

**9/12/77 [2]**

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THE WHITE HOUSE  
WASHINGTON  
September 12, 1977

Stu Eizenstat  
Frank Moore  
Bert Lance

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

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan

RE: FOLLOW-UP STRATEGY ON WATER  
PROJECTS

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
	/	EIZENSTAT
	/	JORDAN
		LIPSHUTZ
	/	MOORE
		POWELL
		WATSON
	/	LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Charlie Schultze and Jack  
Watson have no comments.

Rick (wds)

**THE PRESIDENT HAS SEEN.**

THE WHITE HOUSE

WASHINGTON

September 8, 1977

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT *Stu*  
FRANK MOORE *F.M.*  
BO CUTTER *B*  
SECRETARY OF THE ARMY  
CLIFFORD ALEXANDER  
ASSISTANT SECRETARY OF  
THE INTERIOR GUY MARTIN

SUBJECT: Follow-up Strategy on Water Projects

In signing the Public Works Appropriations bill, you indicated in your signing statement that you intended to follow up in three areas:

- A. Further action on the 10 projects funded by the Congress against your recommendation;
- B. De-authorization of the projects deleted by the Congress, to assure that the projects are not simply funded by the Congress in FY 1979; and
- C. Institution of overall reforms in water resources policy (being developed under the leadership of Secretary Andrus).

A. Further Action on 10 Funded Projects

Under the Impoundment Control Act, there are tightly defined opportunities to defer or rescind FY 1978 spending on some or all of the projects funded in the bill. In addition, in your FY 1979 Budget to be put forward in January, you will have an opportunity to repeat your original recommendations on the funded projects.

Appropriated funds may be placed in reserve and withheld from obligation for a limited period of time. These deferrals must be reported to the Congress and a simple majority of either House can overturn the action and the

funds must then be released for obligation. However, even in the absence of disapproval by either House, the deferrals may not be continued throughout the entire period of availability of the appropriation.

When a decision is made that funds should not be used for the purpose for which they were appropriated, they may be put in reserve and a proposed rescission should be submitted to the Congress. If both Houses of Congress do not approve the rescission within 45 days, the funds must be made available.

Because the intention, in this instance, would be to terminate projects, a rescission proposal would be the appropriate action at the present time. However, if action is delayed until after the submission of the FY 1979 Budget in January, the budget recommendation for zero funding logically could be followed by a proposed deferral of FY 1978 funds until the completion of congressional action on the budgetary recommendation.

There are two basic options you may wish to consider on the 10 funded projects. (The Garrison project is a special case because of litigation and obligations to Canada, so it may at some point necessitate a deferral as a separate matter from the overall strategy.):

Option 1. Immediately seek rescissions of FY 1978 appropriations for some of the funded projects and in January, reiterate your deletions and modifications in the FY 1979 Budget. Rescissions could cover:

- a. R. B. Russell and Cache Basin only
- b. approximately four of the most egregious projects from an environmental or budgetary standpoint (including R. B. Russell and Cache)
- c. some other combination of the 10 projects.

Under the budgetary timetable, these rescissions should be commenced shortly.

#### Pros

- Would indicate your strong intention to pursue action on the funded projects.
- If successful, would save money and prevent unnecessary damage on projects which might ultimately be stopped.

### Cons

- Because of the need for affirmative Congressional approval, rescissions would not succeed.
- By losing on rescissions, we would be turning what is now perceived to be a victory on these water projects into what will appear to be a defeat.
- Supporters of your water resources reform effort would probably prefer substantive follow-up on de-authorizations, FY 1979 Budget and other reforms to a futile gesture.
- Might jeopardize other matters in Congress (energy legislation, Panama Canal treaty, etc.) by antagonizing some Members; might also jeopardize related water resource reform efforts.
- If immediate rescissions were attempted on more than two or three projects, it might appear you were trying to circumvent the normal legislative process.
- If rescissions were attempted on just Russell and Cache, it would be difficult to develop a rationale which singles out these projects. Yet, the more projects included, the less likely we are to succeed on any.

Option 2. Retain your option to reiterate your recommendations for deletions and modifications in the FY 1979 Budget in January, and at that time seek FY 1978 deferrals on some or all of the 10 projects.

### Pros

- Would be likely to achieve at least partial success.
- Because it could be coupled with the FY 1979 Budget request, a deferral mechanism could be used rather than a rescission -- legally, the funds could be deferred until the Congress action on the FY 1979 Budget. Thus, the Budget submission in January provides an appropriate vehicle for a deferral.
- Would postpone another confrontation with the Congress until the opening of the next session, rather than spreading the confrontation over the rest of this session plus the next.

Cons

- Continued spending on these projects without a protest on your part might indicate you are willing to see them completed.
- If the projects are ultimately stopped, unnecessary spending and environmental damage will occur, although it is doubtful that you would succeed with deferrals or rescissions.
- Use of the deferral mechanism may invite adverse Congressional amendment of the Impoundment Control Act, further restricting Executive action.

\_\_\_\_\_  
\_\_\_\_\_ ✓

Option 1

Option 2 (recommended)

B. De-authorization of Projects Deleted by the Congress

It is important to consolidate the gains we have made this year. The Appropriations Committees have indicated that they view the deletion of funds in FY 1978 as a temporary accommodation and that they will add funds back in FY 1979 for some or all of the projects. To preclude this possibility it is necessary to de-authorize the projects.

An attractive possibility would be to propose "sunset" legislation for water projects which would automatically de-authorize any project within a certain period of time (for example, five years) from the original authorization if no funds (or only minimal funds) had been appropriated. Such a bill could include specific de-authorizations for the deleted projects, or separate specific bills could be put forward. This would give our de-authorization effort against these individual projects funded over our opposition a broader context.

Specific de-authorizations are already in preparation and the Interior water policy Task Force is working on a draft "sunset" bill. Interior and OMB feel it would be premature to propose "sunset" legislation ahead of the other water policy reforms, since this idea has just been put out for public comment. However, specific de-authorizations will be put forward on the deleted projects to indicate our seriousness about consolidating our gains.

By February, we could propose "sunset" legislation.

*ok*

C. Institution of Overall Reforms

The ongoing Task Force effort will bring proposals to you early in the next Congressional session. The original November target has been slipped by Interior to February in response to Congressional requests.

SUMMARY OF RECOMMENDATIONS

We recommend the following strategy:

1. Do not seek immediate FY 1978 rescissions on any of the funded projects.
2. In your FY 1979 Budget announced in January, reiterate your recommendations for deletions and modifications. (This will be considered in Budget preparation, along with assessments of other pending projects.)
3. Accompany your FY 1979 Budget with deferrals on some or all of the deleted projects.
4. Propose a "sunset" de-authorization bill as part of the water policy reform recommendations and push for immediate consideration by the Congress in the next session. Insist on de-authorization of the projects deleted this year.

*ok*  
*J*

THE WHITE HOUSE

WASHINGTON

Date: September 9, 1977

MEMORANDUM

FOR ACTION:

Jack Watson *hc by phone*  
Charlie Schultze *UC*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat/Moore et al memo dated 9/8/77 re Follow-up  
Strategy on Water Projects

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: ~~Monday~~ *SAT*

DATE: September 11, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

*Due Sat 1 p*

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<input type="checkbox"/>	FOR INFORMATION
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<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
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<input type="checkbox"/>		COSTANZA
<input type="checkbox"/>		EIZENSTAT
<input type="checkbox"/>		JORDAN
<input type="checkbox"/>		LIPSHUTZ
<input type="checkbox"/>		MOORE
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<input checked="" type="checkbox"/>		WATSON
<input type="checkbox"/>		LANCE
<input checked="" type="checkbox"/>		SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

*Follow 3*

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR:

THE VICE PRESIDENT (1)  
THE ATTORNEY GENERAL (3)  
THE SECRETARY OF THE TREASURY (2)  
THE SECRETARY OF COMMERCE (4)  
THE SECRETARY OF LABOR (5)  
THE SECRETARY OF HEALTH, EDUCATION (6)  
AND WELFARE  
DIRECTOR, OFFICE OF MANAGEMENT AND  
BUDGET  
ASSISTANT TO THE PRESIDENT FOR  
DOMESTIC AFFAIRS AND POLICY

SUBJECT:

Crime Program

I have asked the Attorney General to prepare a tentative outline of an Administration program to improve the investigation and prosecution of crime, giving particular attention to four areas: organized crime, narcotics trafficking, white collar crime, and corruption of public officials. The outline will also consider ways, other than criminal prosecution, to reduce criminal activity.

The Attorney General's outline will be circulated to each of you for comment. I ask that you respond promptly so that an agreed draft can be ready by early October.

This program is in addition to the continuing efforts of the Department of Justice and the Office of Management and Budget to deal with the organizational and resource problems of law enforcement.

The Domestic Policy Staff will provide White House coordination for both of these programs.

JIMMY CARTER

THE WHITE HOUSE  
WASHINGTON

September 12, 1977

Secretary Brown

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

Rick Hutcheson

RE: CONSULTATIONS WITH THE NATO ALLIES  
ON ENHANCED RADIATION WARHEADS  
AWACS FOR IRAN  
DEFENSE APPROPRIATIONS BILL  
CONFERENCE REPORT  
PW/MIA STATUS REVIEWS  
PANAMA CANAL HEARINGS

CONFIDENTIAL ATTACHMENT

~~CONFIDENTIAL~~

THE SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

cc Harold  
J

September 9, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense  
(Week of September 3 - 9, 1977)

Consultations with the NATO Allies on Enhanced Radiation Warheads: I have arranged consultations with the FRG in Bonn on the 12th and the NATO Nuclear Planning Group Permanent Representatives in Brussels on the 13th of September. The consultation team will be led by Dave McGiffert, my Assistant Secretary for International Security Affairs, and will include representatives of the Department of State. The consultations are designed to elicit the views of the Allies on ER warhead production and deployment. In the meantime, both Foreign Minister Genscher and opposition defense spokesman Woerner of the FRG have made statements supporting ER deployment in the FRG. In the Bundestag defense debate, scheduled to begin yesterday, the FRG government is reported as anticipating no major difficulties. The issue remains an emotional item for the Central European allies. The Netherlands debate is receiving a great deal of attention, but I do not regard them as being nearly so critical to our decision as the FRG (or the UK). NATO Secretary General Luns has supported ER as a deterrent, reducing the risk of use of any nuclear system. Upon the return of the consultation team, I shall forward you a report of their assessment of Allied attitudes. *See me*

AWACS for Iran: On Wednesday, we formally notified Congress of our intent to sell seven AWACS to Iran. Concurrently, Charles Duncan forwarded our completed study of alternative air defense systems to Chairmen Sparkman and Zablocki, and to Congressman Hamilton. I am also making the study available to the General Accounting Office with the offer to discuss it with them. We should concentrate first, I think, on the House International Relations Committee and should resist the move to have hearings in the Senate prior to those in the House. *I agree*

TRIDENT Program: As Charles Duncan mentioned in last week's report, we anticipate significant cost increases in the submarines now under contract with the Electric Boat Division of General Dynamics. My staff estimates that there will be an increase of approximately \$350M due to the slippage of the TRIDENT submarine alone. In addition we can expect a slippage and cost impact on the SSN 688 Class attack submarine program. General Dynamics is experiencing serious cash flow problems which could jeopardize the company's financial stability and thereby possibly affect other Defense contracts such as Tomahawk, Stinger missiles and the F-16 aircraft. I have directed the Secretary of the Navy to develop a Navy position and some alternate courses of action for my review. The Navy decided this week to have other yards perform three SSN overhauls which had been scheduled for the Electric Boat Division resulting in approximately 2,000 employees being released to the TRIDENT program.

Pending Conflict of Interest Legislation: On Wednesday, my General Counsel forwarded to OMB formal comments on the Senate conflict of interest bill (S. 555), a proposal far more restrictive than your proposed legislation. I am concerned that if the Administration is driven to some compromise between S. 555 and your proposal, we may be confronted with restrictions on post-government private employment that will seriously impede our recruitment efforts. In addition, some in the legal, scientific, and other highly technical fields will probably feel constrained to leave. At worst,

Classified by Sec Def

SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF  
EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADED  
AT TWO YEAR INTERVALS. DECLASSIFIED ON 31Dec83

2592

SEC DEF CONTR No. X-                    

~~CONFIDENTIAL~~

we could find ourselves in a situation in which the most senior managers all had to be permanent civil servants. We should eliminate the revolving door, but not by bricking closed all the doors. Charles Duncan has discussed the issue with Bob Lipshutz, and is preparing a memo for him also.

LAMPS Helicopter Contract Award: Congressman Bob Edgar of Pennsylvania, accompanied by staff representatives of other Pennsylvania Congressmen and Senators, visited Charles Duncan yesterday afternoon to discuss the award of the LAMPS Helicopter Contract. They were concerned that the loss of the contract to Sikorsky would exacerbate a declining employment picture in Delaware County Pennsylvania where the Boeing Vertol plant is located. They wanted to assure themselves that the award review process had involved senior civilian echelons in the Department of Defense. Charles gave them a very thorough briefing pointing out that the evaluation process had been reviewed by the top management echelon in OSD. This review confirmed the substance, objectivity and methods of the Navy analysis. Notwithstanding the potentially adverse economic impact in Pennsylvania, the award to Sikorsky is justified. Mr. Edgar subsequently told me that, though he is very unhappy with the outcome, he is convinced that Charles handled the matter carefully, ably, and fairly.

Defense Appropriations Bill Conference Report: The House adopted the Conference Report on the DoD Appropriations Bill on Thursday by a vote of 361-36. In a separate vote, the House narrowly (202-199) deleted production funds for the B-1 bomber. In light of the close House vote on deleting the B-1 funds, we can anticipate a more difficult course on the rescission request for FY 1977 B-1 production funding. There also will be problems with respect to the FY 1977 Minuteman III rescission, due in part to perceptions concerning the long run implications of closing the missile line (a decision made in President Ford's FY 78 budget, reaffirmed in yours, and now enacted by Congress). I shall testify on September 15 before Chairman Mahon's Committee on the B-1 and Minuteman III rescissions along with our amended budget request on the cruise missile. Charles has advised me of your conversations with him about the PHM rescission. I reiterate that we will aggressively support a second effort at rescission should you deem it appropriate; I suggest that I take further soundings with Mahon and others to provide information for that decision.

*do so*

Unionization: The American Federation of Government Employees has overwhelmingly voted (80% to 20%) not to open its membership to military personnel. As you know, just prior to the recess, the Senate Armed Services Committee unanimously reported out, favorably, its bill which prohibits unionization of military personnel. The AFGE vote minimizes the threat of unionization and (in my view) supports my position that a DoD directive is the best way to handle the unionization problem at least for the near term. However, I understand that so far the Committee is continuing to press for passage of its bill.

PW/MIA Status Reviews: A temporary restraining order was issued last Wednesday by a United States District Judge in New York which temporarily bars status changes in cases in which there were no designated recipients of benefits or in which the beneficiaries of the missing did not oppose the change in status. As a result of this court action, this Department put a temporary hold on all status reviews until the legal situation is cleared up. A hearing in the District Court is scheduled for September 19.

*Proceed when legally possible*

Discharge Review Program: The Senate yesterday passed the Cranston/Thurmond Bill by a vote of 87 to 2. This bill would deny veterans benefits to individuals who receive an upgraded discharge under our Special Discharge Review Program and who would not have received upgrades otherwise. The House is expected to take up a similar measure on Monday. The six-month program will be closed to new applications on October 4. I shall give a fuller analysis and my recommendations after the House action is completed.

