine whether a waiver of the sanctions or suspension of the penalty is warranted.


Patricia Roberts Harris

THE SECRETARY OF EDUCATION
WASHINGTON, D.C. 20202

SEP 19 1980

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MEMORANDUM TO THE PRESIDENT

SUBJECT: Weekly Report of ED Major Activities

Legislation

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Appropriations

On September 18, the House, on a 223 to 153 vote, approved a continuing resolution for the Education Department and other agencies through December 15, 1980 at the levels of the FY 1981 House-passed appropriations bill. Because the Rules Committee had granted a closed rule, there were no floor amendments. The Senate Appropriations Committee (Magnuson) will mark up the bill on Tuesday, September 23. White House and Department staff are working vigorously to forestall amendments which may be offered in Committee on the Lau bilingual regulations.

Youth Act

On September 18, the Senate Subcommittee on Education, Arts and Humanities (Pell), reported out Title II, the education portion of S. 2385, the Youth Act of 1980, by a vote of 5-0.

The Subcommittee on Unemployment, Poverty, and Migrants (Nelson) will mark-up Title I, the youth employment programs, on September 23. The full Labor and Human Resources Committee is expected to mark-up the complete bill later the same day.

Higher Education

On September 17, the House-Senate conferees on H.R. 5192, the Higher Education Act reauthorization, reconvened and reported a new conference report which was passed by the House on September 18 by voice vote. The Senate is expected to pass it next week. The first conference report was rejected by the Senate because it did not conform to the Senate budget reconciliation bill.

Regulations Disapproval

On September 18, the Secretary testified before the House Elementary, Secondary and Vocational Education Subcommittee (Perkins) on the congressional disapproval of four Department of Education regulations. She discussed steps the Department has taken to improve ED's regulations development process and to respond to Congressional concerns about out regulations. During the same hearing, the Department of Justice testified on the Administration's general position on the legislative veto of agency regulations.

Speeches

The Secretary spoke at the annual meeting of the International Union of Electrical Workers in Detroit, Michigan, on Tuesday, September 16 and is giving a radio address at the City Club of Cleveland today.

A handwritten signature in black ink, appearing to read "Betsy Levin", with a long horizontal flourish extending to the right.

Betsy Levin
Acting Secretary



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410
September 19, 1980

C

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

Subject: Weekly Report of Major Departmental Activities

Audit Guide issued. The Standard Government-wide Audit Guide for audits of consulting services contracts was issued on September 12, 1980. The guide was developed to assess the effectiveness of management controls over the use of consulting service contracts by Executive Branch departments and agencies, and to prevent and detect wasteful and abusive practices.

Fair Housing Assistance Program underway. Sterling Tucker, Assistant Secretary for Fair Housing and Equal Opportunity, launched the Department's new \$3.7 million Fair Housing Assistance Program on September 10, 1980, at a ceremony in Louisville, Kentucky, by presenting the first funding award in the country under this program to the Kentucky State Commission on Human Rights. The Commission is the first State or local agency in Region IV to be recognized under Title VIII, the Federal Fair Housing Law, as "substantially equivalent" for referral of housing discrimination complaints filed with the Department. The \$39,000 award will support the Commission's efforts in the processing of housing discrimination complaints.

Secretary Landrieu's Detroit visit. Secretary Landrieu announced in Detroit on Monday, September 15, that HUD will soon conclude negotiations with Urban Revitalization Incorporated, a Detroit-based non-profit organization that works on Housing-Rehabilitation and Counseling Programs for the structurally unemployed and community based organizations. A \$40,000 HUD counseling grant will involve the potential leveraging of over \$2 million per project city in the year-long demonstration program. A large number of private corporations which have supported URI projects in the past, anticipate recommitting funds to 10 cities across the country, which URI and HUD will focus on in FY 81. Also while in Detroit, at a news conference, marking the dedication of the New Center Revitalization Project developed in cooperation with GM and using \$13 million in HUD Action Grant funds, Secretary Landrieu said the "Carter Administration believes very strongly that a strong America requires a healthy, prosperous, vital urban core. ...cities across the country are moving in the right direction; towards a lasting urban renaissance."

