

10/17/78

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Kraft to Pres. Carter, w/attachments 2 pp., re:Personal matter	10/16/78	C
Memo	Rafshoon to Pres. Carter, w/attachments 4 pp., re:Media dinner	10/16/78	C
Memo	Kraft & Gammill to Pres. Carter, w/attachments 18 pp., re:Recommendations	10/16/78	C
Memo	Brown to Pres. Carter & Young to Pres. Carter, w/attachments 4 pp., re:Defense & UN activities <i>1 p. opened per RAC NLC-126-14-41-1-0, 6/22/13</i>	10/13/78	A
Memo	Harold Brown to Pres. Carter, 1 pg., re:ACDA recommendations	10/16/78	A
Memo	Blumenthal to Pres. Carter, w/attachments 11 pp., re:IMF Staff	n.d.	A
Memo	Schlesinger to Pres. Carter, 1 pg., re:Activity report. <i>opened per RAC NLC-126-14-41-4-8, 6/22/13</i>	10/13/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 10/17/78 Box 106

RESTRICTION CODES

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THE PRESIDENT'S SCHEDULE

Tuesday - October 17, 1978

- 8:15 Dr. Zbigniew Brzezinski - The Oval Office.
- 10:30 Mr. Jody Powell - The Oval Office.
- 11:30 Vice President Walter F. Mondale, Admiral
(30 min.) Stansfield Turner, Dr. Zbigniew Brzezinski
and Mr. Hamilton Jordan - The Oval Office.
- 12:00 General Omar Bradley. (Mr. Tom Beard).
(5 min.) The Oval Office.
- 12:30 Lunch with Mrs. Rosalynn Carter - Oval Office.
- 1:30 Mr. James McIntyre - The Oval Office.
(20 min.)
- 3:15 Presentation of Special Congressional Gold Medal
to Marian Anderson - The East Room.

THE WHITE HOUSE
WASHINGTON

10/17/78

Stu Eizenstat

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

Rick Hutcheson

Electrostatic Copy Made
for Preservation Purposes

Answered
10-12-78
per

ARTHUR BURCK & CO.

P. O. BOX 2197

PALM BEACH, FLA. 33480

(305) 655-3501

ACQUISITIONS
DIVESTITURES

Stu - I agree there is a problem. What can we do?
MERGERS
REORGANIZATIONS J

October 3, 1978

Mrs. Jimmy Carter
The White House
Washington, D.C. 20500

Dear Mrs. Carter:

Mrs. Burck and I enjoyed meeting you and the opportunity to pay tribute to Claude and Mildred Pepper. This letter is prompted by Claude's comment: "When I can't get access to the President I call Mrs. Carter." Last year I wrote the President about a problem that long range may be the most important facing the nation, and since it apparently never got past his advisers, I now follow Claude's suggestion.

The problem is the excessive merger and takeover activity of the corporate giants. If this activity continues as it has for several decades, it is probable that within 20 years the nation's economy will be dominated by a handful of giant corporations of a size greater than most nations of the world. Our free enterprise system will then be doomed and our democracy will become untenable.

His advisers may come up with two objections. One is that there are too many immediate problems that must be given priority, so let this one wait. The clock is running and it cannot be reversed; once a huge company is taken over, the egg becomes scrambled and cannot then be restored. Almost daily huge companies are losing their independent existence. What's the use of solving all the more immediate problems if in the long run we are ignoring a situation that destroys our democracy?

Moreover, the problem has become urgent and immediate. Takeover activity has reached the point where countless millions of Americans are adversely affected: employees and executives of target companies, customers, and residents of the host communities. See enclosed statement to Senate Antitrust Subcommittee of William Norris, founder and chairman of Control Data Corp.

The President's advisers may say it just isn't astute to challenge the vast wealth of the nation's largest corporations. History shows otherwise. At the turn of the century the nation was engulfed, just as now, by a merger wave that threatened to overwhelm the nation's businesses. The tide was reversed by Theodore Roosevelt after he became president following the McKinley tragedy; he aggressively challenged big business, broke up the combinations and set the stage for the unprecedented economic growth that this century has enjoyed. Since Roosevelt had been elected as a Republican on a big-business ticket, his actions created an uproar in financial and business circles who viewed him as a traitor. Nevertheless, the people were for him and he not only was elected for a second term but he also took a place in history because of his courageous action.

In your talk Thursday night, you explained so simply and beautifully the job the President is doing. I think you are in a unique position to see why on an issue of

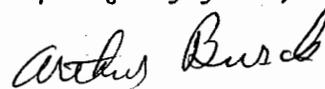
Mrs. Jimmy Carter
October 3, 1978
Page 2

this importance it might be most appropriate at this time for him to follow the example of Theodore Roosevelt. We honored Claude Pepper because of his willingness to be ahead of his time and take on issues that were not then popular. He sets an example for your husband. And on this issue I predict you will discover, as did Roosevelt, that people are with you. Even big business may rally over to your side since so many executives and employees of huge companies are being hurt by these indiscriminate takeovers.

Sooner or later legislation will be prepared by Senator Kennedy's Senate Antitrust Subcommittee or Congressman Breckinridge's House Subcommittee; I appeared twice before the Senate group and in July before the House Subcommittee. Nevertheless, I respectfully submit that it is more appropriate for the Administration to take the initiative in proposing measures of such far-reaching importance.

As a citizen who makes his living from mergers but who feels that things have gone much too far, I trust you will see the way clear to pass this along to the President.

Respectfully yours,



Arthur Burck

AB/cd

Attachment: Letter 10/14/77 to the President

Enclosures: My statement 5/5/77 to Senate Antitrust Subcommittee

My statement 7/28/78 to Senate Antitrust Subcommittee

My statement 7/26/78 to House Small Business Antitrust Subcommittee and the FTC

My presentation 8/3/78 to Cong. Ullman, Chairman, House Ways & Means Committee

Statement 7/28/78 of William Norris to Senate Antitrust Subcommittee

P.S. After looking at the formidable stack of enclosures, I have decided it is too much at this juncture. I therefore only enclose the first item listed above. If you or the President's advisers conclude that the matter warrants deeper probing, the additional enclosures may then be of importance; and I will be glad to furnish the other statements as well as any other information that will be useful.



ARTHUR BURCK & CO.

P. O. BOX 2197

PALM BEACH, FLA. 33480

ACQUISITIONS
DIVESTITURES

(305) 655-3501

MERGERS
REORGANIZATIONS

October 14, 1977

The President
The White House
Washington, DC 20500

Mr. President:

No one has ever entered the White House with more involvement in the free enterprise system than you. That is why it would be tragic if future historians were to record that the seeds of socialism were irrevocably planted during your Administration. There are two danger areas that as yet are too little understood.

The first is the excessive merger activity of the corporate giants that, if unchecked, will concentrate industry in too few hands. The current merger wave is reaching tidal proportions as it climaxes two decades of steady attrition of our large independent businesses so that today the 200 largest control the same share of manufacturing assets as did the 1000 largest in 1941.

I don't have to tell you about the pervasive power of the oil, steel and automotive giants. Meanwhile your economic program suffers because the long-predicted capital spending boom never seems to get off the ground. One reason is these huge acquisitions: billions that would normally go into plant and equipment are being siphoned off by acquisitions that involve a sterile use of capital since nothing new is created. However, it is the long-range consequence that is most disturbing; unquestionably, excessive concentration is an invitation to socialism or other extremism. This is by no means a radical idea; it was enunciated as early as 1901 by historian Woodrow Wilson who wrote about the dangers of the merger wave that then threatened to engulf the nation: "The programmes of socialists and extremists proposed a remedy which was but a completion of the process: the virtual control of all industry by the government itself."

The other danger area lies in the inability of small and medium-sized companies to obtain capital, in large part due to current capital-gains rates that stifle investments in risk ventures. And now we read about those who would exacerbate this problem by removing altogether any capital-gains advantage. When capital does not flow from private investors, the state must be the supplier--in short, socialism.

It is easy to say that "it can't happen here" but history shows that "isms" usually arrive through the back door, often with rulers unaware. The back door is open in these two danger areas.

Respectfully yours

AB/dne
Enclosures 3: Op-ed articles that
amplify the foregoing.

Arthur Burck

THE WHITE HOUSE

WASHINGTON

October 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M. /BR*
TIM KRAFT *T.K. /uos*

Attached are two documents for your approval:

- 1) A proposed letter to be sent from you to Democratic members of Congress and the DNC mailing list of 1,000 (State chairs, DNC members and Finance Council members).
- 2) A suggested speech insert for Administration officials to use in their political appearances between now and election day.

5377

Speech Insert on
National GOTV Program

*ok
JO*

Theme: If you don't vote, you're the loser.

Vote November 7.

Before I begin my remarks today, I would like to mention a subject of great importance to all of us -- voter turnout in the 1978 elections. The President has asked me to tell you of his deep concern about the projections for voter turnout on November 7. The turnout has been dropping steadily for the last twelve years and some projections suggest that two-thirds of the eligible voters may stay home this year. The President has asked John White of the Democratic National Committee-- in conjunction with the House and Senate Campaign Committees--to conduct an extensive GOTV effort. At the President's request, I am personally asking each of you, on your own or through your organizations, to do everything that you can to assist State Party organizations and candidates in their efforts to bring voters to the polls. The right to vote is the foundation of democracy and the exercise of this right will ensure that our government and its elected officials reflect the will of the people.

THE WHITE HOUSE

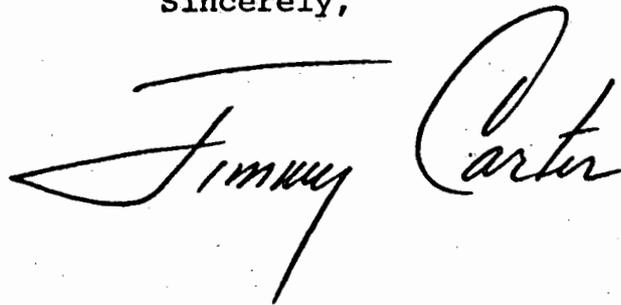
WASHINGTON

To Democratic Party Leaders

Chairman John White has informed me that the projected voter turnout in this fall's elections may be the lowest in history -- possibly as low as 32 or 33 percent. As President, I am deeply disturbed about this. The right to vote is the foundation of democracy and only to the extent that this right is exercised does our Government reflect the will of the people.

I have asked Chairman White, along with Senator Wendell Ford of the Senate Campaign Committee and Congressman Jim Corman of the House Campaign Committee, to initiate a national Get-Out-the-Vote program. On October 10, we announced this program at the Democratic National Committee headquarters. I want to personally urge each of you to cooperate with this effort in every possible way. I hope that you will work with local groups, party organizations, and candidates to ensure that everything possible is done to coordinate efforts for this vital program.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in black ink and is positioned below the word "Sincerely,".