SALT: Environmental Shelters Over Minuteman Silos: The Air Force is implementing the intention we expressed to the Soviets to modify the Minuteman environmental shelters; visually verifiable modifications have already been made to all existing shelters, and the first new, smaller shelter is scheduled to be completed and in use on September 13. Accordingly, this modification in U.S. practices could be reported to the Soviets at the session of the Standing Consultative Commission which begins on September 20.

Panama Canal Hearings: George Brown and I shall testify on September 21 before the House International Relations Committee on the Panama Canal Treaties. We also are scheduled tentatively to testify the last week of September before the Senate Foreign Relations Committee. As Charles Duncan indicated in last week's report, you can expect continued strong support from George.

*Good*

*Harold Brown*

THE WHITE HOUSE  
WASHINGTON

September 12, 1977

EYES ONLY - Confidential attachments

The Vice President  
Midge Costanza  
Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson

Re: Cabinet Summaries

The attached were returned in the  
President's outbox and are forwarded  
to you for your personal information.

Rick Hutcheson

Attachments from  
DoT, Labor, CEQ  
CEA, Agriculture, Defense,  
Commerce, EPA, Treasury,  
UN, GSA, HEW, HUD, Justice  
STR, Interior

THE WHITE HOUSE  
WASHINGTON

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MEMORANDUM TO: THE PRESIDENT

FROM: Jane Frank *Jane* September 9, 1977

RE: Proposed Agenda for September 12  
Cabinet Meeting

1. Comments on the Panama Canal Treaties:  
signing ceremony; visits of Latin American leaders.  
(You might thank the Cabinet for attending a reception  
at the Treasury Department for Administration guests  
who could not be accommodated at the actual signing  
ceremony.)

2. Comments on the legislative agenda for the  
remainder of the session. (Results of your September 8  
breakfast with the House Leadership; breakfast with the  
Senate Leadership scheduled for September 13.)

3. Remarks by Cabinet members.

CC: The Vice President

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jane Frank *Jane*

September 9, 1977

RE:

Summaries for the Week of September 5 - 9, 1977

I am transmitting summaries received from the following:

Agriculture	Justice
Commerce	Labor
CEA	STR
Defense	Transportation
EPA	Treasury
GSA	CEQ
HEW	Interior
HUD	UN

I circulated to the Cabinet Jody's September 8 press statement that recent stories reflecting adversely on individual members of the Cabinet do not represent your feelings. Several Cabinet members have told me personally how much they appreciate your unequivocal support and efforts to curb harmful and demoralizing gossip about their performances.

In response to your request, I have been working with Mrs. Carter's scheduling people on the details of a visit to Amy by the Byrd grandchildren.

CC: The Vice President

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THE WHITE HOUSE  
WASHINGTON

September 12, 1977

Secretary Adams

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

Rick Hutcheson

RE: CONCORDE  
MINORITY CONTRACTING ON THE  
NORTHEAST RAIL CORRIDOR



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

cc Brock  
Stu  
J

September 9, 1977

MEMORANDUM FOR THE PRESIDENT

THROUGH: Jack Watson

SUBJECT: Significant Issues Pending at the  
Department of Transportation

*Bob Adams*

INFORMATION

Concorde

On September 7, I met personally with Representative Leo Ryan, Chairman, Subcommittee on Environment, Energy and Natural Resources of the House Government Operations Committee in an attempt to resolve the controversy about the availability of the classified options paper on Concorde.

We supplied the witnesses to the Committee today. Nonetheless, this will continue until a decision is reached and announced on Concorde.

There will be an interagency meeting in the White House with Stu and Zbig on Wednesday, September 14. I believe we should reach a decision as soon thereafter as possible so a Notice of Proposed Rulemaking can be issued.

*I agree*

Minority Contracting on the Northeast Rail Corridor

As you know, we will be letting construction contracts for work on the Northeast Rail Corridor over the next four years totalling \$1.75 billion. This major Federal undertaking presents an excellent opportunity to provide significant job and business opportunities for minorities. I have now decided to set aside specific contract packages for Corridor work to be bid on only by minority-controlled firms as an innovative method of achieving the previously established goal of awarding 15 percent of the total dollar value of the project (approximately \$270 million) to minority firms. The definition of minorities which would

INFORMATION

be used for this purpose covers both racial minorities and women. In addition, the project will make a large purchase of concrete ties, and it is expected that minority firms will be able to compete effectively for this contract. You may want to review this with Griffin Bell since Justice is preparing a brief on the subject of quotas for minorities.

The Department plan is an important Federal initiative extending the present scope of our affirmative action programs. You may want to mention it in your discussions with Black leaders who are concerned about minority employment.

← Stu  
& Brock  
do this

Congressional Hearings on Passive Restraints/Airbags

I testified at hearings in the House and Senate on my recent decision mandating passive restraint systems in automobiles. I appeared before the Senate Commerce Committee on Thursday, September 8, and the House Commerce Committee this morning. At both hearings, demonstrations of the passive restraint systems were available to both Members and staff. I also discussed the issue with House Members at a coffee before today's hearings and will discuss it with Members of the Senate at a luncheon tentatively scheduled for September 22.

**Electrostatic Copy Made  
for Preservation Purposes**

U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
WASHINGTON

"FYI"

cc Sta-  
Assess 3 items  
briefly -  
p2 - soon  
J

September 9, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, RAY MARSHALL *Ray*

SUBJECT: MAJOR DEPARTMENTAL ACTIVITIES, September 3-9

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

As planned, OSHA announced on September 8 an Emergency Temporary Standard limiting the use of the pesticide DBCP which has been found to cause sterility in workers who produce it. The announcement was made in conjunction with the Environmental Protection Agency (EPA) and the Food and Drug Administration (FDA). These agencies announced other steps the government was taking to severely limit the use of this pesticide. OSHA is also currently in the process of developing a single generic standard to protect workers who are exposed to pesticides. With over 1400 pesticides currently being produced in this country, it is clear that the health problems associated with pesticides cannot continue to be handled on a substance-by-substance basis. The development of a generic standard for pesticides would allow OSHA to require certain basic work-practices, protective equipment, medical monitoring and engineering controls for all firms that manufacture or use pesticides.

UNITED MINE WORKERS (UMW)

The wild-cat coal strikes have virtually ended. As I mentioned to you last week, there continues to be a serious danger of a nationwide wild-cat coal strike over the impending reduction of pension benefits for UMW retirees. On September 6, the UMW announced that it expected its Pension Fund to be \$8 million in deficit in October. They indicated that this will cause a major reduction in benefits. I am continuing to follow the situation closely. I have met with Trustees of the UMW's Health and Welfare Fund and I will continue to assist the parties in seeking a resolution of these and other matters.

BLACK UNEMPLOYMENT

I was pleased with the results of your meeting with the Black Caucus, especially the decision to move forward on efforts to achieve a compromise on Humphrey-Hawkins.

In my report to you on black unemployment, I mentioned a number of things that the Department of Labor could do to alleviate this problem. Three of these items require your approval:

- (1) Youth Bill--The Administration could ask Congress for an additional \$500 million for the new Youth bill. This \$500 million was included in your budget request, but was deleted from the Labor/HEW appropriations bill. These funds were deleted because Congress did not think that more than the \$1 billion that was appropriated could be effectively spent in Fiscal Year 1978. As a result, we were planning to ask for this \$500 million in Fiscal Year 1979. You could send a message to Congress requesting appropriation of the full amount for Fiscal Year 1978. I believe we can make effective use of these funds and therefore recommend your approval.
- (2) Public Service Employment--You also could immediately ask Congress for an additional \$1.2 billion to sustain and expand the CETA program. Again, this \$1.2 billion was in your budget request, but was deleted by Congress. Since the CETA expansion is ahead of schedule, we believe that we could effectively use this \$1.2 billion.
- (3) Welfare Reform--We have submitted to OMB a Fiscal Year 1977 supplemental request for \$255 million to establish demonstration projects to test the jobs component of welfare reform. I feel that it is important that this request be expedited. If the funding were available, we would structure these demonstration projects to focus on jobs for youths in low-income families.

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

cc Stu  
J

September 9, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren  
Gus Speth  
Marion Edey *MS.*

SUBJECT: CEQ Weekly Status Report

Environmental Message: Next week marks the fourth month since your Environmental Message, and we expect the following initiatives to be submitted to you as you directed:

- a proposal for a National Heritage Trust
- legislation reforming the 1872 Mining Act
- recommended alternatives for resolving uncertainties associated with the Cross Florida Barge Canal

We will have a report on the implementation of all the Message's initiatives for Stu Eizenstat next week.

Nuclear Licensing Reform Act: Comments received this week from Congressional sources, states, environmental organizations and industry have been critical of the current draft Nuclear Licensing Reform Act. Our comments to OEPP/FEA also pointed out serious deficiencies in this draft, and we have recommended that the Administration not embrace it and that the current tight schedule for submitting a bill to Congress be lengthened substantially. A bill that will command wide support can be drafted, but the many thoughtful concerns that have been raised will have to be addressed.

*ok -  
give  
me new  
schedule*

Spent Nuclear Fuel: We have initiated with the State Department and the Domestic Policy Staff an effort to map a strategy for getting the widest possible public support for the soon-to-be announced Administration program of providing storage in the U.S. for foreign spent nuclear fuel. Securing public support for this important program may require some personal involvement by you.

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THE WHITE HOUSE  
WASHINGTON

September 12, 1977

Charles Schultze

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Rick Hutcheson

RE: TAX REFORM AND BUDGET  
STRATEGY

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

cc Charlie  
J

September 9, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE *CLS*  
SUBJECT: CEA Weekly Report

1. Tax reform and budget strategy.

Quite apart from the specific elements of the tax reform package, you will have to make three decisions with major long-run economic effects:

- A. The overall size of the net tax reductions, when the package is fully in effect in 1981. The full Treasury package, at the moment, involves a 1981 net reduction of about \$37 billion *hold any final decision*
- B. The timing of the reductions -- how much in 1979, 1980, and 1981
- C. How to handle the increasingly likely contingency that we will need to advance some part of the tax reduction to mid-1978 in order to avoid an economic slowdown.

CEA is preparing, in cooperation with Treasury and OMB, the analysis to help you with these decisions.

2. The economy.

Within the next ten days, in cooperation with other economic agencies, CEA will do a full-blown and detailed re-estimate of the economic outlook over the next 18 months. In the meantime, we are holding to our view that the current "lull" will end shortly, and that further reductions in unemployment will occur. We are, however, somewhat more uncertain about getting quite as large a growth rate (5%) over the next 12 months as we had hoped. Indeed, the third quarter GNP growth will almost certainly be significantly less than 5%.

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3. Humphrey-Hawkins.

Senator Humphrey's absence is holding up our progress. Congressman Hawkins and I have agreed, however, to let our staffs identify and narrow down the differences over the next week, in preparation for a "summit" meeting of Eizenstat, Schultze, Hawkins, and Humphrey as soon as the latter returns.



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

cc Ham  
J

September 8, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson  
Secretary to the Cabinet

SUBJECT: Weekly Report

CANAL. We are hosting a briefing on the canal treaty--by Ambassador Bunker, for the farm press and leadership of agricultural organizations--next Thursday (September 15).

SET-ASIDE. Technical details for operating a wheat set aside will be completed next week.

The final crop report necessary to base feed grain set-aside decisions is due Tuesday.

COFFEE. USDA estimates the supply of exportable coffee from producing countries is up 19 percent from last year.

CORN. There appears to be a serious and widespread contamination of corn in the southeastern states by the aflatoxin fungus. It is poisonous to humans and transfers easily to milk when fed to dairy herds (forbidden by law). We are working with FDA and have moved technicians and testing equipment into infected areas to help states locate and control the problem.

RURAL DEVELOPMENT. We have begun a policy of coordinating with and assisting private foundations (Kaplan and Ford thus far) on rural development initiatives. We hope that this activity will help us avoid duplication beyond our own programs and have a positive impact on USDA's budget.

SBA. SBA's announcements that they have a low interest disaster farm loan program has inundated them with applications. Lacking field staff, it has caused serious delivery problems especially in Georgia. We are meeting with Administrator Weaver and Chairman Talmadge next week to see if local USDA offices can help relieve their problem nationally as well as in Georgia.

FmHA - ASCS. The weekly update on FmHA-ASCS appointments is attached.

  
BOB BERGLAND



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FARMERS HOME ADMINISTRATION STATE DIRECTOR STATUS, September 9, 1977

<u>STATE</u>	<u>ACTION*</u>	<u>DESIGNEE or NEW DIRECTOR</u>	<u>TARGET DATE</u>
Arizona	Transfer	Manuel Dominguez	October 30
Arkansas	Program Assistant	Sherman Williams	October 30
Alabama	Removed	Elizabeth Wright	October 30
Illinois	Resignation	Jon Lindfield	October 30
Iowa	Program Assistant	Awaiting Congressional recommendations	
Kentucky	Resignation	William Burnett	October 15
Louisiana	Resignation	Awaiting Congressional recommendations	
Maine	Detail/Program Assistant	Awaiting Congressional recommendations	
Delaware	Transfer	Awaiting Congressional recommendations	
Missouri	Program Assistant	Allan Brock	October 30
Mississippi	Detail/Program Assistant	Mark Hazzard	October 30
North Carolina	Program Assistant	Clifton Perry	October 30
North Dakota	Transfer	Fred Gengler	September 9
Oklahoma	Program Assistant	John Ringwald	October 30
Oregon	Holding	Action papers for incumbent and designee prepared, awaiting Congressional input	
Virginia	Program Assistant/ Resignation	E.A. Ragland	October 18
Pennsylvania	Removed	Nancy Neuman	Holding
Puerto Rico	Removed	Julio Ubides	Indefinite acting
Washington	Holding	Awaiting Congressional recommendations	
Wisconsin	Detail/Program Assistant	Larry Dahl	October 15
Wyoming	Program Assistant	Rudy Knoll	October 30

<u>STATE</u>	<u>ACTION*</u>	<u>DESIGNEE or NEW DIRECTOR</u>	<u>TARGET DATE</u>
California	Removed	Lowell Pannell	Now serving
Colorado	Removed	Ernie Phillips	Now serving
Florida	Retirement	Mike Hightower	October 25
Georgia	Resignation	Robert Blalock	Now serving
Idaho	Vacant**	Andrew McCarter	Now serving
Indiana	Removed	Bud Posey	Now serving
Kansas	Removed	John Denyer	Now serving
Michigan	Removed	Bob Mitchell	October 25
Minnesota	Resigned	John Apitz	October 1
Montana	Vacant**	Wallace Edland	September 20
Nebraska	Vacant**	Leonard Hanks	Now serving
New Mexico	Resignation	David King	October 1
New York	Resignation	Karen T. Hansen	October 1
Ohio	Removed	Gene Abercrombie	Now serving
South Carolina	Vacant**	Karl Smith	Now serving
South Dakota	Removed	Jack Weiland	Now serving
Tennessee	Resignation	Wayne Avery	Now serving
Texas	At-large	Bill Pieratt	Now serving
Utah	Vacant**	Reed Page	Now serving
Vermont	Transfer	Brian Burns	Now serving
West Virginia	Vacant**	James Facemire	unknown

\*Action taken regarding incumbent in position

\*\*Position vacant when current selection process was started

ASCS FIELD APPOINTMENTS

September 8, 1977

STATE COMMITTEES

Appointed	50
Awaiting White House Approval	<u>1</u>
TOTAL	51

STATE EXECUTIVE DIRECTORS

Appointed	14
Awaiting Formal Appointment	2
In Process	7
Awaiting White House Approval	6
Awaiting Security	8
Name Selected	6
Retention Planned	<u>8</u>
TOTAL	51