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Moon
Moon Landrieu



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

C
/

September 19, 1980

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

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Although conferees agreed to that portion of the Child Nutrition Act which would have raised the support levels on wheat (to \$3.30) and corn (to \$2.40) in the farmer-owned reserve, the committee remains bogged down on other parts of the bill. Hopefully, the problems can be resolved next week or the price support provisions separated from the main bill.

USSR. Total Soviet meat production is down 4 percent in the first eight months of 1980 compared with 1979. Beef and pork production accounted for most of the August decline, with beef down 5 percent and pork down 7 percent. Sheep and goat meat production declined .7 percent, while poultry production was up 7 percent.

The general manager of the Australian Barley Board indicated that Australia may be prevented from selling the 1 million tons of barley authorized for shipment to the USSR in 1980/81 due to a deteriorating crop situation resulting from dry weather. The official said that Australia will concentrate first on its traditional markets, such as Japan.

The USSR purchased additional quantities of U.S. wheat for delivery in 1980/81 bringing total purchases under the fifth year of the agreement to 1.46 million tons of wheat and 2.91 tons of corn.

NITRITES. USDA will commission two studies on sodium nitrite in foods due to the "continuing controversy" surrounding the regulation of the substance. One of the studies will be conducted by the National Academy of Sciences to review existing data on nitrite and to recommend future research approaches as well as alternatives to nitrite use. In addition, USDA will finance research on alternatives to sodium nitrite in 1980/81.

To The President

Page 2

TOBACCO CROP. U.S. tobacco production is expected to be up about one-sixth this year, mostly due to larger acreage. While hot, dry weather has reduced leaf quality, auction prices are averaging above a year ago; so, cash receipts from the 1980 crop will rise substantially, although likely not matching the 1978 record. The 1980 crop is expected to be about in line with a slightly lower level of 1980/81 use.



JIM WILLIAMS
Acting Secretary

THE ...

The first part of the ...

...

...

...

NAME NELSON, Gaylord

1754

TITLE Senator (D/Wisconsin)

CITY/STATE Washington, D.C.

Requested by Frank Moore

Date of Request Sept 20, 1980

Phone Number--Home () _____

Work (202) 224-5323

Other () _____

INFORMATION (Continued on back if necessary)

Needs to be called on Tarapur and Tax Bill.

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-- on Tarapur -- We think he is genuinely undecided.

NOTES: (Date of Call 9-21)

*Tax bill - Can't vote against Sm Bus amendments
Tarapur - Needs Presidential letter - Glad to
talk to Mastere - Not familiar with issue -*

NAME MATSUNAGA, Spark M.

1764

TITLE Senator (D/Hawaii)

CITY/STATE Washington, D.C.

Phone Number--Home ()

Work (202) 224-6361

Other ()

Requested by Frank Moore

Date of Request Sept 20, 1980

INFORMATION (Continued on back if necessary)

Needs to be called on Tarapur and Tax Bill.

-- on Tarapur -- He has indicated to Bob Schule that he is L-, but we think if he knew that you considered a victory essential and that the vote was extremely close, he would not let you down.

NOTES: (Date of Call 9-21)

*Honolulu mayor losing -
If vote decisive, will support Pres. on Tarapur -
(Heavily influenced by Glenn)*

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NAME NUNN, Sam

176f

TITLE Senator (D/Georgia)

CITY/STATE Washington, D.C.

Requested by Frank Moore

Phone Number--Home ()

Date of Request Sept 20, 1980

Work (202) 224-3521

Other ()

INFORMATION (Continued on back if necessary)

Needs call on Tarapur only. We have him L+; he needs to know how important you think the issue is.

NOTES: (Date of Call 9-21)

*Doubtful - Will support ^{President} if a close call -
Muskie has briefed already -*

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NAME HOLLINGS, Ernest F.

1760

TITLE Senator (D/South Carolina)

CITY/STATE Washington, D.C.

Requested by Frank Moore

Date of Request Sept 20, 1980

Phone Number--Home ()

Work (02) 224-6121

Other ()

INFORMATION (Continued on back if necessary)

Needs call on Tarapur only. We have him L+; he needs to know how important you think the issue is.

NOTES: (Date of Call 9-21)

Will help - Going to work Mon. morning

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NAME GRAVEL, Mike

1757

TITLE Senator (D/Alaska)

CITY/STATE Washington, D.C.