THE WHITE HOUSE

WASHINGTON

For
MEMORANDUM ~~TO THE CABINET AND SENIOR STAFF~~

Executive Dept & Agencies

The President has requested that you

Please use the attached speech insert in each of
your political speeches between now and the
election.

THE WHITE HOUSE
WASHINGTON

October 17, 1978

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

FROM:

JACK WATSON

A handwritten signature in cursive script, appearing to read "Jack", written over the printed name "JACK WATSON".

The President has requested that you use the attached
speech insert in your political speeches between now
and the election. Thank you.

cc: White House Senior Staff

THE WHITE HOUSE
WASHINGTON

10/17/78

Frank Moore

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

Rick Hutcheson

XC: FM
JL
HL

THE WHITE HOUSE

WASHINGTON

October 14, 1978
8:10 p.m.

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE
LES FRANCIS *Les Francis*

SUBJECT: Phone Calls to House Members on Energy Bill

Our latest vote counts show that we are ahead, but the outcome is still uncertain. The latest figures are:

YES & LEANING YES	203	(176 Demo. & 27 Rep.)
UNDECIDED	58	(33 Demo. & 25 Rep.)
NO & LEANING NO	132	(61 Demo. & 71 Rep.)
UNKNOWN	37	

We have received reports that we will eventually get up to 40 Republican votes, but we are not yet convinced that will be the case. White House and agency staffs are working on the "Unknowns," the "Undecided," and those in the "Leaning Yes" categories.

The list below is composed of Members who are either "soft," "undecided," or about whom we have received conflicting reports. It may not be possible for you to complete the entire list, but your direct influence on several of them could very well make the difference. Some of these you have talked to already, but an additional touch is warranted.

DEMOCRATS: (Total of 15)

1- ED ROYBAL (California)

Now listed as "Leaning Yes." He voted with us on the previous question yesterday. Indications are that he may have objections to the natural gas provisions.

2- HENRY WAXMAN (California)

Now listed as "Leaning Yes," although he voted against us on the previous question. He has been moving toward us as reports have been coming in.

JACK EDWARDS (Alabama)

We have him "Undecided," although he voted "No" yesterday.

TENNYSON GUYER (Ohio)

Same as Edwards.

RICHARD SCHULZE (Pennsylvania)

We have him as a "2" on the package, although he voted "No" on the previous question.

BUD SHUSTER (Pennsylvania)

He is "Leaning No" and he voted "No" on the previous question.

JOHN DUNCAN (Tennessee)

Although he voted "No" yesterday, we have him "Undecided" on the package.

WILLIAM WAMPLER (Virginia)

He voted "No" yesterday and is listed as "Leaning No" on the package.

JACK CUNNINGHAM (Washington)

He is listed as "Undecided." He voted "No" on the previous question.

THE WHITE HOUSE
WASHINGTON

October 14, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *f.m/pd*
LES FRANCIS

SUBJECT: Calls to Republican House Members on Energy Bill

As you know, to gain final approval of the National Energy Act, we are going to have to pick up at least 30 Republican votes as we expect almost 100 Democratic defections. Your appeal to Republicans should be:

-- Adoption of a national energy policy is not a partisan issue. The energy crisis affects all segments of the populace and every sector of the country.

-- Sustaining economic growth, controlling inflation and protecting the dollar all require the passage of a comprehensive energy bill this year.

REPUBLICANS: (Total of 11)

BOB LAGOMARSINO (California)

Voted "No" yesterday and is listed as "Leaning No" on final passage.

3
NEWTON STEERS (Maryland) *Mike Barney - opponent*

Voted "No" yesterday and is listed as "Leaning No" on final passage. *Domestic Violence bill - Lindy Boggs - Mikulski*

4
MARGARET "PEGGY" HECKLER (Massachusetts)

Voted "No" yesterday but is listed as "Leaning Yes" on the bill. *\$ 750,000 overcharge → \$ 350,000*

ARLAN STANGELAND (Minnesota)

We have him listed as a "4" but Bill Frenzel says that Stangeland is "gettable." He voted "No" on the previous question.

Frank
J

-2-

~~2~~ 2 FLOYD FITHIAN (Indiana)

Purdue - Biomass Conversion

Now listed as "Undecided," he voted with us on the previous question but we have a report that he opposes the natural gas provisions. You called him several days ago on this issue and at the time he appeared to be "Leaning Yes" on the package.

TOM HARKIN (Iowa)

Now listed as "Leaning Yes," he voted "No" on the previous question.

2-1 JOHN BRECKINRIDGE (Kentucky)

if needed

We have received conflicting reports . . . he started out a "Yes" and is now a "No." You called him earlier and reported to us that he "opposes deregulation -- will watch vote, if close will help." You should remind him and tell him the vote is close. He voted "Yes" yesterday.

1- CARROLL HUBBARD (Kentucky)

if needed

We have him as a "1," but we are afraid that he is shaky. You talked to him on October 9 and listed him "Leaning Yes." He voted for the previous question.

DAVE BONIOR (Michigan)

Now in the "Undecided" category. He voted against us yesterday.

1- BOB CARR (Michigan)

if needed

He voted with us yesterday on what was a tough vote for him. You thanked him by phone. He is now a "2" on final passage.

DICK ICHORD (Missouri)

Our count has him "Undecided" on the bill, although he was with us on yesterday's procedural vote.

1- NORM D'AMOURS (New Hampshire)

Now listed as a "2," he voted "Yes" yesterday.

*"put me in
the bag"*

1- TOM DOWNEY (New York)

He voted "Yes" on the previous question and is "Leaning Yes" on the bill. The Vice President talked to him a few days ago.

1 - FRED RICHMOND (New York)

He should be with us, but is receiving pressure to vote "No." We have him as a "1" but may need encouragement. He was with us yesterday.

2 - JOHN SEIBERLING (Ohio)

1 if close

Started out as "Undecided" and remains so, although Stu had a constructive talk with him earlier today. He voted "No" yesterday. You talked to him several days ago by phone and he met with you Thursday afternoon.

2 - ALLEN ERTEL (Pennsylvania)

Hr. 0 project Milton, Penn. = Harrisburg

He is listed as a "2," but he voted with us on the previous question.

3 "CHICK" KAZEN (Texas)

Now listed "Undecided," he was with us yesterday.

A second memo on Republicans will be provided seapartely.

As you make these phone calls and get responses, they can be called into Les Francis or to Frank's office. Frank and Bill Cable are generally in the vicinity of the Speaker's office (225-2204).

THE WHITE HOUSE
WASHINGTON

10/17/78

Tim Kraft

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

Rick Hutcheson

cc: Jim Gammill

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
/	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
/	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

October 14, 1978

do so
J

MEMORANDUM FOR THE PRESIDENT

FROM

TIM KRAFT TK
JIM GAMMILL JG

SUBJECT

Recess appointment for John McGarry

Frank Moore requested that we send you the following information:

You can make a recess appointment for John McGarry to the Federal Election Commission for the position now held by Neil Staebler. The appointment can be made any time after the Senate adjourns sine die.

Within forty days of the return of the Senate, you must send a nomination to the Senate covering the recess appointment. If no covering nomination is received, McGarry can continue to serve but his pay will stop at the end of the forty day period.

If the Senate fails to act on a nomination covering the recess appointment (or if no nomination is sent), the recess appointment expires upon the next sine die adjournment of the Senate. At that time, of course, you can make a second recess appointment for the same position.

THE WHITE HOUSE

WASHINGTON

10-16-78

To Cecil Andrus

Carol knows more about
Cumberland than any other
person. I agree with her,
and hope the Northern part
of the island will be
designated wilderness.

Jimmy

cc: Frank Moore
Stu Eizenstat

support, of 50,000 white
s, while the remaining 200,
support Mr. Smith. As the entire
white population is around 250,000, that
means he is claiming support from chil-
dren and babies. The fact is that at the
last elections in August 1977, with an 80
percent turnout of the approximately

comp
whose laws
was placed and kept
duly constituted electorate
cause their ground rules differ
ours offers no justification whatever
resorting to undignified name-calling.

Would Mr. Vance care to comment

Jitneys on Cumberland Island?

In 1972 legislation was passed that designated Cumberland Island a national seashore within the national park system. Cumberland is Georgia's southernmost and largest barrier island with a hard, wide beach and a jungle-like interior, most of which is in a wild condition.

The intention of that legislation was to save the island from private development, which was then threatening, and ensure its future protection in a natural state. We find the following words in the act: "Except for certain portions of the seashore deemed to be especially adaptable for recreational uses . . . the seashore shall be permanently preserved in its primitive state, and no development of the project or plan for the convenience of visitors shall be undertaken which would be incompatible with the preservation."

In 1977, the National Park Service (NPS) developed a management plan for the island and distributed it to the public for comment. Two hearings were held, one in St. Marys and one in Atlanta, and the public voice sounded. It harmonized beautifully with the legislation. It opposed the NPS proposal to jitney visitors the

full length of the island and insisted the entire northern half be congressionally designated wilderness.

The NPS has developed the south end of Cumberland to accommodate day visitors who come to swim or view the impressive, manicured ruins of the Carnegie era. The trails are well worn and the road is regularly graded. Jitney rides are provided back to the carpeted, air-conditioned visitor center.

Today, the National Park Service is still pushing to develop the entire island by establishing public jitney transportation from one end to the other. The service says in the next generation it can be wilderness, but not now. We know that once established, jitneys will be a permanent scar on the island and on the faith the people had in the National Park Service.

Sometime near the end of this month, NPS Director William Whalen will visit Cumberland and make the final decision on the issue. Will Mr. Whalen review the legislation and the public comments? Will he be responsive to them?

CAROL RUCKDESCHEL
Orange Park, Fla.

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THE WHITE HOUSE
WASHINGTON

October 13, 1978

MEETING WITH GENERAL OMAR N. BRADLEY
Tuesday, October 17, 1978
12:00 Noon (5 Minutes)
The Oval Office

From: Tom Beard *Tom Beard*

I. PURPOSE

Photo opportunity.

II. BACKGROUND, PARTICIPANTS, & PRESS PLAN

- A. Background: General Bradley is in town for the dedication of a room at the VA in his name. He is a former Director of the VA, and is the only surviving five-star General. General Bradley is still on active duty (the longest active duty period in the history of the U.S. military-64 years), and takes an active role in classroom instruction at Ft. Bliss, Texas. General Bradley is eighty-four years of age.
- B. Participants: General Bradley, Mrs Bradley (Kitty), Max Cleland, and Lt Col. Bruce Mahr (Bradley's military aide).
- C. Press Plan: White House photographer. At the beginning of the meeting, film will be taken for a documentary on General Bradley to be shown in VA hospitals.