<u>STATE</u>	<u>STATE EXECUTIVE DIRECTOR</u>
Alabama	Wallace Steele - Awaiting Security Clearance
Alaska	Charles Marsh - Awaiting Security Clearance
Arizona	Steve Faltis - Planned Retention - Democrat Appointed by Sec. Freeman
Arkansas	A. C. Mowery - Appointed 7/18/77
California	Howard Mays - Planned Retention - Career employee, retention recommended by State committee and Congressional Delegation and Asst. Sec. Bob Meyer
Colorado	Charles Bishopp - Appointed 8/26/77
Connecticut	George M. Wilber - Nominated by Sen. Ribicoff
Delaware	O. Joseph Penuel - Awaiting Security Clearance
Florida	Clyde Payne - Appointed 7/21/77
Georgia	Fritz Scarborough - Appointed 8/11/77
Hawaii	Clarence Chau - Planned Retention - Retention recommended by Congressional Delegation
Idaho	Harland Blackburn - Awaiting Security Clearance
Illinois	William O'Daniel - Recommended by Sen. Stevenson; Congressmen Simon and Shipley
Indiana	Loyd Jones - Appointed 8/1/77
Iowa	James K. Hatcher - Appointed 8/1/77
Kansas	Jim Ray - Appointed 7/25/77
Kentucky	Beverly Yeiser - Appointed 7/11/77
Louisiana	Willie Cooper - Planned Retention - Retention recommended by Congressional Delegation
Maine	Arthur Carroll - Awaiting White House Approval
Maryland	James Voss - Awaiting White House Approval
Massachusetts	Myron Maiewski - In Process
Michigan	Richard Grabemeyer - Awaiting Security Clearance

9-8-77

<u>STATE</u>	<u>STATE EXECUTIVE DIRECTOR</u>
Minnesota	Howard Carlson - Appointed 8/11/77
Mississippi	D. L. Triggs - Appointed 6/29/77
Missouri	Alan King - In Process
Montana	Lya11 Schaefer - Awaiting White House Approval
Nebraska	Glenn Kreuzscher - Awaiting Formal Appointment
Nevada	Albert Pasquale - Recommended by Sen. Cannon
New Hampshire	Dennis Fenton - Planned Retention - Democrat Appointed by Sec. Freeman
New Jersey	John Olsen - Recommended by Sen. Williams
New Mexico	Leo Griego - Awaiting White House Approval
New York	George Komer - In Process
North Carolina	C. P. Stewart - Awaiting Security Clearance
North Dakota	David Strauss - Appointed 8/26/77
Ohio	Ralph Cochran - In Process
Oklahoma	John Goodwin - Nominated by Various Delegation Members
Oregon	Talbert Sehorn - Appointed 8/5/77
Pennsylvania	Carl Kaufman - In Process
Puerto Rico	Carlos Troche - Planned Retention - Democrat Appointed by Sec. Freeman
Rhode Island	Richard Kenyon - Pending Retirement - Democrat Appointed by Sec. Freeman
South Carolina	Melvin Crum - Appointed 6/29/77
South Dakota	Wayne Testerman - Awaiting White House Approval
Tennessee	Royce Adams - Appointed 8/3/77
Texas	Leonard Williams - Awaiting Formal Appointment
Utah	Joseph Adair - In Process
Vermont	Al Heald - Planned Retention - Has status in position

9-8-77

STATE

STATE EXECUTIVE DIRECTOR

Virginia

Leland Beale - Awaiting Security Clearance

Washington

Donald Heinemann - Awaiting White House Approval

West Virginia

James Coburn - Recommended by Cong. Rahall

Wisconsin

Stewart Huber - In Process

Wyoming

Carl Otto - Awaiting Security Clearance

THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

C

September 9, 1977

"FYI"

REPORT TO THE PRESIDENT

Business Capital Spending Forecast

On Wednesday, the Department released the results of its July-August survey indicating that business plans for increased spending on new plant and investment in 1977 have been revised upward to 13.3 percent. This compares with a 12.3 percent increase reported in June and suggests that business fixed investment will be providing more stimulus during the rest of this year than previously estimated. This moderate improvement in the investment outlook will offset in part slower increases in consumer spending during the second half of the year. After adjusting for prices, the planned increase this year is about 8 percent, which is still somewhat less than the average 9-10 percent a year that we believe is necessary to reach our longer-run economic goals.

Census Activity

This week the Department initiated the 1977 Economic Census, which will involve some 2.5 million businesses and industrial firms. For the first time, this census, which is made every five years, will collect comprehensive data in several service industries, particularly health care and social services.

In preparation for the 1980 census of population and housing, officials of our Census Bureau met this week with three advisory committees comprising representatives of Black, Spanish, and Asian-American minority groups and organizations. Significant progress was made toward resolving their concerns about the coverage of this census. Through the initiative of the White House Office of Public Liaison, the Director of the Census was also able to hold useful discussions this week with representatives from Common Cause, the National Center for Community Action, and La Raza on ways to achieve greater citizen participation in census activities.

Chinese Trade Delegation

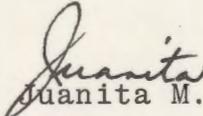
Today, I hosted a luncheon for a delegation from the China Council for the Promotion of International Trade (CCPIT). Led by Chairman Wang, this is the highest level Chinese trade

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delegation to visit the U. S. since the resumption of limited relations in February 1972. I am pleased to report that there was a strong interest on the part of the Chinese in increasing our trade ties. In view of the new Chinese industrial modernization policy, I believe we now have a realistic opportunity to move forward in expanding our trade with the PRC. Much will depend, of course, on progress toward the normalization of relations.

Minority Business Initiatives

I am pleased to report that our Office of Minority Business Enterprise (OMBE) is making progress in directing minority enterprise development toward significant growth industries. An example is the grant awarded yesterday to the National Black Veterans Organization for the development of a recycling business in the District of Columbia. Importantly, this will serve as a demonstration project which could be replicated in many major cities across the country. This initiative relates to three broad Administration objectives: reducing urban minority unemployment, solid waste recycling, and energy conservation.

  
Juanita M. Kreps

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United States  
Environmental Protection Agency  
Washington, D.C. 20460

C

The Administrator

September 9, 1977

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

1. WATER POLLUTION CONTROL AMENDMENTS. Four days of hearings have now been scheduled on the House amendments to the water bill (Sept. 15-16, 19 and 22). We will be testifying on the 16th. It looks as if the House will go quickly to conference and we will have a public law by the end of the session.

2. DBCP. EPA took joint action with OSHA and FDA on September 8, announcing several regulatory measures to protect those exposed to DBCP (dibromochloropropane) from sterility and possibly cancer. We announced:

- o Emergency temporary standards to limit worker exposure to DBCP (OSHA);
- o A proposed suspension on crop applications and other uses of DBCP (EPA);
- o Initiation of a food monitoring program to determine whether the general public is consuming unsafe amounts of DBCP on agricultural crops (FDA).

3. STEEL. EPA and the Pennsylvania Department of Environmental Resources met on August 30 with the United Steelworkers and Wheeling-Pittsburgh Steel to discuss a possible delay of compliance for Wheeling-Pittsburgh's Monesson works. The company claims that its extremely poor financial condition prohibits any capital spending for the foreseeable future and is seeking an indefinite moratorium on pollution control spending. The state is exploring alternatives to assist the company in securing needed capital. I note this case because it may be a forerunner of others in the future.

A handwritten signature, likely of Douglas M. Costle, written in dark ink at the bottom right of the page.



THE SECRETARY OF THE TREASURY  
WASHINGTON

F.Y.I.

September 9, 1977

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. ECONOMIC POLICY

The EPG Steering Committee, working with your Domestic Policy staff, has launched what I hope will be an urgent and imaginative search for fresh, sound approaches to the problems of youth unemployment and structural unemployment generally. The seven Governments at the London Summit pledged such efforts. The latest black youth unemployment statistics show we have a very long way to go.

The EPG Steering Committee is also analyzing on a crash basis the multi-year budget and macro-economic effects of and programmatic connections between the Administration's four major initiatives for 1977: The National Energy Plan, welfare reform, Social Security financing reform, and tax reform.

2. LEGISLATION ON TREASURY EXCHANGE STABILIZATION FUND (ESF)

Within the next day or two, I will submit legislation to Congress placing ESF administrative expenses on-budget and subject to appropriation beginning in FY 1979. The off-budget treatment and funding of these expenses has been a growing source of Congressional irritation and criticism, and we have worked closely with the key committees in developing this legislation.

*Mike*

W. Michael Blumenthal

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TO: President Carter

September 9, 1977

THROUGH: Jack Watson

FROM: USUN - Ambassador Young

SUBJECT: Weekly Summary of U.S. Mission to the U.N. Activities  
August 31 - September 8

1. SECURITY COUNCIL DEBATE ON CYPRUS. Despite intensive behind-the-scenes efforts to draft a broadly acceptable resolution, the Cyprus debate dragged through its second week without any decision. The Western Five have remained united in resisting non-aligned efforts to push a resolution which we believe would be unnecessarily provocative to the Turks.
2. NAMIBIA. The Western Five have developed a plan of work for September and decided to invite South African and SWAPO representatives to New York in September to try and wrap-up the Namibian settlement. We hope to ask the Security Council in October to approve U.N. participation. We are also meeting with representatives of Secretary General Waldheim on his planning for the U.N. aspects of a Namibia settlement.
3. RHODESIA - SEPT. 8 MEETING BETWEEN AMB. YOUNG AND UK AMB. RICHARD. It was decided that before any Security Council action on the UK/US proposal could be requested it would be necessary to insure firm frontline state support in order to avoid having the proposal flounder in the Council. Consultations will therefore begin in New York with Security Council members and Africans. We believe it important, however, to aim for a Security Council meeting within 10-14 days.
4. JAPANESE BILATERALS, SEPT. 8-9. Amb. Young, Assistant Secretary Maynes and USUN officers are involved in two-day consultations with Japan on the issues before the 32nd General Assembly, aimed at developing better coordination and understanding of our positions.
5. DISARMAMENT. The Preparatory Committee for the Special Session on Disarmament has decided that the Special Session will take place from May 23-June 28, 1978. The Committee will meet again in January 1978 to begin the drafting and negotiation of the documents which will be presented.
6. AMB. YOUNG BRIEFS HOUSE INTERNATIONAL RELATIONS COMMITTEE ON UK/US RHODESIAN PROPOSALS, SEPT. 6
7. AMB. YOUNG'S OTHER MEETINGS: Margaret Thatcher (UK) Sept. 8; Senator James Allen, Democrat, Alabama (Sept. 6).

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United States of America  
General Services Administration  
Washington, D.C. 20405

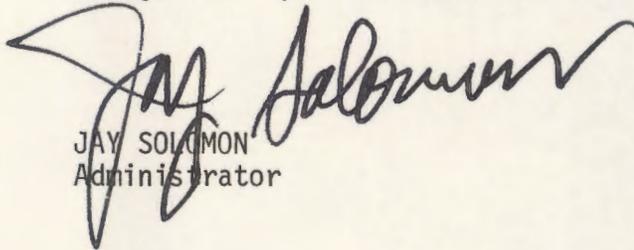
Administrator

September 9, 1977

MEMORANDUM TO THE PRESIDENT

SUBJECT: Weekly Report of GSA Activities

A negative report is submitted for the week ending September 9, 1977.

A handwritten signature in black ink, appearing to read 'Jay Solomon', written over the typed name and title.

JAY SOLOMON  
Administrator

P.S. - Some unofficial business: I just returned from a week in Jackson, Wyoming, visiting Joel. He sends warm regards.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

September 9, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

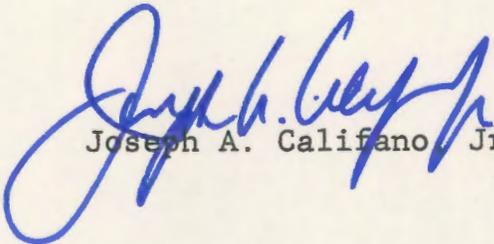
The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Regional Appointments. Eight down, and still two to go.
- Bakke. I am sending under separate cover a memorandum on the Bakke case. As drafted, I believe the Justice Department brief has profound deficiencies and will call into question the constitutionality of many government supported and government initiated affirmative action programs.
- Welfare Reform. Your welfare reform proposal was received with virtually unanimous approval by the National Governors' Conference. There is now a high likelihood that the Conference will pass a resolution strongly endorsing the plan. The developments in the House are also very encouraging. The special welfare reform subcommittee will now be independent, and not an augmented subcommittee of Ways and Means. Moreover, the composition of the subcommittee -- which was determined by the Speaker and Chairmen Foley, Perkins and Ullman -- could not be more favorable.
- Status of Legislation. Markup of the hospital cost containment bill is scheduled to begin in the House on Monday in the health subcommittee of both Ways and means (Rostenkowski) and Interstate and Foreign Commerce (Rogers). Due to the Jewish holidays, however, reporting out the bill may be delayed until the following week. Markup of the social security financing bill is scheduled for the House Ways and Means Subcommittee on Social Security (Burke). Finally, there is a possibility that H.R. 3, the Medicare/Medicaid Anti-Fraud and Abuse Control Amendments, will be taken up on the House floor this coming week.

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We are continuing negotiations on H.R. 7200 to see if anything good can be salvaged -- or serious harm averted.

- National Health Insurance. On September 13 and 14, I will be in Ottawa and Toronto to review the Canadian approach to, and experience with, health insurance. At the invitation of the Minister of Health, I will meet with officials at the federal and the provincial level to study both of those perspectives.

  
Joseph A. Califano Jr.



THE UNDER SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

September 9, 1977

*C*

SEP 9 1977

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental  
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

New Role for States Under Community Development Block Grant Program. In her speech today before the National Governors Conference in Detroit, Secretary Harris announced that States will be offered a significant role in helping HUD to select and allocate community development block grant funds to small cities. State participation will be contingent on tangible evidence of their interest in helping cities either through supportive legislation, or by providing financial or technical assistance. During 1978 we expect to make a total of \$675 million available through this new allocation process.

Task Force Report Encourages Strong Role for the Federal Housing Administration. Dr. Robert C. Weaver, former Secretary of HUD, has submitted the Report developed by the Task Force on the Future of the Federal Housing Administration. The Report, entitled "Revitalizing the FHA", concludes that FHA provides an excellent vehicle for Federal innovation and leadership in the housing field and cautions that phasing out or reducing the role of FHA would severely hamper our efforts to meet the Nation's housing needs.

The Report notes that we are facing a critical shortage of rental housing and that an effective FHA is a logical vehicle for providing assistance in both the subsidized and unsubsidized lending markets to deal with this problem. FHA also is seen as an appropriate vehicle to promote the revitalization of urban neighborhoods as part of the redevelopment of our cities.

The task force report outlines areas where aggressive leadership by FHA is particularly important. These include helping to reduce housing costs, introducing innovative construction and financing techniques, and making mortgage credit available on more reasonable terms.

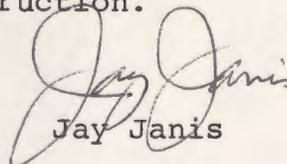
Administration Welfare Reform Proposal, Federal Housing Programs, Discussed in Congressional Testimony. Secretary Harris appeared before the Senate Committee on Banking, Housing and Urban Affairs on September 8 to discuss the significance of the Administration's welfare reform proposal and to respond to specific questions about the relationship between welfare reform and Federal housing programs. The Secretary strongly endorsed the welfare reform proposal, noting that study of the proposal had resulted in a fresh look at housing issues as they relate to welfare reform.