Requested by Frank Moore

Phone Number--Home ()

Date of Request Sept 20, 1980

Work (202) 224-6665

Other ()

INFORMATION (Continued on back if necessary)

Needs call on Tax Bill only.

NOTES: (Date of Call 9-21)

*Agrees re tax bill -
Wants to see Pres re sea level canal.*

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THE WHITE HOUSE
WASHINGTON

9/22/80

RICK --

PRESUME THIS CAME FROM
FIRST LADY/EAST WING
SINCE THERE IS NO INCOMING
ENVELOPE ATTACHED.

-- SUSAN

cc Sawhill

TELACU

The east los angeles community union
a community development corporation
David Lizarraga, president
George Solis, chairman

1330 south atlantic boulevard, east los angeles, ca. 90022 • 213/268-6745

September 16, 1980

To: J. South, 1/1
J

President Jimmy Carter
The White House
Washington, D. C.

**Electrostatic Copy Made
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Dear President Carter:

I bring a most urgent matter to your attention; the current direction of our Domestic Alternative Fuels Program.

The Department of Energy (DOE) and Congress have seen fit to expend billions of dollars to investigate the feasibility of coal gasification and coal liquefaction, even though these resources are largely controlled by giant corporations with massive capabilities, financial and otherwise, making them quite capable, if not responsible, to sponsor this research on their own. Incredibly, even at this date, these technologies have not been commercially proven. In addition to this, oil shale, under the guise of the pseudonym "synfuel", has now been funded by Congress for a total of approximately 90 billion taxpayer dollars to fund a technology also not yet proven. The D.O.E. exhibits staggering gall and deceit through the allocation of these enormous amounts of money without comparable encouragement of truly alternative fuels of comparable potential. One of these alternatives, cellulosic conversion, could in fact be a superior program to the oil shale program and offer energy relief on a far faster time schedule and with totally benign ecological side effects. Such willfully biased, pressure group induced energy policy represents a worldwide crime against humanity.

The injustice of this outrage must be brought to the attention of D.O.E. and Congress.

As a case in point, we offer the attached letter (Congressman Sidney R. Yates, dated September 12, 1980) as evidence of our frustration in dealing with DOE. Your assistance in

Economic Development and Social Services • Urban Research,
Planning & Development • Business Development & Management

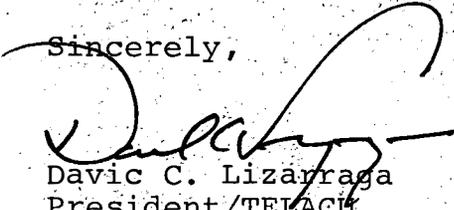


President Jimmy Carter
The White House
September 16, 1980
Page 2

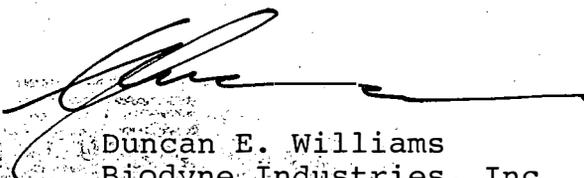
this matter would greatly be appreciated.

Lastly, may we congratulate you on your nomination of Dr. John C. Sawhill to be Chairman and Chief Executive Officer of the new U.S. Synthetic Fuels Corporation. Dr. Sawhill is sensitive to our concerns and is an advocate for the development of cellulosic conversion as a primary alternative fuel for our nation.

Sincerely,



David C. Lizarraga
President/TELACU



Duncan E. Williams
Biodyne Industries, Inc.

Enclosures (2)

TELACU

the east los angeles community union
a community development corporation
David Lizarraga, president
George Solis, chairman

1330 south atlantic boulevard, east los angeles, ca. 90022 • 213/268-6745

September 12, 1980

Senator Henry M. Jackson
Chairman
Committee on Energy and Natural Resources
U. S. Senate
Washington, D. C.

Dear Honorable Chairman:

We are requesting your intercession in clarifying the "legislative intent" of Public Law 96-126 appropriating \$200 million for project development feasibility studies directly related to the commercial production of alternative fuels. This clarification is urgent. It is our grave concern the Department of Energy's (DOE) present narrow interpretation of priority alternative fuel sources and eligible costs under the current feasibility study program will result in a severe setback to our national effort to make a substantial impact on reducing our dependence on foreign supplies of energy resources in the next five years. The boldness of this statement is substantiated by the fact that these feasibility studies will, to a great measure, determine the future direction of our national alternative fuels program.