THE WHITE HOUSE
WASHINGTON

10/17/78

The Vice President
Hamilton Jordan
Stu Eizenstat
Tim Kraft
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Anne Wexler
Jim McIntyre
Jerry Rafshoon
Hugh Carter

Re: Cabinet Summaries

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

Rick Hutcheson

CONFIDENTIAL ATTACHMENT

EYES ONLY

THE WHITE HOUSE
WASHINGTON

10/17/78

Charlie Schultze
Stu Eizenstat

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

Rick Hutcheson



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

October 13, 1978

cc
Stu. Charles
J

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. EPG: ANTI-INFLATION PROGRAM

Some EPG members -- myself included -- strongly believe that bare announcement of the wage-price standards will have little impact on inflation and will, in the long run, seriously undermine your credibility in the country, and around the world. In my judgment, the announcement can avoid these problems only if accompanied by a very tough and specific statement on FY 1980 fiscal restraint and an unambiguous statement of support for the Fed's efforts to control the expansion of the money supply aggregates. These are controversial issues among your advisers -- but they are the main issues. The outside economists I have consulted -- by no means all conservative in outlook -- are firmly convinced that the wage-price policy will fail dramatically without the support of genuine fiscal and monetary restraint.

Next Tuesday the EPG will review, and then send on to you, an OMB analysis of the policy implications of a genuinely tough FY 1980 budget statement -- e.g. a pledge to reduce real spending in FY 1980. This is the kind of statement that is needed. It is also the only way to free up even a small amount of revenue for a package of anti-inflation tax cuts next year.

2. THE DOLLAR

The Treasury and Federal Reserve intervened in an effort to steady trading conditions but the dollar again depreciated against major foreign currencies, reaching record lows against the German mark. To date this month, the Swiss have purchased \$2.2 billion and the U.S. authorities \$300 million. But selling pressure continues, reflecting doubts by money managers about the prospects for significant action on inflation; absent further tightening of U.S. monetary policy, the consensus of the market is that our anti-inflation efforts will fail. For this reason, the rise in the prime rate to 10 percent braked the dollar's decline as the week ended.

3. SUPPLEMENTARY FISCAL ASSISTANCE

At the moment, it appears that your appeal to Chairman Delaney will succeed, and the bill will be given a rule on Friday and probably be taken to the House floor on Saturday. Our count indicates that we have the votes for passage in the full House.

Mike

W. Michael Blumenthal

THE WHITE HOUSE
WASHINGTON
10/17/78

Secretary Blumenthal
Charlie Schultze
Stu Eizenstat

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

Rick Hutcheson

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

cc -
Mike - Charles -
Jhu
J

October 13, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *RMV*

SUBJECT: Major Departmental Activities, October 9-13

Concern over inflation policy. Based on my recent discussion with the rest of the EPG and a review of background material explaining the program, I am concerned about the preeminence now being given to government actions. There is no question that politically and in some cases substantively these actions are important. But there is also no question in my mind that the private sector portion of the program is the most critical to bringing down the inflation rate. It is important to avoid placing so much emphasis on symbolic government actions that the truly effective private sector response becomes secondary. I am also disturbed that several top level government officials have publicly expressed doubts about the effectiveness of the program. It is my conviction that only those committed to program success should be involved in its management.

J
free

Preliminary 1980 economic forecast. The technical group of the EPG has just completed its 1980 forecast. Although our success in forecasting is at best mixed, I think you should know that, even assuming success of the anti-inflation program, unemployment is expected to be up to 6.5 or 7 percent and rising in 1980. It is important to construct a spending and tax policy that is sufficiently flexible to respond to such a contingency.

THE WHITE HOUSE
WASHINGTON

10/17/78

Attorney General Bell
Hamilton Jordan

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

Rick Hutcheson



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

October 13, 1978

cc: Griffin & Ham
Let's mount a
major effort to pass
revised US Criminal
Code in 1979
J

Principal Activities of the Department of Justice
for the period October 8 through October 13

1. Meetings and Events

On Sunday, the Attorney General addressed 2,000 members of the International Association of Chiefs of Police at their annual convention. On Tuesday he spoke about white collar crime to the national associations of insurance executives and insurance agents. Later in the week he met with the American Bankers Association and Savings and Loan Association to discuss FBI investigations of bank robberies.

2. Cuban Parole Program

The Attorney General announced on Friday that he will parole into the United States 46 persons previously imprisoned in Cuba for crimes of political nature against the state, along with 25 members of their families. These persons were screened in Havana by a Justice Department team. The Attorney General has received additional Cuban applications, which will be screened after processing of the first group is complete.

3. Legislation

a. Foreign Intelligence Surveillance Act: The House and Senate approved the Conference report on this bill, which now goes to the President for signature. The bill has the support of the intelligence agencies as well as civil liberties groups. ✓

b. Omnibus Judgeship Bill: The Conference report received final approval this week, creating 152 new federal judgeships. ✓

c. Bankruptcy Reform: A major restructuring of the bankruptcy courts and revision of bankruptcy procedures and jurisdiction in this Conference report received final approval.

d. Ethics and Special Prosecutor: Both houses of Congress adopted the Conference report this week on this legislation which creates jurisdiction of a Special Prosecutor for cases of criminal malfeasance by high Executive officers. It also requires financial disclosure from officials from all branches of government and restricts revolving door practices. ✓

4. Canadian Prisoner Exchange

The first prisoner transfers between Canada and the United States began this week. Forty Americans in Canadian custody will be returned. Canada is the third nation -- in addition to Mexico and Bolivia -- to carry out prisoner transfers with the United States.

5. Major Prosecutions

The Criminal Division recently reported to the Attorney General on major prosecutions in the four priority areas: drug abuse, public corruption, white collar crime, and organized crime. The following cases may be of special interest:

- A Florida State judge was sentenced to 12 years for a pattern of racketeering activity involving corruption of the court and law enforcement system. On September 15 he became the first judge to be impeached in the history of Florida.
- The sheriff of DeSoto County Tennessee received three years for jury tampering and 10 years for operating his office as a racketeering enterprise, including soliciting bribes from vice operators. Due to these charges he resigned.
- Three officers of a Utah investment company licensed by the Small Business Administration were convicted for \$2.5 million fraud against the government. The series of cases against these defendants involves a potential government loss of \$15 million. A Utah state senator was convicted in a related case.
- Two Florida businessmen were convicted on 52 counts of land fraud and conspiracy for defrauding over 550 investors of approximately \$6.2 million in a land development scheme. Some 103,000 documents were subpoenaed and analyzed in this case by the Criminal Division.
- Three officers of a New Orleans contracting firm were convicted for a conspiracy involving over \$5 million in "emergency" repair work in the New Orleans area. Three Jefferson parish officials were convicted in related cases.

THE WHITE HOUSE
WASHINGTON

10/17/78

Administrator Max Cleland

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

Rick Hutcheson



VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420
October 13, 1978

19

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

VA Presidential Update

Assistance to Candidates - During remainder of this month I have scheduled seven trips to assist in Congressional election campaigns. All told, I will have traveled more than 100,000 miles and made appearances on behalf of 30 candidates (26 of them incumbents) by the end of October. In conjunction with these trips I have participated in a variety of meetings with veterans groups and sessions for the disabled and handicapped; toured 50 VA field facilities, and addressed joint sessions of the Florida and Mississippi legislatures.

"Mining" Silver - We have notified GSA that VA has 208,920 fine troy ounces of silver bullion for sale. The early November sale by GSA is expected to yield about \$1,150,000. In two earlier sales within the last 10 months, VA netted \$4,209,795 from its reclaimed silver bullion. VA salvages silver deposits from x-ray developing solutions and film used in our medical centers. A December 1977 GAO report noted VA led all agencies, including DOD, in such reclamation savings. Proceeds go to VA's Supply Fund and thus lower the cost of supplies purchased by the agency. In addition to monetary savings, this VA project conserves a valuable resource, and eliminates what would otherwise be a water contaminant.

good

THE WHITE HOUSE
WASHINGTON

10/17/78

Secretary Bergland

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

Rick Hutcheson



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

①

October 13, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

CORN. The attached (a typical receipt from corn country for \$1.50/bu. sales price) is causing a great deal of concern and pressure to provide some kind of program for those who did not comply with our feed grain set-aside program. To give in on this would destroy the credibility and effectiveness of any future set-aside program and I have been publicly refusing to consider any bail-out.

good

RESEARCH. A recent outbreak of foot and mouth disease (which was contained) and proposed research on Rift Valley Fever (which has been known to cause meningitis and encephalitis in humans) has been causing protests over the operation of our Plum Island, New York research facility. Safety procedures and the need for specific research projects are being reviewed to assure that there is no danger to public health. (Media interest -- including network TV -- is increasing and the question may come up.)

A large, stylized handwritten signature in black ink, appearing to read "Bob Bergland".

BOB BERGLAND

Attachment



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

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October 13, 1978

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues for the Week of October 9

Two handwritten signatures are present. The one on the left is "Brock Adams" and the one on the right is "Rick Hutcheson".

Highway/Transit Bill - I have sent you today a separate report on the status of this legislation.

Airline Regulatory Reform Signing Ceremony - I received your approval for a signing ceremony on the airline deregulation bill, and we are doing everything possible to insure the legislation will pass and reach you promptly. My staff is working with Frank Moore and Jody Powell.

Major Rail Report - On Tuesday the Department issued the report on the state of the railroad industry which you authorized me to send to the Hill last week. The report lays the groundwork for regulatory and economic reform efforts we will undertake next year.

Waterway User Charges - The House passed the Administration's Waterway User Fee/Lock and Dam 26 compromise today by a vote of 287 to 123. The Senate passed the bill on Tuesday and no conference is required. This represents a victory for you in that for the first time in history a system will be established requiring commercial users of the nation's waterways to share operating costs. The bill requires a 4¢ fuel tax commencing in October 1980, rising in 2¢ increments until a 10¢ tax is reached in October 1985. When fully implemented, given continuing industry growth, this tax would raise approximately \$90 to \$100 million annually.

7

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

2

October 13, 1978

REPORT TO THE PRESIDENT

As the U.S. Export Development Mission concludes its visit to Japan, Assistant Secretary Weil reports from Tokyo that results have been mixed. About half of the participating U.S. firms had success in terms of sales or in laying the groundwork for future sales. Publicity in the U.S. and Japan has also helped to increase understanding in Japan about the need for better U.S. access to Japanese markets. Moreover, there has been conveyed to the U.S. business community a change of attitudes on the part of the Japanese that would warrant increased U.S. efforts to sell there. Nevertheless, although leading Government and business officials in Japan support our efforts, substantial problems remain at the working levels. This will likely be reflected in the public comments of the returning mission members. While the mission has served a useful purpose, it is clear that we must sustain our efforts on all fronts to bring U.S.-Japan trade into better balance.