Urban and Regional Policy Group Meetings With AFL-CIO and Civil Rights Representatives. On September 2, fifteen representatives of AFL-CIO affiliates met at the White House with members of the Urban and Regional Policy Group (URPG). The representatives emphasized the need for large-scale investment to revitalize the cities and greater industry responsibility for urban recovery. The unions' top priority is short range programs for the unemployed in urban areas and financial mechanisms tied to employment strategies. For example, the representatives voiced support for the urban bank concept as a credit source for cities.

On Wednesday, the URPG met with 22 representatives of ten civil rights groups, including the Leadership Conference on Civil Rights, National Urban Coalition, National Urban League, NAACP, and National Southern Christian Leadership Conference. Again, the primary concern was employment opportunities with emphasis on jobs in the cities and in areas accessible to minorities and the poor. Representatives also emphasized the need for revitalization and reuse of existing urban resources including the existing infrastructure and human resources.

A common emphasis at these and other URPG meetings was the need for a new kind of partnership between neighborhood groups, local governments, and the private sector and the need for coordination among Federal programs.

Agencies Cooperate on Construction Standards for Energy Conservation. Representatives from HUD and the Department of Agriculture met last week to discuss the Farmers Home Administration's proposed new construction standards for energy conservation. The purpose of the meeting was to find a way to develop uniform energy conservation requirements acceptable to HUD, FmHA, and the Veterans Administration. The three agencies have now agreed to work together on new requirements, to be completed by October 1, to increase the energy efficiency of single family home construction.

  
Jay Janis



## Office of the Attorney General

Washington, D. C. 20530

September 9, 1977

Re: Principal activities of the Department of  
Justice for the week of September 5 through 9

### 1. Meetings and Events

The Attorney General met with Senator Eastland Wednesday to discuss the upcoming legislative agenda of the Department in the Senate. Pursuant to the President's agreement Wednesday, Judge Bell and the Solicitor General met with three representatives of the Black Caucus concerning Bakke. The Attorney General held a press conference Tuesday to release the Park indictment. Judge Bell will travel with the Vice President to the Second Circuit Judicial Conference Saturday.

### 2. Washington State Indian Fishing Matter

The State of Washington has for some time been under a federal court order (Judge Boldt) to issue and enforce specific regulations providing Indian fishermen in the State a certain percentage of the salmon catch, as guaranteed by treaty. Last week, at the request of the State which stated it was unable to control its licensed fishermen in its own courts, the federal court assumed full responsibility for regulating the 1977 fishing season. At the direction of the Court, the Coast Guard, the National Marine Fisheries Service and the United States Marshals Service took charge of enforcement responsibilities. State law enforcement personnel continued to provide assistance. As in the IPSFC fishery earlier this summer, the federal enforcement effort has met with little resistance, and only two citations have been issued. [The present court order covers species of salmon other than pink and sockeye, these are regulated by the IPSFC. The geographic area covered -Puget Sound- overlaps to some extent the IPSFC regulated area.]

### 3. Intelligence Community: Revised Executive Order

Representatives of the Attorney General have been meeting with representatives of the Director of Central Intelligence and the Secretary of Defense on the proposed revision of

Executive Order 11905 to implement the President's decisions on the reorganization of the intelligence community. The Department has suggested several changes in the draft, principally in the area of procedures to safeguard the rights of American citizens in the conduct of intelligence activity.

4. Federal Tort Claims Act

The Department next week will introduce legislation to amend the Federal Tort Claims Act to make the United States solely liable for the common law torts of its employees committed within the scope of their duties, and for the constitutional torts of those employees committed within the scope of their duties or "under color of" their offices. The purposes of the legislation are to give victims of government torts a solvent defendant, and to ease the morale problems caused by the government's current inability, in many circumstances, to defend law enforcement officers and other employees who are sued civilly. Under the legislation, an employee would be subject to mandatory disciplinary proceedings whenever the government is forced to pay damages because of his activities.

5. Arbitration

The Department next week will introduce legislation to authorize arbitration in certain types of federal civil cases, with the parties retaining the right to a court trial if they were dissatisfied with the result of arbitration. The Department in conjunction with the judiciary, also will move immediately to implement the arbitration procedure on a trial basis in three districts by court order.

6. Judge Johnson

Judge Johnson continues to improve daily. He is reported to be in excellent condition by his physicians and is expected to leave the hospital early next week.

7. Attached is a Status Report on Presidential Appointments.

8. Sugar Price Support Program

At the request of the Secretary of Agriculture, the Deputy Attorney General issued an opinion that proposed regulations establishing a program of price subsidy to producers of sugar

beets and sugar cane were inconsistent with governing statutes and therefore unlawful. On August 26, the Acting General Counsel of the Department of Agriculture requested an opinion from the Office of Legal Counsel (OLC) on a price support program modified to meet the problems outlined in the Deputy Attorney General's opinion. Because of the impending onset of the harvesting season, OLC rendered an oral opinion approving the modified program and on September 6 sent written confirmation.

The modified program calls for sugar processers to pay a specified support price to producers, with reimbursement to the processers for that portion of the price paid by them that exceeds the price they would have paid in an unsupported market. OLC has been advised that it will be asked to opine on supplemental questions later.

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

20506

c

September 9, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Ambassador Robert S. Strauss *RS*

SUBJECT: Weekly Summary

This office has been active enough this week on a number of fronts and I think it was good I did not travel to Tokyo.

I meet this afternoon at 4 o'clock with Vance, Linowitz, Jordan, Butler, and Keefe to discuss specific follow up from the Wednesday breakfast -- which was very productive.

You have had a full enough week without any further summary from me.

If you get bored over the weekend and want any Latin American leaders for company, I think there are still a couple left in town.

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THE SECRETARY OF THE INTERIOR  
WASHINGTON

September 9, 1977

9/

MEMORANDUM TO THE PRESIDENT

From: The Secretary of the Interior

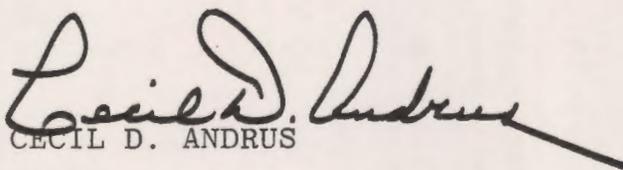
Subject: Major Topics for the Week of September 5

Our Alaskan proposal is at OMB and appears to be on track to meet our September 15 commitment to Congress. I will keep you advised.

Your pipeline decision was excellent. Jim did you a good job in negotiating out the extra costs.

I met with Senators Bumpers and Anderson on the "Surface owners consent" provisions of the stip mine bill. I concur with Dale's assessment of the problem and we have worked out a solution if it meets with your approval. Perhaps we can discuss it briefly after Cabinet.

Harrison Welford has recommended to you that you defer the deep sea mining jurisdiction decision until after we address natural resource reorganization. I concur.

  
CECIL D. ANDRUS

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THE WHITE HOUSE  
WASHINGTON

September 12, 1977

Bob Linder

The attached memo concerning a Status Report on SBA 8(a) Program and Local Public Works Act Minority Business Set-Aside; Minority Business Statement was signed today, September 12, 1977.

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Bunny Mitchell suggests that you mention this program at Monday's Cabinet meeting, per the Presidential Statement, page 1.

Jack Watson has no comment.

Rick (wds)

This  
statement  
for release  
today

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THE WHITE HOUSE  
WASHINGTON

ok  
J

September 9, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Status Report on SBA 8(a) Program  
and Local Public Works Act Minority  
Business Set-Aside; Minority Business  
Statement

SBA 8(a)

Vernon Weaver is moving expeditiously to correct the problems in this business development program for socially and economically disadvantaged persons. He established an interagency 8(a) Review Board, which is presently working on the abuse highlighted in Senator Chiles' hearings, the use of minority "fronts" by majority businessmen to obtain government procurement under this program.

There are 1,576 companies in the 8(a) program. Weaver estimates that 150 of them are "problem companies," 50 of which will probably be dropped from the program. SBA has informed several companies of their possible termination. Weaver believes that there will be Congressional intervention on behalf of some firms being terminated.

LPW Minority Business Set-Aside

As Secretary Kreps reported to you, we had a very successful White House meeting with representatives of surety companies, lending institutions and the construction industry on the 10% minority business provision of the Local Public Works program. Another meeting with representatives of state and local governments on this topic will be held.

Because the money in this program must be obligated by October, a major campaign is underway to inform minority entrepreneurs of this business opportunity.

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for Preservation Purposes

Statement on Minority Business

Attached is a proposed statement by you to be released in conjunction with your meeting September 12 with the Interagency Council for Minority Business Enterprise. The statement incorporates the decisions you have made in response to previous memoranda, and includes words of support for Weaver's 8(a) efforts. Vernon Weaver and OMB have approved this statement. Jim Fallows has also approved it.

## STATEMENT BY THE PRESIDENT

During the last decade the Federal government has played a crucial role in stimulating the development of minority businesses in this country. Working in partnership with private enterprise, the government has sought to promote participation in our economy by entrepreneurs from socially and economically disadvantaged segments of society. There have been some successes and some failures in these minority business development efforts, but the important benefits to society to be gained from these efforts have never been questioned. Building strong minority business enterprises is in the national interest because they contribute to our efforts to reduce unemployment and to stimulate community development.

It is the policy of this Administration to promote the development of minority business enterprise. The experiences of the past decade show that the government cannot solve all the problems in this area, but government at all levels has an important leadership role. This Administration will actively support minority business development, and we strongly encourage the private sector to increase its involvement in this area. The overwhelming majority of existing minority businesses are in the retail and service fields. While I am confident that businesses in these areas will continue to prosper, it is my hope that we can promote the participation by minorities in industries with growth potential such as energy and telecommunications, where opportunities for development are greatest.

I have discussed this matter with the members of my Cabinet and found enthusiastic support among them for the Federal government's promotion of minority business development. Some departments already have ongoing minority

business development activities, but others do not. We must improve the performance of existing activities and create programs in other departments in recognition of the fact that all departments of government have a role to play in minority business development.

I intend to rely on the Interagency Council, chaired by Sidney Harman, the Under Secretary of Commerce, to promote, coordinate and monitor federal programs relating to minority business enterprise. The Council should meet regularly to make certain that the issue of minority business development receives the attention of policy-makers at the highest level of the government.

In order to provide a focus for our efforts and to set achievable goals for this Administration, I have taken the following actions:

First, I fully endorse the efforts underway to revamp and improve the SBA Section 8(a) program. Vernon Weaver has established an 8(a) Review Board. I have asked him to move expeditiously and to consult with interested members of Congress and other concerned citizens to make certain that this key program operates in the most efficient, effective and fair manner possible. We should not permit our disappointment at the manner in which this worthwhile program has been administered in the past to diminish our desire to make it work.

Second, I have instructed all Executive departments to work with the Office of Minority Business Enterprise and the Small Business Administration to devise effective minority business assistance programs.

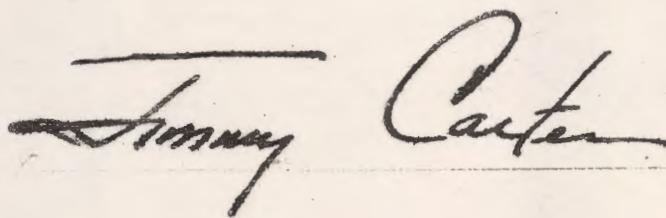
Third, I have asked the Office of Federal Procurement Policy to review and to revise procurement regulations to assure adequate involvement of minority and small business firms by requiring that recipients of major federal contracts show how they will involve minority and small businesses before rather than after a contract has been awarded.

Fourth, I have requested that the Treasury Department, as an Interagency Council member, lead a task force to prepare a report on sources of capital and mechanisms for financial assistance for minority business.

Finally, I have instructed all Executive departments to double their purchases of services from minority firms through direct and indirect procurement activities during the next two fiscal years and to report to me on their progress in meeting this goal. This increase should raise the level of Federal government purchases from minority firms to about one billion dollars. We will closely monitor the effort of each department to see that this goal is achieved.

I believe that we should improve and strengthen existing programs rather than make wholesale changes at this time. However, we will assess the operation of these programs under their new leadership, and we will not hesitate to recommend changes where they seem warranted.

These steps provide a good beginning for our efforts in this area. We will show steady and sustained progress throughout my term of office in promoting the development of minority business enterprise.

Jimmy Carter

THE WHITE HOUSE  
WASHINGTON

Date: September 10, 1977

MEMORANDUM

FOR ACTION:  
Bunny Mitchell  
Jane Frank  
nc

PS 2 change  
notify Can Mon am, per statement

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Status Report on SBA 8(a) Program and Local Public Works Act Minority Business Set-Aside; Minority Business Statement

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Saturday

DATE: September 10, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

*Bunny -  
Please comment  
before 12 noon  
Saturday*

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/> IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

ENROLLED BILL
AGENCY REPORT
CAB DECISION
EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

ARAGON
BOURNE
BRZEZINSKI
BUTLER
CARP
H. CARTER
CLOUGH
FALLOWS
FIRST LADY
HARDEN
HUTCHESON
JAGODA
KING

KRAFT
LINDER
<input checked="" type="checkbox"/> MITCHELL
MOE
PETERSON
PETTIGREW
POSTON
PRESS
SCHLESINGER
SCHNEIDERS
STRAUSS
VOORDE
WARREN

THE WHITE HOUSE  
WASHINGTON

Get comment from

Bunny

STATEMENT TO: INTERAGENCY COUNCIL FOR MINORITY BUSINESS

SUBJECT: Minority Business Enterprise Programs

During the last decade the federal government has played a crucial role in stimulating the development of minority businesses in this country. Working in partnership with private enterprise, the government has sought to promote participation in our economy by entrepreneurs from socially and economically disadvantaged segments of society. There have been some successes and some failures in these minority business development efforts, but the important benefits to society to be gained from these efforts have never been questioned. Building strong minority business enterprises is in the national interest because they contribute to our efforts to reduce unemployment and to stimulate community development.

It is the policy of this Administration to promote the development of minority business enterprise. The experiences of the past decade show that the government cannot solve all the problems in this area, but government at all levels has an important leadership role. This Administration will actively support minority business development, and we strongly encourage the private sector to increase its involvement in this area. The overwhelming majority of existing minority businesses are in the retail and service fields. While I am confident that

businesses in these areas will continue to prosper, it is my hope that we can promote the participation by minorities in industries with growth potential such as energy and telecommunications, where opportunities for development are greatest.

I have discussed this matter with the members of my Cabinet and found enthusiastic support among them for the federal government's promotion of minority business development. Some departments already have ongoing minority business development activities, but others do not. We must improve the performance of existing activities and create programs in other departments in recognition of the fact that all departments of government have a role to play in minority business development.

I intend to rely on the Interagency Council, chaired by Sidney Harmon, the Under Secretary of Commerce, to promote, coordinate and monitor federal programs relating to minority business enterprise. The Council should meet regularly to make certain that the issue of minority business development receives the attention of policy-makers at the highest level of the government.

In order to provide a focus for our efforts and to set achievable goals for this Administration, I have taken the following actions:

First, I fully endorse the efforts underway to revamp and improve the SBA Section 8(a) program. Vernon Weaver has established an 8(a) Review Board. I have asked him to move expeditiously and to consult with interested members of Congress and other concerned citizens to make certain that this key program operates in the most efficient, effective and fair manner possible. We should not permit our disappointment at the manner in which this worthwhile program has been administered in the past to diminish our desire to make it work.