By way of background, The East Los Angeles Community Union (TELACU) is a community based economic development corporation involved in many community economic development ventures throughout the Southwest. Our economic research and management subsidiary, Community Research Group (CRG), recently entered into a joint-venture with a talented biochemical engineering firm, Biodyne Industries of Santa Barbara. Biodyne Industries has developed proprietary techniques which produces a superior cellulosic feedstock for ethanol production as well as the production of valuable petrochemical replacement by-products. Although the Biodyne Technological breakthrough has been substantiated by eminent scientists (e.g. R. Katzan and G. Emert)

Economic Development and Social Services • Urban Research,
Planning & Development • Business Development & Management



Senator Henry M. Jackson
Chairman
Committee on Energy and Natural Resources
Page 2
September 12, 1980

and leading biomass research universities (e.g. University of Arkansas, Rutgers University, and University of California at Berkeley). Biodyne Industries has insufficient funds or economic research staff to construct a prototype production plant and prepare the necessary economic feasibility and marketing studies prerequisite to full scale commercial production. For this reason, Biodyne and CRG merged their resources in applying to DOE's April 25, 1980 Alternative Fuels Feasibility Studies Solicitation under PL 96-126. From our review of the legislation, we felt this solicitation would be ideally suited to our feasibility study needs.

Although DOE ranked our April 25th proposal extremely high on technical grounds (i.e. top 20% of all proposals reviewed), our proposal was not accepted for funding. The reasons given by DOE for rejecting our proposal, seemingly under the guise of "legislative intent", remain baffling and raise disturbing questions about the direction of our national energy policy. (Please refer to attached memorandum for details of DOE reasons for rejecting our proposal. After receiving the attached memorandum Dr. Frank Press, White House, verified these DOE criticisms of our proposal.

We are left without recourse if in fact the legislative intent of Congress in PL 96-126 appropriations for project development feasibility studies was to:

promote grain as our country's sole primary biomass resource of alternative fuel.

pursue only standard technology in the search for alternative sources of energy with the exception of oil shale and tar sands whose technology has yet to be developed.

restrict the use of \$200 million of feasibility studies to "paper studies" at a cost not to exceed \$10 million per award.

Having carefully read the legislative history of PL 96-126, we do not believe this was the intent of the legislation nor are

Senator Henry M. Jackson
Chairman
Committee on Energy and Natural Resources
Page 3
September 12, 1980

we able to find the legislative restrictions cited by DOE in their criticism of our proposal.

DOE is now in the process of requesting proposals for its second \$100 million solicitation (DE-PSOL-80RA-50412) due on September 30, 1980. In this second solicitation, Page 1, DOE has explicitly stated "it is not intended or expected that the feasibility studies have as a purpose the conduct of research, development, demonstration, or construction work". Under this restriction, it is futile for us to resubmit our proposal.

Although we have proven our cellulosic technology in the laboratory, it is professionally imprudent to proceed directly to a full scale commercial plant without first constructing a prototype plant to refine engineering data and optimize production. A prototype plant is critical to our feasibility study. With a prototype plant, we could be ready for full commercial plant construction by mid 1982. We could be in full production 18 months thereafter. More importantly, cellulosic as an alternative fuel would be a reality.

Reports prepared for DOE by the Natural Engineering Laboratory already clearly state, that cellulose is the major source of alternative fuel in the future far surpassing coal, tar sands, shale, grain etc. If all the present cellulosic biomass waste for existing field crops was converted to ethanol, we would reduce our national need for gasoline by 20%. It is cellulose and not grain which will produce valuable petrochemical replacements as well as ethanol. Cellulose are renewable and environmentally benign. Cellulosic biomass technology can become commercially viable at a fraction of our current public expenditures for alternative fuels. Lastly, commercialization of cellulose to ethanol and other valuable petrochemical replacements would guarantee agri-business a large role in future alternative energy production, retain grain for food, and make us more energy independent.

With all the benefits of cellulosic biomass why does it have a low priority in DOE?