With regard to fishery issues, the Japanese have agreed to reduce tariffs on selected commodities of fish and have made commitments to import specific increased quantities of U.S.-produced fish. The United States fishing industry is pleased and will be able to make new investment decisions on the basis of these understandings. The U.S., in turn, has agreed not to reduce the proportion of Japan's fish allocation within our 200-mile fishery conservation zone for 1979. This is compatible with U.S. fishery management plans.

Next Tuesday I will host a Regulatory Reform Seminar that will focus on initiatives which the Administration might take to improve the regulatory process in the coming year. I am pleased that the Administration participants will include Charlie Schultze, Barry Bosworth, and Harrison Wellford. Together with key representatives from business, public interest groups, academic institutions, and regulatory agencies, we will also be examining the Regulatory Budget concept and practical alternatives to regulations.


Juanita M. Kreps



October 13, 1978

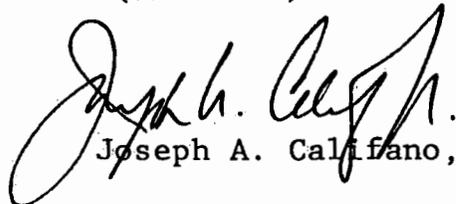
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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

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

- Cost Containment. The favorable vote in the Senate on the Nelson Amendment is a good portent for next year if we are not able to get the bill to the House Floor in the next few days. White House and HEW legislative staffs did an excellent job -- our count on a critical tabling motion was accurate within one vote, while the Hospital industry was taken by surprise.
- Legislation and Appropriations. I will send you a full report on the status of our other legislation and on the Labor-HEW appropriations bill early next week after the smoke has cleared.
- NHI Testimony. The Kennedy hearing went about as expected, with questions about phasing and triggering. It was, in short, a reprise of the differences aired in July when you issued your statement of principles.
- Campaigning. On Monday, I will campaign for Senator Pell in Rhode Island. On Tuesday I will campaign for various candidates in New Jersey, including Bill Bradley, Frank Guarini (14th C.D.), Nicholas Mastorelli (9th C.D.), and Congressmen Rodino, Minish, and Maguire. On Thursday I will campaign in Connecticut for Congressman Giaimo and Bill Ratchford (5th C.D.).


Joseph A. Califano, Jr.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C. 20410

October 13, 1978

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

SUBJECT: Weekly Report of Major Departmental Activities

Staff Draft of Recodification of Housing Laws Under Review by Department Officials. The draft simplifies and modernizes the basic housing authorities of the Department. It sets forth in concise and readily understandable statutes the housing insurance, subsidy and secondary market programs. If approved by Congress, it would be the first successful attempt at overhauling the 40 years' collection of national housing laws.

Federal Crime Insurance Policies Top 50,000. The Federal Crime Insurance Program had 50,046 policies in force as of July 31. This compares to 37,331 as of July 31, 1977. Federal Crime Insurance provides individuals and businesses affordable insurance against burglary and robbery losses without fear of cancellation and at uniform rates in 21 states and the District of Columbia.

Transfer of Contract Compliance Function to DOL Progressing. Agreement has been reached with the Department of Labor on the reassignment of 54 HUD employees as a part of the transfer of the contract compliance function formerly a part of HUD's Office of Fair Housing and Equal Opportunity. An additional 13 employees remain to be reassigned. The functional transfer fulfills the intent of Executive Order 11246 regarding government-wide reorganization.

Home Improvement Loan Insurance Program Initiatives. During the first six months of 1978, the Department's 13 Financial Representatives made 2,700 calls, or an average of approximately 208 calls apiece, on Title I lenders to monitor their participation in the program or to acquaint newly approved lenders with program procedures. This outreach activity supports the Department's effort to encourage lenders and the public to make more use of Title I home improvement loans as one means of maintaining the viability of urban neighborhoods.

Faster Sales of HUD-Owned Multifamily Projects Help Keep Costs Down. During fiscal year 1978, the Department's Property Disposition activity sold 75 HUD-owned multifamily properties with 8,791 units. As a result of an accelerated and aggressive sales program started during the fiscal year, an additional 143 projects with 14,026 units will be sold by the end of 1978. This will be nearly twice the number of projects as were sold during the same period last year and will result in savings to the Department, since it costs \$3.31 per unit per day for maintenance of these properties while they remain in inventory. Many of these projects will be repaired so they not only will sell more quickly, but will be safe and decent housing. The vast majority of HUD owned multifamily projects are sold on the condition that they be used to provide housing for low and moderate income persons.

Rat

Patricia Roberts Harris

Community WASHINGTON, D.C. 20506
Services Administration



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October 13, 1978

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities
(October 9 - 13, 1978)

CETA Labor Shortages in Weatherization Projects

Since May 1978, CSA has been working with the Department of Labor, Department of Energy, Office of Management and Budget and the Congress to attempt to resolve the problem of CETA labor shortages in the operation of local low-income Home Weatherization Projects. In some communities the problem has recently reached the point where program operations have ceased because of total loss of CETA workers.

This week, at the request of CSA, Domestic Policy Council Staff called a meeting including representatives of Community Action Agencies, which operate the programs locally, and the federal agencies involved. As a result of the meeting, CSA is surveying every local weatherization project to determine the extent of the labor shortage. We will meet with Domestic Policy Council Staff and agency representatives next week to address the most immediate short term problems and will continue to discuss longer range solutions to the problem of matching federal employment and training programs with federal weatherization programs.

CSA Reauthorization (H.R. 7577)

On Tuesday, House and Senate conferees met and resolved their remaining differences concerning the Headstart allocation formula and the National Advisory Council on Economic Opportunity. Under this agreement, the Council would be extended through Fiscal Year 1981. Final passage of the Conference Report is anticipated before Congressional adjournment.

We respectfully request your consideration of a brief Rose Garden signing ceremony once this legislation reaches you.

Community Development Corporations

The Office of Public Affairs has just published a new brochure, Community Development Corporations, which contains profiles of all community development corporations funded by CSA's Office of Economic Development. A copy is attached.

Attachment

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

9
1

October 14, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}

Subject: CEA Weekly Report

Humphrey-Hawkins. My staff and I worked closely with the Congressional liaison staff in the effort to pass the Humphrey-Hawkins bill in the Senate. Some elements of the bill are not desirable, particularly language on the inflation goal that could be interpreted to preclude the use of fiscal measures to fight inflation until full employment is reached. On the whole, however, I believe that we can live with the bill and that it is better in nearly every respect than we had much reason to expect.

Other Activities. My time and the time of my staff has been consumed this week with work on the anti-inflation program, the tax bill and other legislation, and the latest interagency forecast. I have kept you informed on developments on all these fronts, and have nothing new to report.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

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1

THE ADMINISTRATOR

TO: THE PRESIDENT

EPA is already implementing personnel reforms that parallel the new legislation you signed this week. Working with Scottie Campbell and Jule Sugarman and within pre-reform rules, we have:

- ¶ Made new supergrade appointments untenured and subject to a mobility agreement. Most of the Agency's authorized supergrades are now covered.
- ¶ Instituted strong incentives to induce our managers to gain experience (1) both at headquarters and in the field and (2) in a mix of programs and functions. Less than 15 percent of our senior professionals now have such cross-cutting experience.
- ¶ Created equal status career paths for professionals not anxious or suited to become managers.
- ¶ Started the first pilot tests of an Agency-wide performance evaluation and incentive pay plan.

Even though EPA has perhaps the best motivated and most highly professional staff in the government, implementing these changes requires great care and attention. We hope our experience will be helpful to other Agencies.

These reforms, along with our regulation development process and our new decentralized ZBB approach to making budget and management decisions, are the three key management thrusts we are using to finish the integration of EPA begun seven years ago. They are all compatible with the decentralization that allows EPA to attract superior staff and to respond quickly and flexibly.

* * * * *

I appreciate Stu Eizenstat's decision to have us review the regulatory portions of your planned inflation speech this week. The Administration could suffer substantively and politically if this issue is not handled sensitively.


Barbara Blum
Acting Administrator

THE WHITE HOUSE
WASHINGTON

10/17/78

Jody Powell
Jerry Rafshoon
Pat Bario

The attached was returned
in the President's outbox
today and is forwarded to
you for appropriate handling.
The signed enrolled bill has
been given to Bob Linder for
action.

Rick Hutcheson

cc: Bob Linder

Last Day - Tuesday, October 17

THE WHITE HOUSE
WASHINGTON

Jody
PR
J

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Enrolled Joint Resolution S.J. Res 16
Citizenship of Jefferson F. Davis
(Sponsored by Senator Hatfield
of Oregon)

THE RESOLUTION

The enrolled resolution would restore full rights
of citizenship to Jefferson F. Davis.

VOTES IN CONGRESS

Voice vote in both houses.

AGENCY AND STAFF RECOMMENDATIONS

OMB and Justice recommend approval as do all senior
staff members. I concur.

DECISION

Sign S. J. Res. 16 (recommended)
 Veto S. J. Res. 16

(TWO SIGNATURES REQUESTED)

STATEMENT BY THE PRESIDENT

In posthumously restoring the full rights of citizenship to Jefferson Davis the Congress officially completes the long process of reconciliation that has reunited our people following the tragic conflict between the states. Earlier he was specifically exempted from resolutions restoring the rights of other officials in the Confederacy. He had served the United States long and honorably as a soldier, member of the U.S. House and Senate, and as Secretary of War. General Robert E. Lee's citizenship was restored in 1976. It is fitting that Jefferson Davis should no longer be singled out for punishment.

Our Nation needs to clear away the guilts and enmities and recriminations of the past, to finally set at rest the divisions that threatened to destroy our Nation and to discredit the great principles on which it was founded. Our people need to turn their attention to the important tasks that still lie before us in establishing those principles for all people.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

10/17/78

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Jerry Rafshoon
Pat Bario

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Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE
WASHINGTON

Jody
PR
J

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Enrolled Joint Resolution S.J. Res 16
Citizenship of Jefferson F. Davis
(Sponsored by Senator Hatfield
of Oregon)

THE RESOLUTION

The enrolled resolution would restore full rights of citizenship to Jefferson F. Davis.

VOTES IN CONGRESS

Voice vote in both houses.

AGENCY AND STAFF RECOMMENDATIONS

OMB and Justice recommend approval as do all senior staff members. I concur.

DECISION

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Jimmy Carter

THE WHITE HOUSE
WASHINGTON

10/17/78

Jerry Rafshoon

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Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Hamilton Jordan
Frank Moore
Phil Wise
Fran Voorde

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

October 16, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM:

Jerry Rafshoon
Phil Wise *PRW*

There is a lot of pressure around here for you to sign every bill that is coming your way. While it is good to take credit, we don't think that system of blanket bill signings, unrelated to your themes, is going to get you the right credit. We recommend the following schedule which would maximize good coverage of attractive bills and minimize others.