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Third, I have asked the Office of Federal Procurement Policy to review and to revise procurement regulations to assure adequate involvement of minority and small business firms by requiring that recipients of major federal contracts show how they will involve minority and small businesses before rather than after a contract has been awarded.

Fourth, I have requested that the Treasury Department, as an Interagency Council member, lead a task force to prepare a report on sources of capital and mechanisms for financial assistance for minority business.

Finally, I have instructed all Executive departments to double

their purchases of services from minority firms through direct and indirect procurement activities during the next two fiscal years and to report to me on their progress in meeting this goal. This increase should raise the level of federal government purchases from minority firms to about one billion dollars. We will closely monitor the effort of each department to see that this goal is achieved.

I believe that we should improve and strengthen existing programs rather than make wholesale changes at this time. However, we will assess the operation of these programs under their new leadership, and we will not hesitate to recommend changes where they seem warranted.

These steps provide a good beginning for our efforts in this area. We will show steady and sustained progress throughout my term of office in promoting the development of minority business enterprise.

JIMMY CARTER

Statement on Minority Business

Attached is a proposed statement by you to be released in conjunction with your meeting, in the second week of September, with the Interagency Council for Minority Business Enterprise. The statement incorporates the decisions you have made in response to previous memoranda, and includes words of support for Weaver's 8(a) efforts. Vernon Weaver and OMB have approved this statement. Jim Fallows has also approved it.

1:00 PM

THE PRESIDENT HAS SEEN.

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THE WHITE HOUSE  
WASHINGTON

9  
—

MEETING WITH ARCHBISHOP JOSEPH L. BERNARDIN

Monday, September 12, 1977  
1:00 p.m. (15 minutes)  
The Oval Office

From: Zbigniew Brzezinski

23.

I. PURPOSE

To discuss human rights policy prior to Bernardin's departure for the Vatican meeting of the Roman Synod of Bishops.

II. BACKGROUND, PARTICIPANTS & PRESS ARRANGEMENTS

- A. Background: Archbishop Bernardin asked for this meeting in order to get a first-hand explanation of the Administration's human rights policies prior to his trip to Rome to attend the Church's triennial Synod, a gathering of about 100 members of the Church's worldwide hierarchy called by the Pope. At a recent Church meeting, Bernardin was hard-pressed by Latin American prelates on the subject of U.S. human rights policies. He expects to be asked similar questions in Rome. Generally, Bernardin and the American Catholic hierarchy have been supportive and enthusiastic about your human rights policies. The Vice President has discussed those policies at length with the Pope in January and in subsequent meetings with Bernardin and Kelly.
- B. Participants: Archbishop Joseph L. Bernardin, President of the National Conference of Catholic Bishops; Bishop Thomas Kelly, General Secretary of the U.S. Catholic Conference; Zbigniew Brzezinski; Jessica Tuchman.
- C. Press Arrangements: Photo coverage at the beginning of the meeting.

III. ISSUES FOR DISCUSSIONS

- Bernardin will want to be reassured that the Administration is not backing off from its human rights stand in any way.

- He will have specific questions relating to the Administration's attitude toward the government of Cuba.
- He may raise questions about our policy regarding the Philippines, Korea and Taiwan.
- He may want to discuss the Panama Canal Treaty. In the past the Catholic Conference has strongly supported a new Treaty. You might ask for whatever help they can give now.

THE WHITE HOUSE  
WASHINGTON

September 12, 1977

Bob Lipshutz

The attached Veteran's Day Proclamation was signed today and is forwarded to you for your information. The signed original has been forwarded to Bob Linder for appropriate handling.

Rick Hutcheson

VETERAN'S DAY PROCLAMATION



THE WHITE HOUSE  
WASHINGTON

Although P.L. 9497 changes the date of the observance back to November 11th....it does not go into effect until 1978.....and until then we apply the 1968 amendment which sets the observance for the 4th Monday in October.

*Lipshutz*  
*How far*  
*Can we go this year*  
*on the 11/11 date?*  
*J.C.*

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

8/31/77

Mr. President:

Jim Fallows has edited this proposed Veterans Day proclamation.

Rick

*Susan -*  
*Check on date*  
*Nov 11?*  
*J*

THE WHITE HOUSE

WASHINGTON

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ

*RL*

RE: Veteran's Day

You have asked whether it would be lawful for you to proclaim that Veteran's Day be celebrated this year on November 11.

The law is clear that Veteran's Day this year must be celebrated on the fourth Monday in October. It will not be until next year, 1978, that it will be permissible to celebrate this holiday on November 11.

*OK, but  
The states do  
this - 11/11  
J*

**Electrostatic Copy Made  
for Preservation Purposes**

VETERANS DAY, 1977

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

The blessings of liberty which our ancestors secured for us are today, as they have always been, the birthright of every American. They have remained so because in each generation there have been men and women who have been willing to suffer the hardships and sacrifices necessary to preserve our rights for future generations.

No act of citizenship is more worthy of our respect than a willingness to serve in our armed forces and to protect and defend our ideals. There are nearly thirty million of our fellow citizens among us today who have earned that respect by their loyal and honorable service.

In recognition of the contributions our veterans have made to the cause of peace and freedom, the Congress has determined (5 U.S.C. 6103(a)) that one day each year should be set aside as a national holiday in order that all Americans may be able to take part in activities designed to show our respect for their dedication to their country.

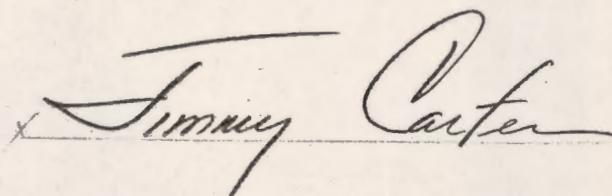
NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, ask all Americans to observe Monday, October 24, 1977, as Veterans Day in a manner that will let our Nation's veterans know that their sacrifices are and always will be recognized and appreciated.

I urge the conduct of public ceremonies, the visible tribute of members of the business community, and the personal participation of all Americans of all ages in honoring our Nation's veterans.

I especially encourage remembrance to those men and women who are sick and disabled and to those who are patients in our hospitals.

I call upon Federal, State and local government officials to mark Veterans Day by displaying the flag of the United States and by supporting and encouraging public involvement in appropriate exercises and programs.

IN WITNESS WHEREOF, I have hereunto set my hand this                    day of                    , in the year of our Lord nineteen hundred and seventy-seven, and of the Independence of the United States of America the two hundred and second.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned above a horizontal line.

THE WHITE HOUSE

WASHINGTON

Date: August 29, 1977

MEMORANDUM

FOR ACTION:  
Jim Fallows

FOR INFORMATION:  
Stu Eizenstat  
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Veterans Day, 1977 - Proclamation

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Thursday

DATE: September 1, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



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

AUG 30 1977

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed proclamation entitled "Veterans Day, 1977."

This proposed proclamation was submitted by the Veterans Administration and has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director, after revision in that agency.

The proposed proclamation is approved as to form and legality.

Respectfully,

A handwritten signature in cursive script that reads "John M. Harmon".

John M. Harmon  
Assistant Attorney General  
Office of Legal Counsel



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

GENERAL COUNSEL

AUG 24 1977

Honorable Griffin B. Bell  
Attorney General  
Washington, D. C. 20530

Dear Mr. Attorney General:

Enclosed, in accordance with the provisions of Executive Order No. 11030, as amended, is a proposed proclamation entitled "Veterans Day, 1977."

The proposed proclamation would call for the appropriate observance of Veterans Day, October 24, 1977. There is no statutory basis for its issuance; however, by a concurrent resolution of June 4, 1926 (44 Stat. 1982), the President was requested to issue a proclamation calling for the observance of November 11, the anniversary of the armistice of 1918, and Presidents have annually since 1926 issued similar proclamations in honor of our veterans.

Before 1971, Veterans Day was observed on November 11 and that day was designated by the Congress as a legal holiday (Act of May 13, 1938, 52 Stat. 351, as amended, 68 Stat. 168). By an Act of June 28, 1968, 82 Stat. 250 (5 U.S.C. 6103(a)), the Congress provided that, effective in 1971, this legal holiday will fall on the fourth Monday in October. Although Public Law 94-97 (89 Stat. 479) amends 5 U.S.C. 6103(a) by changing Veterans Day back to November 11th, that amendment does not become effective until 1978.

The proposed proclamation, along with the enclosed transmittal letter, was submitted by the Veterans Administration. The proposed proclamation has been editorially revised in this office but those minor changes have not altered the sentiments expressed therein. The Veterans Administration urges its prompt submission to the President for his early consideration so that distribution of the proclamation may be made in August.

The proposed proclamation has the approval of the  
Director of the Office of Management and Budget.

Sincerely,  
(Signed) William M. Nichols

William M. Nichols  
General Counsel

Enclosures

Date: August 29, 1977

MEMORANDUM

FOR ACTION:  
Jim Fallows

FOR INFORMATION:  
 Stu Eizenstat  
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Veterans Day, 1977 - Proclamation

YOUR RESPONSE MUST BE DELIVERED  
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Thursday

DATE: September 1, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*with  
 one  
 change*

*8/31/77*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

VETERANS DAY, 1977  
-----

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

The blessings of liberty which our ancestors secured for us are today, as they have always been, the birthright of every American. They have remained so because in each generation there have been men and women who have been willing to suffer the hardships and sacrifices necessary to preserve our rights for future generations.

No act of citizenship is more worthy of our respect than a willingness to serve in our armed forces and to protect and defend our cherished ideals. There are nearly thirty million of our fellow citizens among us today who have earned that respect by their loyal and honorable service.

In recognition of the contributions our veterans have made to the cause of peace and freedom, the Congress has determined (5 U.S.C. 6103(a)) that one day each year should be set aside as a national holiday in order that all Americans may be able to take part in activities designed to show our respect for their dedication to their country.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, ask all Americans to observe Monday, October 24, 1977, as Veterans Day in a manner that will let our Nation's veterans know that their sacrifices are and always will be recognized and appreciated.

I urge the conduct of public ceremonies, the visible tribute of members of the business community, and the personal participation of all Americans of all ages in honoring our Nation's veterans.

I especially encourage remembrance to those men and women who are sick and disabled and to those who are patients in Veterans Administration hospitals.

I call upon Federal, State and local government officials to mark Veterans Day by displaying the flag of the United States and by supporting and encouraging public involvement in appropriate exercises and programs.

IN WITNESS WHEREOF, I have hereunto set my hand this                    day of                    , in the year of our Lord nineteen hundred and seventy-seven, and of the Independence of the United States of America the two hundred and second.

Date: August 29, 1977

MEMORANDUM

FOR ACTION:  
Jim Fallows

FOR INFORMATION:  
Stu Eizenstat  
Jody Powell

*EYE*  
493

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Veterans Day, 1977 - Proclamation

*✓ X Corp. Raines JH*  
*If commenting, please let Margo know by Thurs. morning, Sept. 1.*

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Thursday

DATE: September 1, 1977

*received too late*

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

I concur but would suggest that the reference to Veterans Administration hospitals on Page 2 be changed to "our hospitals," since there is a question about the future of VA hospitals under national health insurance. However, no great harm would occur if it was felt it was necessary to keep the reference in since it is clearly a passing reference to these hospitals.

Stu

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

September 12, 1977

Charlie Schultze

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

Rick Hutcheson

RE: MY SCHEDULED SPEECH ABOUT  
ECONOMIC OUTLOOK AND  
POLICIES

THE PRESIDENT HAS SEEN,

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

*Charlie J*

September 10, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CS*

Subject: My scheduled speech about economic outlook  
and policies

On Tuesday, I am scheduled for a major speech to the American Society of Newspaper Publishers.

In the course of that speech there are two points of policy I would like to make. I believe they are all fully consistent with your views, but I thought I should check them.

1. Over the next three years, it will <sup>probably</sup> be necessary to cut taxes in order to keep the ratio of personal taxes to personal income from rising. Unless we do this, healthy economic growth and reductions in unemployment can't be sustained. And doing so will still be consistent with our long-run budget objectives.

O.K.

Don't say ~~it now~~

*how much of a cut*

2. While it is premature to talk about any specific elements of tax reform, and no final decisions have been made, the package will be designed, among other things, to improve in a significant way, the climate and incentives for business investment.

O.K.

Don't say it now

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for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON  
September 12, 1977

Stu Eizenstat

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

Rick Hutcheson

cc: Tim Kraft

RE: DOMESTIC POLICY STAFF WEEKLY  
STATUS REPORT

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
X	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 9, 1977

*C*

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Domestic Policy Staff Weekly  
Status Report

ECONOMICS AND BUSINESS

Tax Reform: We continue to consult with Treasury, CEA and outside experts such as Joe Pechman and Stanley Surrey.

Steel Industry: We will be working with an interagency task force to develop overall Administration strategy toward the domestic and international problems of the U.S. steel industry.

Private Sector Employment Programs: We will be examining the potential for private sector programs to reduce teenage unemployment.

Trade Adjustment Assistance: Memo to you on proposed TAA program within ten days.

LABOR

Humphrey-Hawkins: Along with CEA staff, we have reviewed a redraft of our proposed bill received from Humphrey and Hawkins' staff. Discussion with Humphrey and Hawkins' staffers is scheduled for September 13.

*ok -  
Then  
see me*

MINORITY BUSINESS

Small Business Investment Act: Working with OMB, SBA, and Commerce to prepare memo on the Administration's position on Parren Mitchell's bill to provide additional federal government support for minority enterprise small business investment companies. Memo to you by September 19.

TRANSPORTATION

International Air Negotiations: I will be working with DOT, OMB State, CAB and STR on further analysis of the responsibility for International Air Negotiations.

Concorde: We are in the process of preparing an options memo on a proposed national noise rule for supersonic transports. Memo to you by next week.

ENERGY

Nuclear Licensing Reform: Public comments have been received and are being summarized. Discussion to follow with Schlesinger's staff on best timing and procedures for submission of legislation. It is possible that advantages could be gained both politically and substantively by waiting until January to submit an Administration bill.

Alcan Natural Gas Pipeline: Negotiations with Canada have been completed. Decision and required Presidential report now in final stages of preparation for submission to Congress next week.

Clinch River Breeder Reactor: Continuing to work with Frank Moore's staff on strategy for House floor vote. Proposed Presidential letter to you by September 9. [Working with Tim Kraft and Admiral Rickover to schedule shipping port and breeder event, probably September 19; may not be feasible.] *delay this*

Non-Proliferation Legislation: House vote scheduled for September 15. Working with Schlesinger's staff, NSC and State to draft Administration letter of support and to develop floor strategy.

Spent Fuel Policy: Working with Schlesinger, State, CEA, NSC, and Frank Moore to develop implementation plan for policy and coordinate carrying it out.

Oil Imports: Working with Schlesinger to develop more detailed analysis of options for curbing imports. Also refining draft statement, with more current gasoline consumption and import figures. Draft available for discussion and scheduling with Jody by September 15.

Phantom Taxes: Preliminary analysis received from Treasury and OMB. Memo to you by September 15.

#### EDUCATION

Expiring Legislation: We are setting up policy review sessions on draft legislative proposals in elementary and secondary education. Teacher outreach meetings are scheduled for September and October.

Comprehensive Education Policy: First draft of FICE work has been reviewed. FICE subcommittee will refine the document by October.

One-Day Meeting Quality Education: We shall hold a one-day meeting to discuss problems and solutions related to quality education. We will work with the appropriate agencies on the results of the conference.