We urge your assistance in persuading DOE to immediately amend its present feasibility studies solicitation due September 30, 1980 to:

Senator Henry M. Jackson,
Chairman
Committee on Energy and Natural Resources
Page 4
September 12, 1980

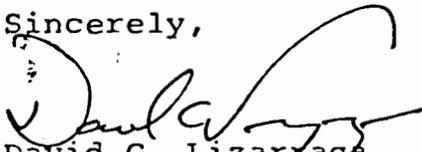
- (1) Actively solicit proposals for any and all alternative fuels as defined by Congress which have a reasonable possibility of becoming commercially viable in the next several years. The availability of existing technology should not be the sole criterion in this area.
- (2) Broaden the scope of eligible activities in the feasibility studies to include research, demonstration and construction if it can be justified by proposer.
- (3) Strike out the sentence on page 1 of the current DOE feasibility studies solicitation which reads:

"It is not intended or expected that the feasibility studies have as a purpose the conduct of research, development, demonstration, or construction work..".

These amendments would insure DOE obtains the widest range possible of potential alternative fuels feasibility study proposals without prejudice or bias to any technology.

Your interest and support is greatly appreciated.

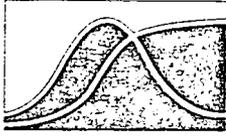
Sincerely,



David C. Lizarraga
President, TELACU

cc: President Jimmy Carter,
The White House
cc: Senator Robert C. Byrd,
Chairman
Subcommittee on Interior
Appropriations

cc: Congressman Sidney R. Yates
Chairman
Appropriations Subcommittee
on Interior
cc: Senator Alan C. Cranston,
U.S. Senate



COMMUNITY RESEARCH GROUP

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MEMORANDUM

~~CONFIDENTIAL~~

TO: Dr. Frank Press, Director of Office of Science and Technology
FROM: Celestino M. Beltran, Representative for Biodyne Industries/
Community Research Group Alternative Fuel Proposal
SUBJECT: Implication of Current DOE Alternative Fuel Policies
DATE: August 4, 1980

Thank you for the luncheon meeting on July 31st with Ambassador Esteban Torres to discuss the Biodyne Industries/ Community Research Group (a subsidiary of TELACU) alternative fuel proposal (solicitation no. DE-PA01-80 RA50185) recently rejected for funding by the Department of Energy (DOE). Specifically, our proposal focused on integrating the most advanced technology available to date into a comprehensive prototype plant which could lead directly into the large scale conversion of waste agricultural biomass (i.e. cellulose) into ethanol and valuable petrochemical replacements (e.g. furans, reactive silica, ligno-silica, etc.) with no effluent problem. The reasons given for rejecting this proposal have grave implications for the present policy direction of DOE and its desire to involve minority/small businesses in DOE alternative fuel programs. As per your request, this letter reiterates the salient points made at our luncheon regarding this matter.

On July 28, representatives of Biodyne Industries/CRG were given a verbal briefing on why our proposal was unacceptable for funding. Individuals present at this meeting were:

- Mr. Robert Chapell, DOE Reviewer (National Engineering Lab, Idaho)
- Ms. Marjorie Bloom, DOE Special Assistant to Deputy Secretary Sawhill
- Ms. Jill Gross, DOE Office of Minority Economic Impact
- Dr. Israel Rabinowitz, Director of Research, Biodyne Industries
- Mr. Tom Cecil, Vice President, Biodyne Industries
- Mr. Celestino M. Beltran, CRG/TELACU Representative

DETERMINED TO BE AN ADMINISTRATIVE
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Although our proposal ranked in the upper twenty percent (20%) of all proposals reviewed, the following reasons were given why our proposal was not accepted.

1. ALTHOUGH OUR PROPOSAL WAS TECHNICALLY SOUND, OUR METHODS HAVE YET TO BE PROVEN COMMERCIALY THEREFORE LABELING OUR PROJECT RISKY.

This criticism baffles us. Was it not the intent of the solicitation to seek alternative innovative approaches to fuel sources? Certainly under this criterion, none of the coal tar and shale projects approved by DOE should have ranked very high given the unproven commercial viability of such projects to produce fuel economically. Our project's greatest merit is that we are using renewable waste biomass material which has the potential of reducing our present national energy bill by 20%. Plus we can produce the fuel economically.