- October 18 Veteran's Benefits/Older Americans *← ok*
White House - Separate Ceremonies
- October 19 Ethics & Wiretaps *← ok*
White House - Combined ceremony
- October 20 ERA Extension *← ok*
White House - large ceremony *← ok*
- October 21 Lock & Dam 26/Humphrey-Hawkins/Urban Policy *← ok*
In Minnesota --- We strongly recommend that Humphrey-Hawkins be done in Minnesota as a tribute to Hubert Humphrey and to minimize the chances of a lot of people demonstrating against it as "just symbolic" and "toothless." *← ok*
- October 24 Airline Deregulation *← ok*
In D.C. -- this would be on the morning before you give your inflation speech and would tie in nicely with inflation. There is another reason that needs to be discussed with you personally.
- October 25 Energy *← ok*
A big ceremony in the East Room ---This would give you a good follow-up the morning after your inflation speech.
- October 28 Education *← ok*
In Connecticut with Ribicoff.

APPROVE

DISAPPROVE *J*

THE WHITE HOUSE
WASHINGTON

10/17/78

Jack Watson

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the President's outbox. It is
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Rick Hutcheson

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	PETTIGREW
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	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
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	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON
October 14, 1978

C
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MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*
SUBJECT: WEEKLY REPORT

Energy Program

Your conference call to the fifteen governors was very effective. Every governor on the call, and a number who were not, made major efforts in your behalf. Gene Eidenberg and I will prepare appropriate thank you letters. Special credit goes to Jim Hunt -- every Democratic member of the North Carolina delegation was with us on the critical procedural vote; Arthur Link of North Dakota -- he came to Washington and spent an entire day working with his former House colleagues; and Jay Rockefeller -- he and his wife, Sharon, spent most of yesterday on the telephone calling House members.

Our use of state and local elected officials in major lobbying efforts is paying real dividends. I don't think it has ever been done to the extent we are doing it, and we're getting better all the time.

great!

State House Transitions

I have asked each Federal Regional Council to prepare a transition book summarizing major federal-state issues by agency in every state that may have a new governor next January. I will present these books, reviewed and edited by my staff, to the new governors at their orientation session to be held at Pine Isle, Georgia, in mid-November.

South Bronx

The announcement last week of our latest initiatives in the South Bronx was very well received by both the community and local officials. I was joined in making the announcement by Governor Carey, Mayor Koch, and Congressmen Garcia, Bingham and Biaggi.

Youngstown, Ohio

Next week I will notify appropriate Youngstown state and religious leaders that our review of the proposal that the federal government subsidize a worker-purchase of the closed Youngstown Sheet and Tube Steel Plant has been slowed by new information challenging the basic economic assumptions behind the plan. In fact, the new information from one of the consultants originally supporting the plan, once verified, will make a negative final decision inevitable. The consultant reports a new analysis showing a reopened plant cannot survive without a federal subsidy in perpetuity.

I am trying to time the decision and interim steps to avoid making the Youngstown matter a campaign issue in Ohio this fall. I shall give you a complete report when I have completed my analysis of all the options.

Surface Transportation

State and local officials and organizations are lobbying very hard for you to sign the surface transportation bill when it gets to you. I will reserve my comments on the merits of the issue until the enrolled bill is in staffing. You should know that Jim Hunt, Jay Rockefeller and Julian Carroll have all talked to me at length on the matter -- each urging that you sign. Jim Hunt has been particularly eager to speak to you on the telephone, but I have assured him that such a conversation is not necessary at this time.

THE WHITE HOUSE
WASHINGTON

10/17/78

Frank Moore

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

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
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	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

done
J

CAMP DAVID

REQUEST FOR PHONE CALL THIS EVENING TO HAWAII

Congressman Cec Heftell flew back to Washington from Hawaii last Wednesday at our request to be present for the critical votes on Civil Service Reform and the Energy Bill.

As a result, he is missing today a major celebration of several hours duration being held in his honor. Today is his 55th birthday.

Chip is there.

Because he was willing to miss this event, we ask that you phone Hawaii and make a very brief tape commending him for his service in the Congress, etc.

The switchboard has the number; the call should be made between 10:00 and 10:30 p.m. They are 6 hours behind and they will play the tape at regular intervals during their celebration.

One of the following will be on the other end of the line to take your message:

Doug Carlson - Press Secretary

Chris Heftell - Congressman's son and
campaign co-chair

Dr. Richard Chang - campaign co-chair

(From Frank Moore via Fran)

THE WHITE HOUSE
WASHINGTON

10/17/78

Frank Moore

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Rick Hutcheson

cc: Tim Kraft

MUSKIE

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	VICE PRESIDENT
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/	KRAFT
	LIPSHUTZ
/	MOORE
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	BRZEZINSKI
	MCINTYRE
	SCHULTZE

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	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
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	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

10

October 16, 1978

Mr. President -

Frank Moore called recommending that you call Senator Muskie to ask him to be a member of the delegation to the Pope's installation.

Frank thinks Muskie deserves a call from you; if you prefer not to, Frank will call.

I'll call Muskie

have Frank call

fran



(NOTE: Frank also thinks he should be among the top 6 - but you would not need to go into that in your phone call.)

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THE WHITE HOUSE
WASHINGTON

10/17/78

Richard Pettigrew

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the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

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THE WHITE HOUSE

WASHINGTON

October 13, 1978

Good
Q
—

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICHARD PETTIGREW

Rich

SUBJECT:

Reorganization Progress Report

Attached is the latest copy of the Reorganization Progress Report.

I have followed up with Jim McIntyre on the GAO Report and will be working with him in preparation for the Cabinet meeting on October 23.

Attachment

Reorganization Progress Report

October 13, 1978

Highlights

CIVIL SERVICE--Congress has approved President Carter's civil service reform bill. The legislation (1) provides tough new incentives for federal worker productivity, (2) streamlines disciplinary procedures, and (3) strengthens protections--including those of "whistle-blowers"--against political abuse. President Carter called the reorganization plan the "centerpiece" of Administration efforts to improve government economy and performance. (Page 2)

INSPECTOR GENERAL--The Congress has approved legislation reorganizing departmental audit and investigation functions. The measure consolidates such functions in 12 major departments and agencies under Presidentially-appointed Inspectors General. These Inspectors General will be responsible for rooting out fraud, waste and abuse in the various departments. (p. 8)

EMERGENCY PREPAREDNESS--The President's plan to consolidate the Federal Government's emergency preparedness and disaster response programs became effective September 16. The reorganization combines five existing agencies and six additional disaster-related responsibilities into a single unit. (p. 5)

CASH MANAGEMENT--The Office of Management and Budget continues efforts, begun last year, to introduce modern cash management procedures in federal departments and agencies. Estimated savings through implementation of these procedures are currently in excess of \$175 million annually. (p. 9)

REGULATORY REFORM--Forty departments and agencies have now begun overhauls of their regulation-writing procedures. (p. 9)

Inside—

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President's Reorganization Project

Legislative Proposals

Last year, Congress approved three Presidential reorganization initiatives: streamlining of the Executive Office of the President; creation of the new Department of Energy; and consolidation of the United States Information Agency and State Department cultural affairs functions. Numerous intra-departmental reorganizations were also instituted.

The following is a status report on proposals considered by the Congress during 1978.

* * *

CIVIL SERVICE--In March, President Carter proposed a major overhaul of the Federal Civil Service. His proposals would: (1) establish productivity incentives for federal employees; (2) create more streamlined personnel appeals procedures; and (3) strengthen protections against political abuse of the Civil Service. The proposals include two elements: a Civil Service Reform Bill, introduced March 2, and a Civil Service Reorganization Plan, submitted May 23.

1) The Civil Service Reform Bill, having been agreed to in House-Senate Conference, passed the Senate October 3 and the House October 6. As passed, the bill:

- . Creates a Senior Executive Service - This would include 9200 senior executives whose duties are managerial and who are now compensated from the GS-16 level through Executive Level IV. The Service would include both career and non-career employees. Career executives would no longer receive automatic pay increases based on longevity. Instead they would be eligible to receive annual bonuses for superior performance. They could be removed from the Service for poor performance.
- . Allows incentive Pay for Mid-level Managers - The bill would authorize the use of incentive pay for the 72,000 federal managers and supervisors in grades GS-13 through GS-15. These managers would no longer receive automatic "step" increases in pay, and would receive only a portion of their annual comparability pay increases. In return, they would be eligible to receive pay increases of up to 12 percent of their salary based upon actual performance.

- . Streamlines the Personnel Appeals System - The bill would reduce the red tape and costly delays in the present personnel system so as to ensure timely personnel decisions. It would set fair, but sensible standards and eliminate the redundancies in the current personnel appeals system.
 - . Creates Stronger System of Protections Against Political Abuse of the Civil Service - The bill spells out prohibited personnel practices for the first time in the statutes. It establishes a Special Counsel with broad authority to protect from reprisals those employees who expose waste and fraud ("whistle-blowers").
 - . Codifies the Existing System of Federal Labor Relations
 - . Eliminates Veterans Preference in Federal hiring and retention for military personnel who retire at or above grade rank (Major/Leut. Commander); also for those in the Senior Executive Service.
- 2) The Civil Service Reorganization Plan became effective August 11, (Under special authority adopted by Congress last year, a reorganization plan becomes effective 60 legislative days following its submittal unless either House votes to reject it).

The Reorganization Plan provides the structural framework for civil service reform. Under the current organizational structure, the U.S. Civil Service must perform the conflicting roles of both protector of employee rights and promoter of efficient personnel management policy. The Plan divides these roles between two separate agencies:

- . The Merit Systems Protection Board would be an independent agency under bipartisan leadership and would have the policy and adjudicatory responsibilities and authority to deal with employee complaints and appeals and to prevent reprisals against "whistle blowers."

(As noted above, the Civil Service Reform Bill would create a Special Counsel for this Board, appointed by the President and confirmed by the Senate, to investigate and prosecute political abuses and merit system violations).

- . The Office of Personnel Management would be the primary agent advising the President and helping him carry out his responsibilities to manage the federal workforce. The Office would help develop

personnel policies, provide personnel leadership to agencies, and administer central personnel programs. It would be headed by a director and a deputy director, both appointed by the President and confirmed by the Senate.

The reorganization plan would also create:

- A Federal Labor Relations Authority, which would consolidate the third-party functions in the federal labor-management relations. It would be an independent agency operating under bipartisan leadership with final decisional authority on matters within its jurisdictions.
- A General Counsel within the FLRA with responsibility to investigate and prosecute alleged unfair labor practices before the FLRA.
- A Federal Service Impasses Panel as a separate entity within the FLRA.