#### WOMEN

CSC Reform: Recommendations from OMB/CSC Reorganization Task Force on Equity will be reviewed soon.

Task Force: We are working with the Justice and Commerce Departments' task forces on women.

IWY: A member of the Domestic Policy Staff will be attending the IWY meeting in Houston in November.

#### COMMUNICATIONS

Telephone Interception: We have worked with NSC and other agencies on a policy to deal with foreign interception of the domestic telephone system. We and NSC are awaiting a report from the CIA before finishing Cabinet-level discussions and sending you a decision memo. *Expedite*

Public Broadcasting: We are drafting the message to Congress; it should be ready for your review about September 15. We are also meeting with producers and station managers to canvass their views.

Reorganization: We have worked with OMB and Commerce to draft an Executive Order spelling out the mandate of the new Assistant Secretary of Commerce, whose office will replace the Office of Telecommunications Policy. Commerce expects to get you a recommendation on that appointment in late September.

**Electrostatic Copy M  
for Preservation Pur**

Minority Ownership: We have completed a series of meetings with Black and Hispanic groups on ways to increase minority ownership of broadcast stations. We are developing action recommendations for you.

#### CIVIL SERVICE MATTERS

Hatch Act Reform: Hearings are being held in the Senate. We are working with the Civil Service Commission and Senate staff on policy development. Also coordinating with Frank Moore's staff on legislative strategy.

Executive Service Reorganization Proposal: Working with reorganization project on proposed Executive Service. Decision memo to you from Alan Campbell within two weeks.

#### HEALTH

National Health Insurance: We have met with HEW to work out a timetable for the preparation of the Administration's NHI proposal. The first briefing for you is scheduled for about October 1.

Hospital Cost Containment: Both House subcommittees will mark-up the bill starting September 12. Senator Talmadge is expected to introduce a revised version of his bill within the next two weeks.

#### HUMAN RESOURCES

Social Security: The House is beginning to move on Social Security and we are now working with HEW on strategy.

Welfare Bill: The bill is now in the clearance process and we are resolving minor disputes between departments. Expect introduction September 12; to be followed by hearings in House subcommittee.

#### HOUSING AND URBAN DEVELOPMENT

SEC Report on N.Y. - Municipal Bond Disclosure: Memo to you September 15 outlining reform proposals in response to SEC report.

Moynihan Report on New York State--Federal Relations: Analysis to be complete September 15.

*Sept 13*

Urban Policy: We are meeting intensively with a newly-established assistant secretaries group and with a series of outside constituencies on urban policy. Submissions for the 1979 budget are due from agencies by September 15 and preliminary reports on longer term policy initiatives are due late September and early October. We anticipate a detailed Presidential message together with publication of the Urban Growth Report in March.

#### NATURAL RESOURCES

Water Projects: Strategy memorandum to you this week.

Alaska Land Designations: Unresolved disagreements will be forwarded to you in a decision memorandum shortly after September 9 interagency meeting.

Water Policy Review: Working with Interior, OMB and CEQ. New timetable agreed upon. You will receive interim report in November and final recommendations in February.

Mining Law Reform: Most issues among agencies on Interior draft bill being resolved. Decision memo for you may still be necessary.

#### AGRICULTURE AND RURAL DEVELOPMENT

Farm Bill: Working with USDA to prepare an analysis of the farm bill, as reported from Conference. Memo now to you.

Sugar: Justice has approved use of a modified direct payment program. A decision memo is on its way to you.

#### CIVIL RIGHTS AND JUSTICE

Undocumented Aliens: We will consult with Justice Department as they write the legislation. *Expedite*

Handguns: We will review the draft legislation with Justice, OMB and others. *no hurry*

Morris Dees Memo on Death Penalty: We will meet with Justice and comment on the memo within the next two weeks.

CONSUMER MATTERS

Agency for Consumer Protection: We are working with Esther Peterson, OMB and Frank's staff to develop strategy for initiating House action. Esther is canvassing key house members.

Class Action: We are working with Esther Peterson and Justice to review recently-introduced consumer class action bills and to develop an Administration's position. We are working with Esther Peterson, Frank's staff and Justice to help enact the FTC Improvements Act.

REGULATORY REFORM PROJECTS

Regulatory Reform: The Reorganization Project has redrafted the proposed guidelines on writing and "sunsetting" regulations to incorporate your comments as well as the comments received from the Cabinet. We have reviewed their draft Executive Order, which will be circulated soon for clearance.

Surface Transport Reform: A Task Force is studying and preparing a decision memo for you on surface transport reform options. Target date is September 30.

Airline Regulatory Reform: We are continuing to assist the Senate committee in revising the air bill. The committee will probably report the bill this month.

Financial Institutions Regulations: We are working with Treasury, HUD, OMB and CEA to develop a format for approaching the new reform agenda in this area beyond NOW account legislation now on Capitol Hill.

INTEGRITY AND OPENNESS MATTERS

Lobby Reform: House Committee is in mark-up, Senate in hearings. Justice testified in strong support of new lobbying law, and we sent proposed language on executive branch lobbying developed with OMB and Justice to the Hill. Working on policy development, and coordinating with Frank's staff on legislative strategy.

Executive Order on Logging: Justice draft is now being redrafted in light of agency comments. Draft will be to you no later than September 30.

Revision of Security Classification System: A draft Executive Order reflecting your decisions will be circulated to the agencies and to groups outside the government.

Public Officials Integrity Act: We are working with Frank's staff, Justice, CSC and the Speaker's office to coordinate various House committees concerned with the bill and to secure House passage this year.

OSHA Reform: We are working with OMB, CEA and DOL to select a competent staff director for the Task Force approved by you.

MISCELLEANOUS

Foreign Gifts: Working with GSA to prepare draft of guidelines for government agencies regarding receipt of foreign gifts. Memo to you within a few weeks.



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THE WHITE HOUSE  
WASHINGTON

Jones Act. Alaska → <sup>oil</sup> Virgin I.  
IMF - Willeson \$10 B

---

Tompson Park  
Bakke

---

Coal & other pension funds  
Iron ore / Foxshore

Pub service 12% > schedule

Foreign workers → apples

---

Blacks (USA & Smith) vs British  
Rhodesia (Chinese, Soviet veto)

In S Af, Smith a hero

Fragile pkg. everything else

Bakke

---

SALT

E/W trade / politics

THE WHITE HOUSE  
WASHINGTON

Ethiopia - Need OAU action  
Counter intelligence

Summer full

+ 3 1/2 GNP = no  $\Delta$  unemp

Cautious optimism

Mike: money supply overreaction

Turnover Velocity  $\uparrow$

Illegal aliens

Welfare reform  $\rightarrow$  Congress today

HEW regulation  $\Delta$

Close caption TV - deaf

Long/welfare/etc

Miner - surface rights

Alaska  $\Delta$

Latin Amer. mtg

N. Bank settlements

THE WHITE HOUSE  
WASHINGTON

*Gromyko*  
*Panama Canal*  
*- Alcan Inc*

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THE WHITE HOUSE

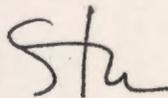
WASHINGTON

September 10, 1977

MEMORANDUM FOR THE ATTORNEY GENERAL

I have talked with the President regarding the Bakke case.

- (1) He has no objection to extending the announcement for another day or two.
- (2) If there is some way, indirectly, that Bakke can get into school without our suggesting that he be admitted, the President would prefer this, i.e. through vacation of the writ, which might have the effect of leaving the lower court's judgment standing. However, he indicated that this was only a secondary interest and should not interfere with our determination not to directly comment on whether or not Bakke himself should be admitted.
- (3) He was in agreement with the four-point statement outlined by the Solicitor General which Terry Adamson read to me over the phone today.



Stuart E. Eizenstat  
Assistant to the President  
for Domestic Affairs and Policy

THE WHITE HOUSE  
WASHINGTON

September 1, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: W. T. Beebe's (Delta Airlines) Letter  
re Airline Deregulation

In reading Mr. Beebe's letter, you placed a question mark next to a paragraph that reads as follows:

I notice with interest that you have Mary Schuman canvassing the country trying to sell deregulation in its present form and we shall try to counteract effectively her mission and any and all such future efforts which we conceive as being very misguided.

Mary Schuman is the member of the Domestic Policy Staff principally concerned with the Airline Deregulation Bill. At the request of the White House Press Office, DOT Public Affairs Office, and Frank Moore's office, she has taken speaking engagements before Chambers of Commerce and similar groups to discuss airline deregulation.

I attach a copy of an editorial in the Atlanta paper written by John Crown--not usually a friend--which reflects her good efforts.

John Crown

## The Success of Airline Regulatory Reform Depends on Executives' Abilities

Much concern is voiced these days over the debasement of the language—and justifiably so. The use of the word "gay" to describe a sexual pervert is one glaring example.

But in the political arena the tendency is to apply the word "reform" to every piece of legislation that represents a change of any sort.

Virtually every news story I've read in recent years which dealt with changes in the tax laws described the proposed legislation as "tax reform." Whether it's reform or not depends upon your point of view. What's one man's reform could be another man's retrogression.

But reform is the key word to use if you want to achieve approval of what you're proposing.

Knowledgeable people with whom I've talked agree that what defeated the move to deregulate natural gas prices in Congress was the use of the word, deregulate. That has an ominous semantic ring to it. If, instead, the proposal had been wrapped up in terms of "reform to



produce new abundance of natural gas supplies" it would probably have won an overwhelming victory.

So in politics any change can be described as reform, while in the language itself reform should only be ascribed to a change for the better.

This was emphasized earlier this week when I attended a meeting sponsored by the Georgia Retail Association for a discussion on airline regulations.

The nation's airlines are tightly controlled by the Civil Aeronautics Board (CAB). It makes the determination on what routes a given airline can fly and it decides what fare and freight charges can be levied. Thus it has a life and death grip on revenues.

But there is no concomitant CAB regulation on airline expenses. The CAB doesn't care one bit what an airline has to pay for fuel, for maintenance, for labor or for aircraft.

And CAB's chief claim to fame is the protracted time required to make a decision regarding revenues. Delay is the norm.

Thus President Gerald Ford came out for deregulation of the airline industry—let the airlines make it on the basis of free enterprise. This produced cries of ap-

proval from innovative airlines and cries of dismay from those who want the security blanket of federal regulation and control.

It is a point that is being pursued during the Carter administration. And speaking to us on the topic was Ms. Mary Schuman, assistant director of the Domestic Council for the White House.

I quickly learned that we no longer speak of deregulating the airline industry. Rather, we now speak of "Airline Regulatory Reform." Reform would mean eliminating some regulations, easing others and leaving yet others intact. That to me is essentially deregulating the airline industry, but that term is a no-no.

It was a refreshing experience to listen to Ms. Schuman, a singularly attractive and brainy lady, tell us that it made more sense for an airline executive to make a business judgment on what routes to fly and what fares to charge and what schedules to maintain than it did for a group of government regulators in Washington to decide such matters.

Here was a nonelected federal official actually saying that in place of government regulators the affected businessmen should be making their own deci-

sions regarding how their businesses should be operated. Wonders will never cease—and perhaps there is a ray of hope after all.

Accompanying Ms. Schuman's common sense remarks was a brochure given to each of us. Its eye-catching initial message was this:

"Wherever you're flying, You're probably paying too much for your ticket, Because of government regulation."

It pointed out that airlines which fly free from CAB regulation offer fares 30 to 50 per cent below CAB mandated prices.

Ms. Schuman was quick to point out that there is no guarantee that airline regulatory reform is going to mean a reduction in prices of 30 to 50 per cent. In fact, that's the message in this reform legislation—there is no guarantee. It will be up to the airlines competing against each other to determine how low their fares can go. This will depend upon the energy and imagination and innovativeness and just plain business abilities of the various airline executives.

The word "reform" in a piece of legislation doesn't always mean real reform.

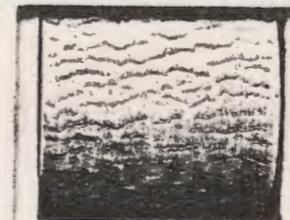
But in airline regulatory reform it certainly does.

The Atlanta Journal

AND  
THE ATLANTA CONSTITUTION

James M. Cox, Chairman 1939-1957—James M. Cox Jr., Chairman 1957-1974

Jack Spalding Editor The Atlanta Journal  
Jack Tarver, Publisher Tom Wood, President Atlanta Newspapers  
Hal Gulliver Editor The Atlanta Constitution



DELTA AIR LINES, INC.  
HARTSFIELD ATLANTA INTERNATIONAL AIRPORT  
ATLANTA, GEORGIA 30320

W. T. BEEBE  
CHAIRMAN OF THE BOARD AND  
CHIEF EXECUTIVE OFFICER

August 8, 1977

She  
info  
J

SC  
THE PRESIDENT HAS SEEN.

The President  
The White House  
Washington, D. C. 20500

Dear Mr. President:

As you well know, Delta Air Lines is strongly opposed to the current markup of the Cannon-Kennedy Bill. It has deficiencies which simply cannot be glossed over. We keep advising them and Mary Schuman of our concern, but we go beyond just our concerns -- we make suggestions for correcting the bill and including appropriate language to back up our suggestions.

Because you and I have had a long relationship in Georgia, I particularly want you to know what we are doing in the way of opposing this bill so that there will not be any secrets involved. For this reason I am enclosing a copy of the August 5th letter by Dick Maurer to members of the Senate Commerce Committee and others.

D It is my intention for Delta to expend whatever energy and resources we have available to us to fight deregulation in its present form. I am extremely sorry that we apparently are on opposite sides of this issue, but we expect to make our fight on the basis of issue and to avoid any personality involvements.

I notice with interest that you have Mary Schuman canvassing the country trying to sell deregulation in its present form, and we shall try to counteract effectively her mission and any and all such future efforts which we conceive as being very misguided. ?

Putting this issue aside, you have my every good wish always, both personally and in the administration of the Presidency of the United States, and Nancy joins in these best wishes to you and Rosalynn.

Respectfully yours,



WTB-hst



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

SEP 8 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: BERT LANCE *Bla-*  
SUBJECT: Minimizing Prison Construction

I have received your guidance of August 27, 1977, directed to Attorney General Bell and myself, on minimizing prison construction. The Department of Justice has assured me that they will address--for OMB consideration during the fall budget review--the alternatives to new prison construction as requested by your memorandum. We will carefully review their response along with the Bureau of Prison's ten-year plan for new prison construction, and present the results of that review to you during your consideration of the 1979 budget.

You should be aware of the problems in limiting new prison construction:

- The current ten-year plan for new construction is directed toward relieving the present 30 percent overcrowding in Federal prisons and closing the three most obsolete facilities (i.e., McNeil Island, Atlanta, and Leavenworth penitentiaries). The plan does not provide for any increase in the number of inmates. Presently planned construction thus seems to be required unless some way is found to reduce the inmate population.
- Another problem in limiting prison construction is that probation or parole is sometimes granted to convicted offenders because overcrowded and inhumane conditions in prison make release of some part of the prison population necessary. Since studies show that 12 to 26 percent of offenders on probation or parole commit additional crimes, the costs to the community of having inadequate prison housing warrant consideration.

While these problems make any construction limitation difficult, they reinforce the need for a fresh look. We and the Justice Department will take one this fall and present it to you in the 1979 budget review.



PRESIDENT'S  
REORGANIZATION  
PROJECT

WASHINGTON, D.C. 20503

September 9, 1977

MEMORANDUM

TO: Rick Hutcheson  
FROM: Harrison Wellford *HW*  
SUBJECT: Status of ACTION Reorganization

This is in response to your request for information about the progress of ACTION's reorganization planning to follow up Sam Brown's July 18 memo to the President.