2. OUR PROPOSAL FOCUSED ON BIOMASS WASTE CONVERSION RATHER THAN GRAIN CONVERSION TO ETHANOL.

Although we can see the short term political and economic benefits of converting grain to ethanol, a la "Merchants of Grain" by Dan Morgan, the long term implications of such an exclusionary energy policy by DOE are frightening. The DOE reviewer, Mr. Robert Chapell frankly admitted he and the National Engineering Laboratory fully "support cellulosic conversion as the long term alternative fuel solution. Unfortunately, cellulosic conversion to ethanol is not a priority matter at DOE, at the present, but will be in the next few years". While we can greatly appreciate the candor of Mr. Chapell's remark, it is inexcusable that such a policy should pervade at DOE. This is particularly so when we know biomass waste is RENEWABLE AND ENVIRONMENTALLY BENIGN with the capability of producing ethanol and valuable petrochemical replacements which may well be more important to our national security and economy.

3. OUR PROPOSED PROJECT WOULD TAKE US ALL THE WAY TO COMMERCIAL PRODUCTION, RATHER THAN TO A RESEARCH PAPER REPORT ON THE FEASIBILITY OF OUR PROJECT.

This criticism was incredulous. Ours is not a paper study; but rather, the preliminary design essential to go directly into full scale commercial production. We have authoritative proof from eminent scientists that our processes work. But it is professionally unwise to go from laboratory scale to full production scale without first developing a prototype (i.e. scale = 1 to 100) for refinement and analyzing engi-

neering data. The feasibility study would provide the data gathering process essential to develop the optimal plant size and most efficient production schedule. Marketing studies would also be performed to narrow the alternative markets for the petrochemical replacement. In our opinion, the legislative intent underlying this DOE solicitation clearly addressed our type of project.

4. CALIFORNIA RECEIVED ITS FAIR SHARE OF CONTRACT AWARDS

In other words, DOE attempted to provide each state with at least one contract. Since California was awarded six contracts, our proposal ranked low on this criterion. This implication of the use of this criterion in the award of technical contracts is obvious.

5. ALTHOUGH OUR MANAGEMENT TEAM IS HIGHLY QUALIFIED, WE NEED TO BETTER DEMONSTRATE THEIR QUALIFICATIONS

This criticism was perplexing. Not only have we patented the processes underlying this technology, our consultants (G. Emert and R. Katzen) are some of the best known experts in biomass conversion in the world. Additionally, CRG/TELACU have managed millions of dollars of private and public funds during their many years of involvement in economic development projects.

6. THE SOCIAL AND ENVIRONMENTAL IMPACT OF OUR PROJECT WAS ACCEPTABLE, ALTHOUGH THIS CRITERION WAS NOT HIGHLY WEIGHED BY DOE.

A statement to this effect from Mr. Chapell, the DOE reviewer, was appalling. How, in this day and age of global awareness of the sensitivity of our ecological system, could DOE under rate the importance of the environmental impact in this solicitation? DOE awarded over 50% of the solicitation awards to tar sand and shale related projects. To the best of our knowledge, these types of projects still have serious problems with waste disposal, air pollution, and need for scarce water resources, to say nothing of the impact of strip mining on the environment. Additionally, grain conversion to ethanol projects (15% of DOE awards) still have an unresolved effluent problem despite the refinement of this process by Katzen Associates (previously funded by DOE for this purpose). Yet, the overwhelming advantage of our cellulosic biomass process is precisely its environmentally benign characteristic. It converts all the biomass to ethanol and petrochemical replacements while returning clear water to the environment.

7. CETERUS PARIBUS (Our Own Subjective Comment)

Given our proposal ranked in the upper 20% of all proposals reviewed; given this was a joint venture between a minority firm/small business; and given the fact this project could literally save the California rice industry from being legislated out of business because rice straw burning is the only economical method of preparing for the next crop, all things being equal, why were we not funded?

The implications of the above stated criticisms of our proposal point to an absence of urgency and lack of understanding by DOE of the immense long term importance of cellulosic biomass conversion for producing ethanol and other petrochemical replacements while minimizing the adverse effects on the environment. Not only is cellulosic biomass material renewable, it has the greatest potential for reducing the United States dependence on foreign energy sources.