The Civil Service reform project is a cooperative effort of the U.S. Civil Service Commission and the President's Reorganization Project.

Contact: Howard Messner (395-4960)

EDUCATION--President Carter called for creation of a separate Department of Education in his State of the Union Address January 17. OMB Director James T. McIntyre introduced the Administration's proposals for the composition of such a department in testimony before the Senate Governmental Affairs Committee April 14.

The Administration has proposed creation of an Education Department in order to achieve the following objectives:

- provide education policy with high-level leadership and attention;
- establish Cabinet-level accountability for federal education activities, making these more responsive to the President, the Congress and the public; and
- create a better federal structure for assisting States and localities, who have primary responsibility for education matters.

On September 27, the Senate voted 72 to 11 to create a separate Education Department. The measure included in the

new department the following HEW functions: Education Division, vocational rehabilitation program, telecommunications development, education-related activities of the Office of Civil Rights. Also to be included: the college housing program (HUD); the science education programs (National Science Foundation); the law enforcement education programs (Justice Department) and the schools for overseas military dependents (Defense Department).

The House Government Operations Committee reported legislation creating a Department of Education July 18.

Contact: Patricia Gwaltney (395-5014)

EMERGENCY PREPAREDNESS--On June 19, President Carter proposed the consolidation of federal programs involved with preparedness, mitigation and response to federal emergencies ranging from natural and manmade disasters to nuclear attack.

The reorganization plan was designed to achieve the following objectives:

- Make a single agency, and a single official, accountable to the President and Congress for all federal emergency preparedness, mitigation and response activities;
- Create a single point of contact for state and local governments, who have strongly urged consolidation of federal emergency programs. (The Carter reorganization plan was endorsed unanimously by the National Governors' Association).
- Enhance the dual use of emergency preparedness and response resources at all levels of government by taking advantage of the similarities in planning and response activities for peacetime and attack emergencies.

The plan establishes a new Federal Emergency Management Agency to replace five existing federal agencies and assume six additional disaster-related responsibilities. The agencies include:

- The Defense Civil Preparedness Agency (Defense Department), which administers the national civil defense program.
- The Federal Disaster Assistance Administration (Housing and Urban Development), which coordinates and funds federal natural disaster relief operations.
- The Federal Preparedness Agency (General Services

Administration) which coordinates civil planning for national emergencies.

- The Federal Insurance Administration (Housing and Urban Development), which manages the flood insurance and hazard reduction programs.
- The National Fire Prevention and Control Administration (Commerce Department), which administers the federal fire prevention program in coordination with state and local governments.

The six additional responsibilities to be assumed by the Federal Emergency Management Agency are:

- The community preparedness programs for weather emergencies, administered by the National Weather Service (Commerce);
- The Earthquake Hazard Reduction Program, Office of Science and Technology (Executive Office of the President);
- The Dam Safety Coordination Program, Office of Science and Technology (EOP);
- The Federal Emergency Broadcast System oversight responsibility, Office of Science and Technology (EOP); and
- Emergency functions not now assigned to any specific federal agency: (1) coordination of emergency warning and (2) federal response to consequences of terrorist incidents.

Contact: William Harsch (395-5105)

The reorganization plan became effective September 16. (The House rejected a motion disapproving the plan September 14 by a vote of 327 to 40).

EMPLOYEE RETIREMENT INCOME SECURITY ACT--On August 10, the President submitted to the Congress a plan to reorganize the administration of ERISA.

ERISA sets standards for more than 1.75 million private pension and employee benefit plans. The program, which is administered primarily by the Departments of Labor and Treasury, has been the subject of criticism for excessive paperwork requirements, procedural red tape and confusion.

The reorganization plan is designed to reduce jurisdictional overlap in ERISA by clearly dividing responsibility for the

program between the two departments. Under the plan, the Treasury Department would be assigned primary responsibility over pension plan minimum standards for funding, participation and vesting of benefit rights. (These standards assure that pension plans are adequately funded and that the rights of plan beneficiaries are protected). The Labor Department would be assigned primary responsibility over plan fiduciary obligations (which prohibit conflict of interest).

Submittal of the reorganization plan was accompanied by other steps to reduce ERISA paperwork requirements. The plan itself provides for an evaluation of the ERISA reorganization on or before January 31, 1980.

Contact: Patricia Gwaltney (395-5014)

EQUAL EMPLOYMENT OPPORTUNITY--On February 23, the President submitted to Congress a plan to reorganize the Federal Government's equal employment opportunity enforcement programs. The plan makes the Equal Employment Opportunity Commission the principal agency in fair employment enforcement. It lays the foundation of a single, coherent federal structure to combat job discrimination in all its forms.

The reorganization plan transfers to the Equal Employment Opportunity Commission several non-discrimination responsibilities held by other governmental units. These include:

- Coordinate all federal equal employment programs, an authority currently held by the Equal Employment Opportunity Coordinating Council;
- Ensure equal employment exclusively opportunity for federal employees, now held exclusively by the U.S. Civil Service Commission; and
- Enforce the Equal Pay Act and the Age Discrimination in Employment Act, now held by the Labor Department.

The President also announced February 23, that he will issue an Executive Order to take effect October 1, 1978, consolidating responsibility for ensuring nondiscrimination compliance by federal contractors in the Labor Department, which currently shares this authority with eleven other governmental departments and agencies.

The President said he would review by 1981 all aspects of equal employment opportunity enforcement. His review, to encompass the Labor Department's performance as well as the

EEOC's will determine whether further changes are desirable.

The reorganization plan became effective May 6. (The House rejected a motion to disapprove the plan April 25 by a vote of 356 to 39).

Contact: Jeff Miller (395-3937)

INSPECTORS GENERAL--The Administration has cooperated with Congress in the development of legislation to reorganize departmental audit and investigation functions, and to create offices of Inspector General in 12 major domestic departments and agencies. (Agriculture, Commerce, HUD, Interior, Labor, Transportation, GSA, EPA, Community Services Administration, and the Veterans' Administration).

The Offices of Inspector General would consolidate existing audit and investigation resources under the direction of a single, Presidentially-appointed official in each agency. These Inspectors General would be charged with rooting out fraud, waste and abuse in agency programs.

The Inspectors General bill was passed initially by the House on April 18, by a vote of 386 to 6. The Senate approved a separate version of the legislation September 22. The House subsequently agreed to the Senate version.

Contact: Peter Petkas (395-5167)

LEAA-NATIONAL INSTITUTE OF JUSTICE--On July 10, President Carter sent Congress legislation reorganizing the Law Enforcement Assistance Administration. The measure was designed to improve administration of LEAA by (1) simplifying the grant process and eliminating paperwork; (2) targeting funds to areas of greatest need; and (3) eliminating the wasteful use of LEAA funds.

The legislation also would establish in the Justice Department a National Institute of Justice to conduct research in civil and criminal justice and a Bureau of Justice Statistics.

The measure was introduced in the Senate by Senator Kennedy and in the House by Congressman Rodino. The Senate Judiciary Committee has held preliminary hearings on the legislation. Final congressional action is not expected until 1979.

Contact: Tread Davis (395-6113)

Administrative Actions

CASH MANAGEMENT--The OMB was directed by the President last year to explore opportunities for use of modern cash management techniques in the Federal Government. Such techniques

reduce interest costs by: (1) accelerating collections; (2) disbursing payments on time, but not sooner; and (3) ensuring that cash balances are earning interest.

An initial progress report, released in May, identified major cash management savings by the Treasury Department. Management improvements carried out by six other agencies-- Agriculture, Treasury, Energy, Interior, GSA and Action-- have now identified further savings. Overall, implementation of these new management procedures have now resulted in savings for the Federal Government of more than \$175 million per year.

Contact: Dick Cavanagh (395-5870)

REGULATORY REFORM- On March 23, President Carter issued an Executive Order designed to simplify federal regulations and reduce their burden on the American public. The Order directs executive agencies to adopt rulemaking procedures that ensure federal regulations are written clearly and achieve their legislative goals with a minimum of paperwork and red tape.

Forty departments and agencies have now submitted for OMB approval their final plans for implementing the Executive Order. These plans revise agency procedures to:

- Simplify government regulations, requiring them to be written in plain english;
- Require agency heads to approve regulations;
- Help to minimize regulatory costs and paperwork by requiring thorough analyses of regulatory alternatives;
- Provide the public with the name and phone number of a person who can answer questions about proposed regulations;
- Improve public participation in the regulatory process by requiring agencies to publish semi-annual agendas of regulations and allow 60-day comment periods for important regulations.

In addition, each agency has now selected a variety of existing regulations to be subjected to "sunset" type review.

Contact: Stan Morris (395-6176)

FUTURE PROGRESS REPORTS WILL REVIEW REORGANIZATION NOW UNDER STUDY.

PRESIDENT'S REORGANIZATION PROJECT

Office of Management and Budget

James T. McIntyre, Jr., Director
Harrison Wellford, Executive Associate Director for
Reorganization and Management
Peter Szanton, Associate Director for Organization Studies
Wayne Granquist, Associate Director for Management and
Regulatory Policy
Peter Petkas, Director, Project Management Staff
Gary Fontana, Reorganization Project Congressional Liaison

White House

Richard A. Pettigrew, Assistant to the President for
Reorganization
Christopher J. Matthews (Contact: 456-6730)

* * * *

THE WHITE HOUSE
WASHINGTON

10/17/78

Zbig Brzezinski

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

Please forward a copy of the attached to Sec. Brown.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan

October 13, 1978

TO: President Carter
 THROUGH: Rick Hutcheson
 FROM: Ambassador Young
 SUBJECT: U.S. Mission Activities - October 6 - 13

19
 /

SECURITY COUNCIL

Lebanon - The Security Council met on October 6 and unanimously adopted a resolution calling for an immediate and effective ceasefire and cessation of hostilities in Beirut. The resolution called upon all involved to allow the Red Cross to evacuate the wounded and provide humanitarian assistance and to support the SYG in his efforts to bring about a ceasefire. The SYG was requested to keep the Security Council informed on the implementation of the ceasefire.

Rhodesia - The Security Council met in formal session Tuesday, October 10, and adopted a draft resolution censuring U.S. decision to issue visas to Ian Smith. The vote was 11-0-4 with the UK, Canada and Germany joining the U.S. in abstention. France voted in favor of the resolution.

GENERAL ASSEMBLY

General Debate continued throughout the week; the debates are due to end Thursday, October 12. Major noteworthy speeches were made by Israel and Egypt. The Israeli speech delivered by FM Dayan was brief, nonpolemical and largely devoted to straightforward statement of GOI position on context and significance of the Camp David accords. Ambassador Abdel Meguid (UN Perm Rep) of Egypt delivered the Egyptian speech which strongly defended the Camp David agreements.