In that memo, Sam provided the President with the results of a review of ACTION programs by ten citizens committees and ten CPA firms. The reports concluded that the ACTION agency had no clear mission, and that both the organization structure and an inadequate commitment by its senior managers has impeded the effective operation of programs.

Based on these findings, Sam has consulted extensively with ACTION employees to develop plans for clarifying the purpose and changing the structure of the agency. On August 22, Sam announced several key changes which will be implemented during the next six months:

- A definition of ACTION's mission, "to mobilize people for voluntary action at home and abroad to change the conditions that deny fulfillment of human needs by calling on the best and most creative instincts of the human spirit."
- An internal reorganization designed to help implement this mission.
- A decision to decentralize program authority from regional to state offices.
- The development of a new program emphasis on community organization and advocacy.
- An effort to make ACTION a model place to work.

My staff and I met with Sam to discuss the results of ACTION's internal policy and reorganization studies. In consultation with the Domestic Policy staff, we will review the implementation of ACTION's plans to ensure that these changes are consistent with the objectives of our overall reorganization effort and with related policies of the Administration. If the President has any questions or concerns about the ACTION reorganization, please let me know.

THE WHITE HOUSE  
WASHINGTON

2/11/78

TO : Rick Hutcheson

FROM: Carolyn Shields

Please don't hate me. I'm going thru old filing -- and found the attached with the President's handwriting on it -- thought you might want to have it. I have copies for my files.

THE WHITE HOUSE  
WASHINGTON

September 6, 1977

MEMORANDUM FOR: RICK HUTCHESON  
FROM: BOB LINDER *Linder*  
SUBJECT: Presidential Signature on  
Certificates for National  
Alliance of Businessmen

Jack Watson's office has requested that Presidential Certificates be awarded to members of the National Alliance of Businessmen who help train and place hard-core unemployed persons in industry. The program was started during the Johnson Administration and has been continued since that time.

The certificates are of two types -- citations for the Regional Chairman and commendations for Metropolitan Area Chairmen. The NAB will pay for the purchase of the certificates.

If the President approves, the certificates would be sent to the White House and signed individually by the pen.

Approve: ✓ Disapprove: \_\_\_\_\_

*R. L. Hutcheson*

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MEMORANDUM OF INFORMATION FOR THE FILE

DATE September 12, 1977

EXECUTIVE

FG6-11

PA5-2

FG61-1/Moore, F.

LETTER, MEMO, ETC.

TO: The President

FROM: Frank Moore

SUBJECT: Congressman Ashley re loyalty and Bert Lance

*Thomas*

CORRESPONDENCE FILED

PRESIDENTIAL  
HANDWRITING FILE

RECEIVED  
001 9 1977  
FBI - MEMPHIS

THE WHITE HOUSE  
WASHINGTON

September 12, 1977

*Jody -  
ok. Tell the  
press frankly  
why we postponed  
J*

MEMORANDUM

TO : The President  
FROM: Jody Powell *JJP*

I feel quite strongly that you should allow me to postpone the Wednesday press conference to Monday of the next week.

I have talked off the record with several of the White House press regulars, and although they are not usually inclined to give me helpful advice, they unanimously feel that we should do this and are willing to tell me so.

They are not eager to go through the spectacle of you having to dodge questions because you can't answer them. They all recognize that you will need to say something after the affair is concluded. They also know that the first press conference after this matter is resolved will be dominated by Lance no matter when it is held. Frank Cormier just came by to offer his private opinion that the thing be delayed. They share my inclination to hold one Lance conference on Monday and get it over with. The basic question is whether we have one Lance news conference or two.

We will then need to hold another the next week to comply with our two-per-month promise and can hopefully move on to other areas. There will surely be some comment on the postponement, but I have no doubt that this is greatly preferable to having you on national television for thirty minutes having to evade one question after another about Bert.

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THE PRESIDENT HAS

THE WHITE HOUSE

WASHINGTON

September 12, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

Congressman Ashley called this evening to say that although he may be the first to telephone he knows he speaks for many on the Hill in saying that he appreciates the anguish you are experiencing because of the Bert Lance matter.

Lud said that he has had the opportunity and many Freshman Democrats have had the opportunity to criticize Bert and you. But, he added, there is such a thing as loyalty. He said there is a great deal of resentment sweeping the Hill against Midge for saying what she did in her hometown. Ashley pointed out that to his knowledge even Barber Conable, a Republican representing that district, has not come out against you or Bert.

Congressman Ashley asked me to pass on to you that he thought it was a cheap shot.

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—  
Mr. President —

I think it is very  
important for the  
Cabinet & others here  
not to talk about  
the long discussion of  
the Bakke brief —

A word from you  
to that effect would  
be appropriate —

Jack

THE WHITE HOUSE  
WASHINGTON

Surface owner's Consent  
Lipshutz Photo Book  
Bafke

~~SBA 8a + LPA 10%~~

Panama Canal  
polls

Long

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MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

**Electrostatic Copy Made  
for Preservation Purposes**

12 September 1977

*a*

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *R.H.*  
SUBJECT: Memos Not Submitted

1. HARRISON WELLFORD MEMO on the status of ACTION reorganization (in response to your request to Lance of 7/24). Wellford is working with Sam Brown to implement several changes in ACTION's structure and mission, including:
  - a decentralization of program authority from regional to state offices;
  - a new program emphasis on community organization and advocacy; and
  - an internal reorganization designed to make ACTION a model place to work.
2. LANCE MEMO in response to your 8/27 note to minimize prison construction. OMB will assess the Bureau of Prison's 10-year plan for new prison construction, and alternatives to new construction, for your review during the fall budget review. Lance points out two problems with limiting new prison construction:
  - the current 10-year plan for new construction is directed toward the present 30% overcrowding in Federal prisons, and closing the three most obsolete facilities; also,
  - probation or parole is sometimes granted because of overcrowded, inhumane prison conditions -- yet 12-26% of the persons on probation/parole commit new crimes.
3. RICHARD HARDEN MEMO on the status of work creating a new Central Administrative Unit. Major points: *← To me*
  - by 1/15/78 all EOP agencies will have a common payroll system operated by the Treasury Department;
  - GSA may assume responsibility for the supply function in the EOP, with savings in personnel and supply costs;

- Harden and Frank Press have established a data processing advisory committee, which held its first meeting August 24-25; a comprehensive list of potential new data processing applications is being developed; and
  - Harden is working with OMB and CSC on a two-stage reduction from the 187 employees transferred in to the 149 permanent positions.
4. EIZENSTAT NOTE regarding Tom Beebe's (Delta) letter on airline deregulation. You placed a question mark by Beebe's comment that "you have Mary Schuman canvassing the country trying to sell deregulation."

Stu explains that Mary Schuman, a member of his staff, has taken several speaking engagements before Chambers of Commerce and similar groups. Stu attaches a column by John Crown (Atlanta Journal), not usually a friend of yours, who describes Schuman's remarks as "common sense," and says, "It was a refreshing experience to listen to Ms. Schuman, a singularly attractive and brainy lady..."

5. EIZENSTAT sent you an information copy of the materials he send to the Vice President and to the Attorney General on the Bakke case.
6. SECRETARY BLUMENTHAL sent you a note which arrived too late for your meeting with Trudeau on the Alaska Natural Gas pipeline. Blumenthal said that Treasury's analysis indicates that the pipeline can be privately financed, and that he agrees with Schlesinger's basic recommendations.
7. JACK WATSON recommends that you continue a practice started by President Johnson of awarding presidential certificates of commendation for members of the National Alliance of Businessmen who help train and place hardcore unemployed persons in industry. The NAB pays for the certificates. The certificates would be signed by the signature pen.

✓ approve      \_\_\_\_\_ disapprove      J

THE WHITE HOUSE  
WASHINGTON

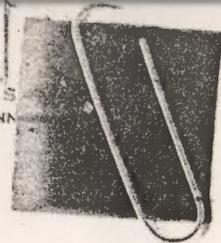
September 7, 1977

For: Rick Hutcheson

From: Bob Lipshutz

The attached is for the  
President's information.

*not  
submitted*



## United States Senate

WASHINGTON, D.C. 20510

August 26, 1977

### MEMORANDUM

TO: Frank Moore

FROM: Jerry Grant

AUG 30 1977

This memorandum will outline a series of events regarding Senator Sasser's dealings with OMB and the Interior Department that I feel need to be brought to your attention.

1. Approximately one week after the President signed the new strip mining act into law, I contacted Herky Harris at the OMB with a request that Knoxville, Tennessee, be named the southeastern regional office for surface mining enforcement under the Department of Interior.

2. After several conversations with Herky, he advised us that Knoxville was the logical choice for this office and that we would be receiving the official notice from Interior.

3. Herky asked that we please not make any public announcement until we received word from Interior. He also said that we would have adequate release time.

4. We prepared a plan of announcement that would give Senator Sasser the highest amount of press visibility and credit for obtaining the office.

5. Approximately one week after our pledge to Herky not to release the information early, we received a call from a young lady in Gary Catron's office by the name of Marilyn. Marilyn advised us that the release was going out of Interior in approximately 15 minutes. I asked Marilyn to hold the release until we alerted Senator Sasser for our press conference. Marilyn said she would attempt to "pull the release from their wire." She called back in 15 minutes and said it was useless to pull the release because she had already notified Senator Howard Baker (R-Tn.) and Congressman John Duncan (R-Tn.) before giving the notice to Senator Sasser.

6. After several discussions with Gary Catron, he stated that she "just screwed up" and that she was a "career person" who was a hold-over.

Frank Moore

7. I questioned Gary about a holdover career person being allowed handle political sensitive matters, and he stated there was no way to move these people out.

Frank, until we move people like this out of political sensitive areas, your task and the task of the entire administration is going to be much harder because of the jeopardy these people can put you in on a daily basis.

As you know Frank, this is certainly not the first foulup that the Sasser office has been involved in since January. If changes are going to be made they must be made now and they must be made in all areas of Government that have any contact with the political system that maintains us all.

THE WHITE HOUSE

WASHINGTON

September 7, 1977

Dear David:

Thank you for sending me a copy of your letter of September 2, 1977, to the President relating to appointments for membership on the Federal Election Commission.

I certainly concur in the three basic criteria which you and Common Cause have set forth, and I am confident that the President and all of his advisers share these thoughts with you.

However, I do not agree with your implication that the opinions of Congressional members, Leadership or otherwise, are irrelevant in assisting the President to make judgements about individuals being considered for this or any other appointments. Recommendations from responsible people who have knowledge about the abilities and background of all proposed appointees have been, and certainly must continue to be, of great importance to this President, or any other President, in trying to obtain the services of competent people to serve in the many federal jobs for which he is responsible.

This certainly does not constitute "ceding" the Presidential appointment power to any one or to any group.

I certainly hope that you will continue to express your opinion concerning persons being considered for appointment to the Federal

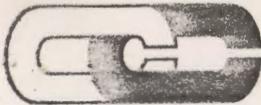
Election Commission, whether your opinions are supportive or negative. And, further, I hope that you will continue to feel free to recommend individuals for such appointments, based upon your knowledge of such individuals and your understanding of the characteristics which are desirable for such jobs.

My warmest personal regards.

Sincerely yours,

Robert J. Lipshutz  
Counsel to the President

Mr. David Cohen  
President  
Common Cause  
2030 M Street, N. W.  
Washington, D. C. 20036



# common cause

2030 M STREET, N.W., WASHINGTON, D. C. 20036 (202) 833-1200

NAN F. WATERMAN  
Chairwoman

DAVID COHEN  
President

JOHN W. GARDNER  
Founding Chairman

September 2, 1977

Mr. Robert Lipshutz  
Counsel to the President  
The White House  
Washington, D.C. 20500

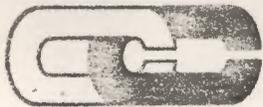
Dear Bob:

For your information I am enclosing a letter we sent to the President today regarding appointments to the Federal Election Commission.

Sincerely,

David Cohen  
President

Enclosure



# common cause

2030 M STREET, N.W., WASHINGTON, D. C. 20036 (202) 833-1200

NAN F. WATERMAN  
Chairwoman

DAVID COHEN  
President

JOHN W. GARDNER  
Founding Chairman

September 2, 1977

The Honorable Jimmy Carter  
President of the United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

It is expected that you shortly will be making nominations to fill expiring terms of two members of the Federal Election Commission. As you undoubtedly know, Common Cause has long been concerned that the federal appointments process be used to select the best qualified men and women to serve in high level government positions. Due to the unique political sensitivity of the responsibilities of the Federal Election Commission, we consider it particularly important that those named to serve on the Election Commission meet the highest standards for objectivity, integrity and expertise.

In testimony concerning the federal regulatory appointments process which we presented to the Senate Governmental Affairs Committee earlier this year, we set forth three basic criteria we believe are important for potential nominees:

1. Nominees should be individuals of unquestioned integrity. A nominee's past record as a government official or in private enterprise should demonstrate that he or she has conducted his affairs honestly and fairly, and has demonstrated competency to responsibly exercise the duties of the regulatory post to which he is appointed.

2. Nominees should have a clear commitment to enforce and implement the major laws and programs under the jurisdiction of the agency to which they are appointed. This means that a person should not be hostile to any of the major regulatory missions of the agency. To the contrary, the individual should be a strong supporter of the agency's purpose and mission.

3. Nominees should be firmly committed to basic principles of accountability in regulatory agencies. These include strong conflict of interest regulations and enforcement, public personal

Page Two  
September 2, 1977

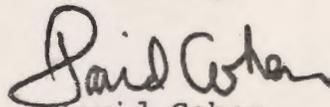
financial disclosure, public participation in administrative procedures, and checks on the inordinate influence by regulated interests over regulatory policy.

We were disturbed earlier this year by reports that a highly qualified individual being considered for nomination to the Federal Election Commission had been vetoed by the House Democratic leadership. It now appears that the House Democratic leadership is going to be allowed to place its own candidate, a House staff member, in this sensitive position. If that occurs, it is bound to appear to the general public that the appointment power for this crucial job is being ceded to the House leadership by the Administration. Such action can only undermine the Commission's credibility and authority which are so fundamental to the effective performance of its duties.

The Democratic and Republican Congressional leadership in the House and Senate have a direct interest in having favored candidates appointed to the Federal Election Commission. The Congressional leadership's recommendations must meet the same high standards for appointment to the Commission. Unquestioned integrity, a commitment to vigorous enforcement and implementation of the campaign finance laws, and a strong belief in accountability are the tests that must be applied to all those considered for appointment to the Federal Election Commission, including those recommended by the Congressional leadership.

Common Cause urges you to focus your search on those individuals who meet the standards outlined above. The Administration has wholeheartedly supported the need for election laws that are fair and in which the American people can have confidence. Your nominations to the Federal Election Commission are absolutely critical to achieving that objective.

Sincerely,



David Cohen  
President



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

September 7, 1977

MEMORANDUM FOR THE PRESIDENT

Subject: Alaska Natural Gas Transportation System

I agree with Jim Schlesinger's basic recommendations to you on this issue. Treasury has been working with him for several months on this project and has been lead agency on the difficult financing question. We also participated in several early negotiating sessions with Canada on the Alcan route.

Essentially, I agree that a transportation system should be built and that the Alcan trans-Canada route is preferable. Alaskan gas routed through Canada should be somewhat cheaper to consumers than the trans-Alaska/LNG tanker-to-California approach. More important, selection of this route may assure our access to a greater supply of Canadian gas exports in the future. It also seems to me that we have negotiated a reasonable agreement with Canada on terms of the route.