The DOE review of July 28th and our luncheon meeting of July 31st has been discussed in great detail with Mr. David Lizarraga (President of TELACU) and Mr. Duncan Williams (President of Biodyne Industries). We all agree DOE must immediately broaden its view of biomass technology to include cellulose as a priority area. Our country's economic survival can ill afford to wait two or three years for DOE policies to gravitate to cellulosic biomass technology. The time is now.

Your assistance in bringing these concerns to the attention of the President and DOE would be greatly appreciated. To this end, we are attaching a copy of our proposal for review and comment. Given the confidentiality and proprietary nature of the information disclosed in this proposal, we request this proposal be returned upon completion of your review.

In closing, may we clearly state the intention of this memorandum is to find a solution not to castigate. We sincerely believe we have found part of the solution to our national energy problems. We welcome the opportunity to work with DOE in a cooperative effort to bring our technology to the point of commercial production.

If you have any questions, my office is here in Washington, D.C. My telephone number is (202) 387-3027.

cc U.S. Senator Alan Cranston
Ambassador Esteban Torres
David C. Lizarraga, President, TELACU
Duncan Williams, President, Biodyne Industries

\$6.50

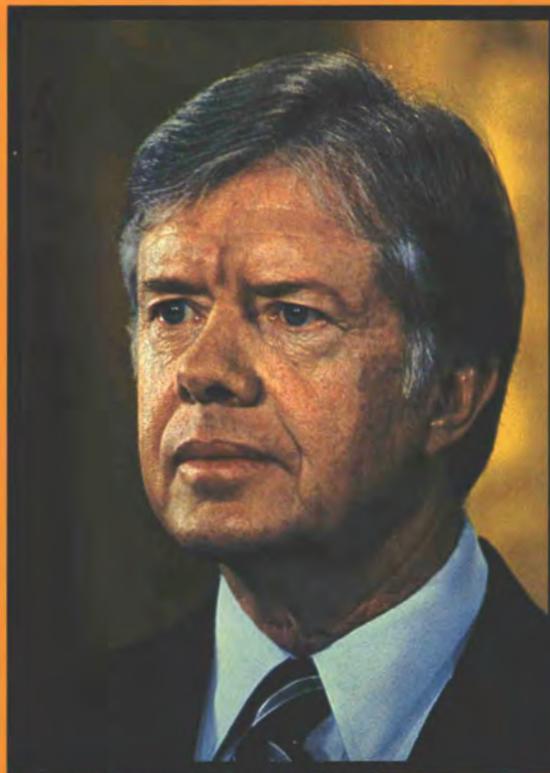
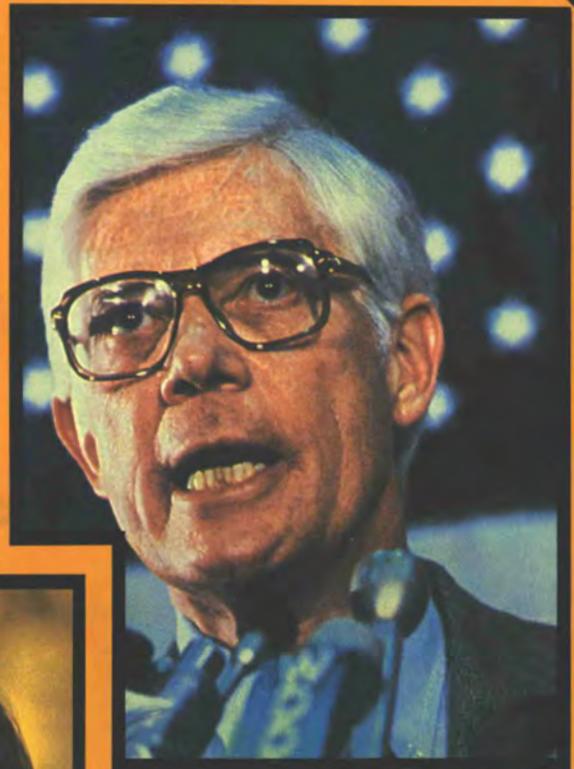
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A Citizen Guide to the 1980 Election

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Report

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*Their Words—And Their Deeds—
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*Written by the
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