Namibia - The Contact Group has been preparing for the visit of the Western Five Foreign Ministers to Pretoria scheduled for October 16-17. The Group, supplemented by representatives from capitals, has also been considering technical level actions which might be taken by the Five if South Africa continues to refuse to cooperate on Namibia.

AMBASSADOR YOUNG'S OTHER MEETINGS

10/9 - Dr. Nicol (UN Institute for Training and Research), Secretary Vance, Ian Smith: 10/10 - President Carter, Secretary Vance, Dr. Brzezinski, Cong. Fauntroy, Mayor Maynard Jackson: 10/11 - Mr. Jazairy (Algeria), Amb. Kaiser (Bangladesh), Amb. Leonard, Amb. McHenry, Mr. Petree, Mr. Cooks, FM Molapo (Lesotho), SYG Waldheim.

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C

Department of Energy
Washington, D.C. 20585

October 13, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER *JS*

SUBJECT:

Weekly Activity Report
October 7 - October 13, 1978

1. International Cooperation on Coal Technology The Department and the FRG Ministry for Research and Technology today are signing an agreement which represents the basis for a potential German contribution of at least 25 percent of the total estimated cost (about \$700 million) of an SRC-II coal liquefaction demonstration plant, should such a plant be built in the U.S. As you recall, DOE has entered into a preliminary design contract for such a plant with a subsidiary of Gulf Oil; if results of that design are successful, it would be our intention to move to detailed design and construction of a demonstration size module (6000 tons a day). In return for their contribution, the West Germans will benefit in having access to the technology and will participate in developing the technology outside the U.S. As part of the Fukuda initiative, similar negotiations are now underway with the Japanese government for their participation on similar grounds. If successful, this would reduce the potential cost to the U. S. government of such a demonstration plant by over \$300 million.

2. Trip to PRC Discussions with the PRC liaison office have proceeded smoothly in arriving at an agenda for the scientific and technical discussions to be held during my forthcoming trip to the PRC. Included will be discussions in the areas of hydroelectric power; oil and gas; coal; high energy physics and renewable energy resources. It is our hope to sign an agency-to-agency agreement for research and development cooperation covering each of these areas. The PRC representatives are satisfied with the agenda, and we have cleared the technical agenda and the concept of the agency-to-agency agreement with the Presidential Review Committee on Chinese Science and Technology, chaired by Frank Press.

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Per, Rac Project

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BY *KS* NARA DATE *6/27/13*

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THE WHITE HOUSE
WASHINGTON

10/17/78

Zbig Brzezinski

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

Rick Hutcheson

cc: Phil Wise
Fran Voorde

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THE WHITE HOUSE
WASHINGTON

VIA: PHIL WISE

October 16, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB.*
SUBJECT: Meeting with Dayan and Weizman

Dayan and Weizman have requested an appointment with you at your earliest convenience. They reportedly would like to discuss the negotiations in general, as well as some bilateral questions. (The bilateral questions most likely concern American assistance in accelerating withdrawal from Sinai.)

Dayan would like to bring with him Ambassador Dinitz, Meir Rosenne, and Eli Rubenstein.

RECOMMENDATION: That you meet with Dayan and his colleagues for 45 minutes on Tuesday, October 17th.

Approve *afternoon - then Egyptians*
 Alternate Date

J

THE WHITE HOUSE
WASHINGTON

10/17/78

Tim Kraft
Jim Gammill

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

Rick Hutcheson

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THE WHITE HOUSE

WASHINGTON

October 12, 1978

C
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MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
JIM GAMMILL *Jim G*

SUBJECT:

Chairman, Commodity Futures Trading Commission

Within the next several weeks, William Bagley, Chairman of the Commodity Futures Trading Commission (CFTC), is expected to announce his resignation. Although he has not offered an exact date of his resignation, he has already made an agreement to join a California law firm in mid-November.

The CFTC, one of the newest regulatory agencies, is also one of the least respected and least understood. Although its authorization was recently extended virtually unchanged for another four years, the Congress made clear the fact that a drastic improvement in the CFTC's performance must be forthcoming.

MAJOR ISSUES

The next Chairman of the CFTC will face three major challenges. First, Chairman Bagley has not provided adequate leadership or direction to the Commission and the staff, particularly in recent months, and Vice Chairman Gary Seevers had to assume many of the Chairman's responsibilities. While the agency's structure, after several recent reorganizations, is now in good shape, the staff is demoralized, undirected and relatively unproductive. The next Chairman will need to change that attitude.

Second, the industry recently has been infected by dealers who have profited through deceptive and dishonest practices. Policing the dealers is a job that can not be shouldered by the CFTC itself, but also must be a major responsibility for the states and the industry. At the present time, the industry leaders are working on establishing a national association similar to the National Association of Stock Dealers (NASD). The next Chairman must work with this group to develop an acceptable framework for self-regulation with respect to the ethical conduct of commodity dealers.

Third, and most important, the futures industry is at the threshold of a major expansion. No longer do futures markets exist solely for the purpose of stabilizing the prices of seasonal agricultural commodities. There has been a remarkable surge of interest in futures markets for financial instruments, and this trend is expected to pick up over the next five years. Trading of futures contracts is shifting from Chicago to New York; regional exchanges are maintaining a competitive edge by proposing newer, more sophisticated, non-agricultural-based futures contracts.

The Commission, whether or not it is prepared, will determine to a large extent how this growing industry will develop. As of now, neither the Congress nor the Commission has addressed adequately the questions of the role and the limits of regulation of futures trading. Futures trading is becoming more accessible and more attractive to a much larger group of investors. Federal regulation soon will have to recognize and reconcile the relationship between futures contracts and the other, more traditional, forms of investment. The next Chairman must be the kind of person who can lead a rigorous examination of these questions.

PROPOSED CANDIDATE

On August 30, Senator Eagleton, Chairman of the Agriculture, Rural Development and Related Agencies Appropriations Subcommittee, wrote to you, asking that you appoint as Chairman of the CFTC "a tough, imaginative regulator". (A copy of his letter is attached.) You noted that you agreed with the Senator's assessment.

Following that direction, we have looked for someone with an understanding of the workings of economic markets who also has a proven record as a good administrator and regulator. We believe we have found a candidate, James Stone of Massachusetts, who meets all requirements.

Mr. Stone was appointed in 1975 by Governor Dukakis to be Commissioner of Insurance for Massachusetts. During his tenure, Stone has reformed both the management and the policies of the Department.

Administratively, Stone reduced the size of the staff from 304 to 230 during the first year, while simultaneously raising the number of employees with advanced professional degrees from six to forty. After three years, the overall budget is still lower than it was before he took over; the professionalism of the department is far greater.

Substantively, Stone has been principally responsible for a deregulating the automobile insurance industry and for establishing wide-sweeping automobile insurance pricing reforms.

Stone was the main architect of a decision that prohibits the use of premium discounts based upon youth and gender in favor of a new system establishing rates on individual driving record.

Although initially opposed by some of the industry, no legal challenges to the new rate structure were filed because, in the words of a former insurance commissioner quoted in Business Week, "the decision is the most erudite and scientific piece of work that has ever been done in insurance regulation". This summer, the National Association of Insurance Commissioners encouraged the adoption of similar plans by all States.

Before becoming Massachusetts Commissioner of Insurance, Stone was an instructor at Harvard College and a consultant at Fairfield and Ellis, Inc., a Boston insurance brokerage. His Ph.D. dissertation, "An Economic Study of the Securities Industry" was directed by Hendrick Houthakker, one of the drafters of the legislation creating the Commodity Futures Trading Commission. Stone also published a book, One Way for Wall Street, based on his dissertation, that advocated structural changes to promote greater competition within the securities industry.

Jim Stone is well known by Jim King, Pat Caddell, and Jim Gammill, and all three think that Stone would be an excellent Chairman of the CFTC.

Although there have not been many candidates for this position, there has been a considerable amount of interest from the Congress about who you will nominate. The Senate Agriculture Committee, chaired by Senator Talmadge, will conduct the hearings for any nominee to the CFTC,

and in the aftermath of the David Gartner nomination and confirmation, they undoubtedly are going to take an unusually close look at the next nominee. If Stone were to be nominated, the two areas most likely to be questioned are Stone's relatively young age, and his lack of an agricultural background. We do not consider either factor to be a problem; on the contrary, we think that Stone will be seen as a nominee in the "Fred Kahn tradition"; that is, an extremely bright economist who has successfully implemented an equitable pro-competition regulatory program.

When Chairman Bagley leaves, another Democratic vacancy will exist. We expect to consider primarily candidates with a strong agricultural background from either the Midwest or South for that position.

RECOMMENDATIONS

1. We recommend that you meet with James Stone to discuss with him the position of Chairman of the Commodity Futures Trading Commission.

Prior to that meeting, we recommend that Stone meet with Senators Talmadge, Huddleston, and Eagleton, and whoever else the Congressional Liaison staff deems appropriate. The comments of the Senators and key White House aides will be included in the briefing memo before the meeting.

I agree

Frank Moore and Stu Eizenstat concur with the above recommendations.

2. The Vice President has expressed his concern that an individual with an agricultural background is preferable to someone without an agricultural background.

DECISIONS

- Schedule a meeting with James Stone
- Send me additional candidates

J

LTR from Sen. Eagleton

WARREN G. MAGNUSON, WASH., CHAIRMAN

JOHN C. STENNIS, MISS.
ROBERT C. BYRD, W. VA.
WILLIAM P.H. HIRSH, WIS.
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J. BENNETT JOHNSON, LA.
WALTER D. HUDDLESTON, KY.
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PATRICK J. LEAHY, VT.
JIM SASSER, TENN.
DENNIS DECONCINI, ARIZ.
DALE EUMBERS, ARK.

MILTON R. YOUNG, N. DAK.
CLIFFORD P. CASE, N.J.
EDWARD W. BROOKE, MASS.
MARK O. HATFIELD, OREG.
TED STEVENS, ALASKA
CHARLES MCC. MATHIAS, JR., MD.
RICHARD S. SCHWEIZER, PA.
HENRY SELLMON, OKLA.
LOWELL P. WEICKER, JR., CONN.

United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, D.C. 20510

August 30, 1978

ACK. FM/PP

CONFIDENTIAL

SEP 4 1978

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

Dear Mr. President:

I wish to bring to your attention a personnel matter pertaining to the Commodity Futures Trading Commission (CFTC).

Mr. President, in my capacity as Chairman of the Agriculture, Rural Development and Related Agencies Appropriations Subcommittee, I have jurisdiction over the CFTC budget and, thus, have had the opportunity to evaluate the effectiveness of the CFTC. In my opinion, the CFTC desperately needs new and strong leadership. I could set forth page after page "chapter and verse" to substantiate how inept the current operation of CFTC is, but I won't burden you with a lot of words here and now.