Our analysis indicates that this pipeline can be privately financed. It is an unusually difficult task, however, and there is some chance that the Alcan consortium will fail to assemble sufficient financing on its own. The risks of excessive cost overruns and possible non-completion are the primary obstacles to lender participation. It will take at least six to nine months to know definitely whether these obstacles can be overcome.

Yet, there is reason to think that the State of Alaska and, perhaps, the gas producers eventually will participate in the financing and lessen the degree of difficulty. Your recommendation to Congress that a private financing is achievable will increase pressure on these and other parties to maximize their capital commitments to the project. Treasury has drafted the portion of your report to Congress which covers this financing question.

Mike

W. Michael Blumenthal

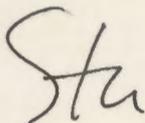
THE WHITE HOUSE

WASHINGTON

September 10, 1977

MR. PRESIDENT:

Here are copies of the materials I have sent to the Vice President and the Attorney General on the Bakke case. This is only for your information. You need not read.

A handwritten signature in dark ink, consisting of the letters 'Stu' in a cursive, slightly stylized font.

Stu Eizenstat

Box 48  
HWF  
Fisher

9/12/77 [2]

THE WHITE HOUSE  
WASHINGTON

September 10, 1977

MEMORANDUM FOR THE ATTORNEY GENERAL

I have talked with the President regarding the Bakke case.

- (1) He has no objection to extending the announcement for another day or two.
- (2) If there is some way, indirectly, that Bakke can get into school without our suggesting that he be admitted, the President would prefer this, i.e. through vacation of the writ, which might have the effect of leaving the lower court's judgment standing. However, he indicated that this was only a secondary interest and should not interfere with our determination not to directly comment on whether or not Bakke himself should be admitted.
- (3) He was in agreement with the four-point statement outlined by the Solicitor General which Terry Adamson read to me over the phone today.

Stuart E. Eizenstat  
Assistant to the President  
for Domestic Affairs and Policy

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE VICE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
BOB LIPSHUTZ  
SUBJECT: Bakke

The Solicitor General has established four points as the basis for the Government's position in the Bakke case:

1) The U.S. strongly supports, encourages and promotes affirmative action programs to help bring disadvantaged minorities into the mainstream of American life in jobs, educational institutions and all walks of life. The court is urged to reverse the sweeping and erroneous interpretation of the equal protection laws by the California State Supreme Court that race may not be considered in affirmative action programs.

2) The U.S. believes that rigid, inflexible racial quotas -- which have the effect of barring people who may have disadvantages similar to those of racial minorities from participation in certain programs solely because of their race -- do not pass constitutional muster.

3) The U.S. is convinced from a review of the sparse record that the Bakke case may be an inadequate vehicle for determining the limits of affirmative action as posed in the administration of the special admissions program of the University of California.

4) In the event the court does not dismiss the writ as having been improvidently granted because of the inadequacy of the record, or remand for additional fact-finding, profound constitutional questions will be posed that vitally involve the interest of the United States. Because of the overriding importance of these questions the United States feels compelled to set out its position favoring vigorous affirmative action and opposing rigid quotas. The disposition of Bakke's individual claim because of the peculiar facts presented by this sparse record, and the failure of the University to contest his claim adequately, affects no interest of the United States. As amicus, therefore, we propose to make no suggestion to the court as to ultimate disposition.

We agree that this is a sound approach. However, the revised draft of the brief (received last evening and prepared before the Solicitor General's points were established) is in many areas fundamentally inconsistent with the Solicitor General's principles.

This memorandum briefly points out the inconsistencies our quick review has found:

1) Facts and Opinions Below (pp. 2-15)

The detailed treatment of the facts of the case (p.3) is inconsistent with the position taken in the Solicitor General's Point 3 that the record is inadequate. We suggest that the statement be more directed toward the problems in the record and toward supporting the conclusion on p.20 that "too much is unknown about the medical school's program to allow a confident assessment of its constitutionality."

2) Introduction and Summary of Argument (pp. 20-23)

This section should be rewritten to clearly reflect the Solicitor General's points. There are various problems with the present version.

- (1) While the brief indicates the record is inadequate "to allow a confident assessment of constitutionality," the first paragraph on page 21 indicates the brief will evaluate the constitutionality of the specific Davis program, and the brief proceeds to do so.
- (2) We suggest that the summary of decisions below be reviewed in light of the Solicitor General's points.
- (3) On page 23, line 17, we suggest adding "alone" after the word "race", to stress that race may (in the context of affirmative action) bear on the conferral of benefits.

(3) Introduction to Argument (pp. 24-27)

Throughout the brief we disagree with the strong terms used with respect to judging affirmative action programs.

The brief argues in various places that all racial classifications -- including all affirmative action programs -- should be subject to "strict scrutiny" or "the most exacting scrutiny" (p.25) or "special justification" (p. 32) or "searching scrutiny" (p. 35) or "grave suspicion" (p.37). Yet nowhere does the brief elaborate with any precision how any racial classification can successfully survive such examination. Indeed, if such a rigid standard and burden of proof are created, then even clearly constitutional affirmative action programs would be difficult to justify.

The argument to date has been between those who say that all racial classifications must be strictly scrutinized, and hence are presumptively unconstitutional (Justice), and those who argue that classifications favorable to minorities should be judged on a lenient, rational basis (HEW). We believe that the two approaches can be reconciled in a manner which would protect most reasonable affirmative action programs, with an argument similar to the following:

- any racial classification should be closely evaluated;
- if an affirmative action program is challenged, the institution defending the program must do more than state in conclusory fashion that the program is intended to assist the victims of discrimination; rather the institution has the burden of going forward (not the ultimate burden of proof) and must demonstrate that, in fact, such assistance is necessary and that some resort to minority status is an essential element of the remedial program (in the present case the University could easily make such a showing for blacks and chicanos -- but probably not for Asians);
- once the institution has shown that it has a legitimate purpose in using minority status -- and remedying the effects of discrimination (by either itself or society at large) is probably the only legitimate purpose -- it has discharged its evidentiary obligation;
- the burden of going forward would then shift to those attacking the program to show that it was designed so that race was the sole factor considered

and that other important values -- e.g., qualifications -- were ignored. If the plaintiff could make such a showing -- which would amount to proving that a rigid quota was used -- then the program could not be sustained.

We believe that an intermediate standard along these lines makes both legal and practical sense. It recognizes that resort to race should not be treated lightly, but it does not give the proponent of an affirmative action program an impossible burden (as may be the case if the standard is strict scrutiny).

4) Section I (B) (pp. 32-48)

This is a very negative section which we believe should be substantially revised.

- A virtually impossible burden of proof is advocated, which would tend to discourage even the most clearly legitimate affirmative action efforts. (See previous comments on standards and burden of proof.)
- Arguments are used which appear to bear against the constitutionality of all affirmative action. For example, references on pp. 39-40 to the "stigma" blacks will feel would apply equally to clearly permissible minority business assistance and other affirmative action efforts. Moreover, we find it absurd to argue that previously excluded minorities admitted to medical school will feel "stigmatized" by the act of admission.
- The arguments about the majority discriminating against itself (pp. 42-48) are weak. All affirmative action decisions involve a determination to reduce benefits which majority group members would otherwise receive in order to extend them to disadvantaged minorities. The implied distinction on pages 46-47 that minority-conscious decisions pass muster as "reasoned decisions" only if made legislatively (but not

by a college faculty) does not appear logically sound. Moreover, the faculty of Davis, a State school, was exercising powers conferred (and cancellable) by the State legislative process

-- Inasmuch as we take the position that the record is insufficient to review the merits of the Davis minority admissions program, it is inappropriate to indicate, as we do on the top of p. 48, that "the special admissions program was not operated with candor."

5) Section I (C) (pp. 48-58)

This is the best portion of the brief. We think it should be strengthened by a clear statement that the Administration "supports, encourages and promotes" affirmative action programs, including the use of flexible goals, and would suggest incorporating the examples now on pp. 75-78. Since the purpose of this section is to indicate the scope and legal support for current affirmative action efforts, it seems inappropriate to cite the Crime Control Act provisions and other anti-affirmative action measures on p. 56.

6) Section II (A) (pp. 58-68)

No problem with this section.

7) Section II (B) (pp. 68-72)

We suggest deletion of this section, which unnecessarily attacks the substantive justification not only for the Davis program, but for any affirmative action program for medical students. Since we find an adequate justification -- correcting the effects of historic discrimination -- in the preceding section, we see no need to address the case for additional justification at all. Moreover, we see no reason to argue that direct evidence must be produced on the greater usefulness of minority physicians to minority communities when a great deal of public evidence exists, and elements of existing federal policy production of minority physicians for this reason. It would seem preferable to be silent.

8) Section II (C) (pp. 72-75)

We agree with the thrust of indicating that economic disadvantage is not an adequate substitute for minority sensitivity, but we question whether we want to come down so hard against economic disadvantage as a category so long as minority sensitivity can be an additional factor within this category. The Davis program was conceived as for "educationally or economically disadvantaged students," and it would seem such a program, even with a designated number of slots, should pass muster so long as minority status is not the only criterion for showing disadvantaged status.

9) Section II (D) (pp. 75-78)

As previously noted, we would suggest incorporating these examples in Section I (C) (pp. 48-58) where the brief discusses the general principle of affirmative action, rather than as a defense of the specific Davis program.

10) Section III (pp. 79-88)

This section contradicts much of the earlier portion of the brief. The fundamental point of the Solicitor General's statement of principles is to avoid a specific determination of the constitutionality of the Davis plan, given the state of the record. Yet the thrust of much of this section is, in effect, to come out against the University. Indeed, p. 87 indicates that as to Bakke the California Supreme Court decision should be affirmed. We believe such a result is inconsistent with the fourth of the Solicitor General's principles.

With respect to the options on p. 86, we believe that (3) and (4) are acceptable and suggest another option: to dismiss the writ as improvidently granted on the basis of the unsatisfactory record.

Conclusion

Although this memo follows the organizational sequence of Justice's revised brief, we believe that a major restructuring of the brief to comport with the Solicitor General's basic principles is needed.

THE WHITE HOUSE  
WASHINGTON

September 12, 1977

Bob Linder

The attached memo concerning  
a Status Report on SBA 8(a) Program  
and Local Public Works Act Minority  
Business Set-Aside; Minority  
Business Statement was signed  
today, September 12, 1977.

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

ok  
J

September 9, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Status Report on SBA 8(a) Program  
and Local Public Works Act Minority  
Business Set-Aside; Minority Business  
Statement

SBA 8(a)

Vernon Weaver is moving expeditiously to correct the problems in this business development program for socially and economically disadvantaged persons. He established an interagency 8(a) Review Board, which is presently working on the abuse highlighted in Senator Chiles' hearings, the use of minority "fronts" by majority businessmen to obtain government procurement under this program.

There are 1,576 companies in the 8(a) program. Weaver estimates that 150 of them are "problem companies," 50 of which will probably be dropped from the program. SBA has informed several companies of their possible termination. Weaver believes that there will be Congressional intervention on behalf of some firms being terminated.

LPW Minority Business Set-Aside

As Secretary Kreps reported to you, we had a very successful White House meeting with representatives of surety companies, lending institutions and the construction industry on the 10% minority business provision of the Local Public Works program. Another meeting with representatives of state and local governments on this topic will be held.

Because the money in this program must be obligated by October, a major campaign is underway to inform minority entrepreneurs of this business opportunity.

**Electrostatic Copy Made  
for Preservation Purposes**

Statement on Minority Business

Attached is a proposed statement by you to be released in conjunction with your meeting September 12 with the Interagency Council for Minority Business Enterprise. The statement incorporates the decisions you have made in response to previous memoranda, and includes words of support for Weaver's 8(a) efforts. Vernon Weaver and OMB have approved this statement. Jim Fallows has also approved it.

## STATEMENT BY THE PRESIDENT

During the last decade the Federal government has played a crucial role in stimulating the development of minority businesses in this country. Working in partnership with private enterprise, the government has sought to promote participation in our economy by entrepreneurs from socially and economically disadvantaged segments of society. There have been some successes and some failures in these minority business development efforts, but the important benefits to society to be gained from these efforts have never been questioned. Building strong minority business enterprises is in the national interest because they contribute to our efforts to reduce unemployment and to stimulate community development.

It is the policy of this Administration to promote the development of minority business enterprise. The experiences of the past decade show that the government cannot solve all the problems in this area, but government at all levels has an important leadership role. This Administration will actively support minority business development, and we strongly encourage the private sector to increase its involvement in this area. The overwhelming majority of existing minority businesses are in the retail and service fields. While I am confident that businesses in these areas will continue to prosper, it is my hope that we can promote the participation by minorities in industries with growth potential such as energy and telecommunications, where opportunities for development are greatest.

I have discussed this matter with the members of my Cabinet and found enthusiastic support among them for the Federal government's promotion of minority business development. Some departments already have ongoing minority

business development activities, but others do not. We must improve the performance of existing activities and create programs in other departments in recognition of the fact that all departments of government have a role to play in minority business development.

I intend to rely on the Interagency Council, chaired by Sidney Harman, the Under Secretary of Commerce, to promote, coordinate and monitor federal programs relating to minority business enterprise. The Council should meet regularly to make certain that the issue of minority business development receives the attention of policy-makers at the highest level of the government.

In order to provide a focus for our efforts and to set achievable goals for this Administration, I have taken the following actions:

First, I fully endorse the efforts underway to revamp and improve the SBA Section 8(a) program. Vernon Weaver has established an 8(a) Review Board. I have asked him to move expeditiously and to consult with interested members of Congress and other concerned citizens to make certain that this key program operates in the most efficient, effective and fair manner possible. We should not permit our disappointment at the manner in which this worthwhile program has been administered in the past to diminish our desire to make it work.

Second, I have instructed all Executive departments to work with the Office of Minority Business Enterprise and the Small Business Administration to devise effective minority business assistance programs.

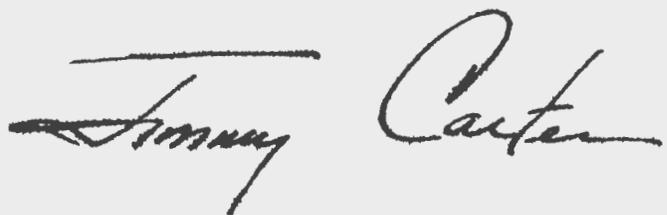
Third, I have asked the Office of Federal Procurement Policy to review and to revise procurement regulations to assure adequate involvement of minority and small business firms by requiring that recipients of major federal contracts show how they will involve minority and small businesses before rather than after a contract has been awarded.

Fourth, I have requested that the Treasury Department, as an Interagency Council member, lead a task force to prepare a report on sources of capital and mechanisms for financial assistance for minority business.

Finally, I have instructed all Executive departments to double their purchases of services from minority firms through direct and indirect procurement activities during the next two fiscal years and to report to me on their progress in meeting this goal. This increase should raise the level of Federal government purchases from minority firms to about one billion dollars. We will closely monitor the effort of each department to see that this goal is achieved.

I believe that we should improve and strengthen existing programs rather than make wholesale changes at this time. However, we will assess the operation of these programs under their new leadership, and we will not hesitate to recommend changes where they seem warranted.

These steps provide a good beginning for our efforts in this area. We will show steady and sustained progress throughout my term of office in promoting the development of minority business enterprise.

A handwritten signature in black ink, reading "Jimmy Carter". The signature is written in a cursive style with a prominent horizontal line above the first name.