The personnel situation as of now is as follows. There are five Commissioners: Chairman William Bagley will resign in October, 1978; Vice Chairman Gary SeEVERS' term will expire in April, 1979; Commissioner Read Dunn's term expired in April, 1978, but he is still in office; Commissioner Robert Martin's term will expire in June, 1981; and Commissioner David Gartner was appointed by you and his term runs until May, 1983.

The key appointment is the one you will make in replacing Chairman Bagley. The Chairman will "make or break" the entire operation.

I HAVE NO CANDIDATE! All I ask is that you appoint a tough, imaginative regulator. I have in mind someone with the brains and skills of Mr. Alfred Kahn of the Civil Aeronautics Board.

I do not, of course, mean to pester you. I only desire to see the CFTC "shaped up." This can only be done by your selection of a top-flight new Chairman.

Yours very truly,

THOMAS F. EAGLETON
United States Senator

RECEIVED
SEP 14 1978
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TFE:ih

cc: Mr. Timothy E. Kraft
Mr. Jack H. Watson, Jr.

SU Ob
CE00

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: SEPTEMBER 07, 1978

PAGE: - 3-

FROM -----	SUBJECT -----	DISPOSITION -----	COMMENT -----
SEN. TOM EAGLETON (D) - MISSOURI	AS CHAIRMAN OF THE SUBCOMMITTEE WHICH HAS JURISDICTION OVER THE BUDGET OF THE COMMODITY FUTURES TRADING COMMISSION, BELIEVES THAT THE COMMISSION "DESPERATELY NEEDS NEW AND STRONG LEADERSHIP"; REPLACEMENT FOR CHAIRMAN BAGLEY (WHO WILL RESIGN IN OCTOBER) IS A KEY APPOINTMENT; ASKS THAT YOU APPOINT A "TOUGH IMAGINATIVE REGULATOR. I HAVE IN MIND SOMEONE WITH THE BRAINS AND SKILLS OF DR. ALFRED KAHN OF THE CIVIL AERONAUTICS BOARD."	ACKNOWLEDGED BY FM REFERRED TO PRESIDENTIAL PERSONNEL	<i>Tim. I agree</i>
REP. ED JENKINS (D) - GEORGIA	THANKS FOR SENDING HIM THE PEN COMMEMORATING THE SIGNING OF THE BILL TO ESTABLISH THE CHATTAHOOCHEE RIVER NATIONAL RECREATION AREA.	REFERRED TO CENTRAL FILES	
ROBERT CHRISTMAN ASST. TO SEN. YOUNG	SENATOR YOUNG IS IN NORTH DAKOTA FOR A FEW DAYS, BUT ASKED HIM TO ACKNOWLEDGE AND THANK YOU FOR YOUR LETTER OF AUGUST 31; HE WILL RESPOND UPON HIS RETURN TO WASHINGTON.	REFERRED TO CENTRAL FILES CC:BECKEL	
REP. SID YATES (D) - ILLINOIS	THANKS FOR THE BIRTHDAY GREETINGS.	REFERRED TO CENTRAL FILES	

RESUME OF
JAMES M. STONE

BIOGRAPHY OF JAMES M. STONE

PERSONAL DATA:

Born in New York City on November 12, 1947.
Unmarried and currently residing at 37 Beacon Street
in Boston, Massachusetts.

ACADEMIC BACKGROUND:

Attended Harvard College in Cambridge, Massachusetts, as a National Merit Scholar from Pelham High School in Pelham, New York. Received B.A. degree in 1969 with Highest Honors in Economics, and was awarded in that year both the Allyn A. Young Prize (for the "best undergraduate thesis of Summa quality") and the Goldsmith Prize (for the "best research or seminar paper presented to the Graduate School in Economics"). Elected to the Harvard Chapter of Phi Beta Kappa.

Continued studies at Harvard University from 1969 to 1973 as a Graduate Prize Fellow in Economics. In June of 1970 completed an M.A. degree with specialization in monetary theory and fiscal policy. Employed by Harvard University as a Teaching Fellow in Economics from 1969 to 1973, directing a number of undergraduate tutorial courses. Awarded degree of Doctor of Philosophy in Economics in November of 1973. Appointed in the Fall of 1973 by the Harvard Faculty as a Lecturer in Economics to direct an undergraduate course on the Economics of Securities Markets. Taught as a Lecturer at Harvard until 1975 when appointed to the position of Commissioner of Insurance for the Commonwealth of Massachusetts.

Academic writings include: The Young Prize undergraduate thesis, "Conglomerate Mergers: Their Implications for the Efficiency of Capital and the Theory of the Firm", supervised by Professor Otto Eckstein; the Goldsmith Prize paper, "Financial Panics, Their Implications for the Mix of Foreign and Domestic Investment...", written with the encouragement of Professor Alexander Gerschenkron and published in the May, 1971, issue of the Quarterly Journal of Economics; and "An Economic Study of the Securities Industry", a Ph.D. dissertation directed by Professors James S. Duesenberry and Hendrick Houthakker, reviewed in the September 1, 1973 of Forbes magazine. One Way For Wall Street, a book on regulatory issues in the securities industry and based on the dissertation, was published by Little, Brown and Company in 1975.

BUSINESS EXPERIENCE:

Worked in the securities and insurance businesses during recesses in college and simultaneously with teaching duties thereafter until 1975. Employed for the summers of 1967 and 1968 at the New York based securities firm of Hayden, Stone Inc. The first of these summers was spent as an Order Clerk on the floor of the New York Stock Exchange; the second summer was spent as an Associate in the Corporate Finance Department. From 1969 to 1971, handled a variety of analytical projects for securities firms on behalf of a small consulting company in Cambridge, Massachusetts.

Developed a strong interest in insurance during this period and began work in February of 1971 as a part-time salaried consultant at Fairfield and Ellis, Inc., a Boston insurance brokerage specializing in large industrial accounts. Duties at Fairfield and Ellis included the development of theoretical models of optimal insurance purchasing for large manufacturing companies and the planning of alternatives to conventional insurance programs. While working on these tasks, completed examinations for the designation of Chartered Property Casualty Underwriter (CPCU) in 1974 and completed six examinations for admission to the Casualty Actuarial Society. Authored a paper entitled "A Theory of Capacity and the Insurance of Catastrophic Risk" which appeared in the Journal of Risk and Insurance during 1973. The paper was later selected for an award as one of the Journal's "best feature articles" of that year, and it now appears on the syllabus for an examination of the Casualty Actuarial Society. Promoted to Vice President-Economist of Fairfield and Ellis in August, 1974.

GOVERNMENT RESPONSIBILITIES:

Appointed on February 29, 1975, by Governor Michael S. Dukakis as Commissioner of Insurance for the Commonwealth of Massachusetts. All business and academic duties were terminated as of that date.

The Commissioner of Insurance is statutorily charged with regulating all aspects of the insurance business within the state, including life insurance, health insurance and property-casualty insurance. The Commissioner is also the chief administrative officer of a staff which numbered 304 employees in early 1975. He, or she, serves

as the administration's principal public spokesperson on insurance matters. Frequent media appearances and speeches are a part of the job, and opportunities to testify before committees of the state legislature and both houses of Congress are common.

Among the most significant projects of the Insurance Department since 1975 have been: (a) Staff Reorganization. The number of employees holding professional designations or graduate degrees has increased sharply since 1975 while overall budget has decreased slightly. (b) Consideration of Investment Income. Property-casualty insurance rates were previously regulated without explicit consideration of insurer investment income. The Department, in 1975 and 1976, developed a formal methodology for including investment income in ratemaking based on the capital asset pricing model used in modern financial literature. (c) Consumer Information. The Department initiated publication of a series of Buyers Guides for insurance consumers, and rewrote the standard automobile policy into simple, readable English. Plainly written policies are now to be required, beginning in 1979, in all lines of insurance. (e) Automobile Insurance Pricing Reforms. The most controversial work of the Department in recent years has been its fundamental restructuring of the rating classifications in automobile insurance. In 1977, the Department prohibited the use of premium distinctions based upon youth and gender and deemphasized the use of geographical rating in favor of a new system establishing rates primarily on individual driving record.

Other areas of the Department's attention have included: the extension of the right to purchase essential homeowners protection in urban areas; the strengthening of regulatory scrutiny over health insurance provider contracts; review of municipal pension fund investments; and the creation of a life insurance industry investment pool designed to stimulate the growth of employment in the Commonwealth.

Numerous texts of decisions, research papers and speeches were produced in connection with these and other issues. Copies are available from the Department.

THE WHITE HOUSE
WASHINGTON

10/17/78

Tim Kraft

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

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
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	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
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	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

October 16, 1978

10

Mr. President -

Re: the Rome delegation.

If one of those Tim recommends cannot go,
you might consider asking Dr. Carolyn Gerster.

She is the new President of the National
Right to Life Organization ---- an Episcopalian
from Phoenix.

National Right to Life has 11-13 million
membership now ---- have been, and will continue to be,
able to exert significant political influence on
elections at all levels in the months and years
ahead.

She is most anxious to have a personal
appointment with you --- we have avoided this,
as you know, on both sides of their most sensitive
issue (abortion) ---- but this might be a good
political gesture.

fran



THE WHITE HOUSE
WASHINGTON
10/17/78

Tim Kraft

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

Rick Hutcheson

PAPAL DELEGATION

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	MCINTYRE
	SCHULTZE

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	WARREN
	WISE

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	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

October 16, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK/aww*

SUBJECT: INVESTITURE OF JOHN PAUL II

*Shift toward
Polish Americans -
I'll decide
tomorrow on list.
Ed Muskie
Zb's*

We will be able to send six (6) delegates to the Investiture. We will also be able to send twenty (20) additional people who will serve as unofficial representatives. Of the six delegates, one spot must be reserved for your "Personal Representative" (Mayor Wagner). The following lists are suggested individuals to be delegates and unofficial representatives:

DELEGATES (6)

Speaker Tip O'Neill - Head of Delegation *ok*
Mayor Robert Wagner - Personal Representative to the Vatican
Lucy Johnson Nugent - Suggested by Mrs. Carter *ok*
Azie Taylor Morton - Treasurer of the United States
Jack Spitzer - newly-elected President of B'nai Brith
Carlos Portes - Cuban-American Coalition

UNOFFICIAL REPRESENTATIVES

Edward Bennett Williams
Gov. Michael O'Callaghan (Nev.)
Gov. Joseph Garaghy (R.I.)
Mayor Tom Bradley (L.A.)
John Connolley (Philadelphia) Rec by Dobelle & Sonny Dogole
Louis DeLa Parte (Fla) P. Wise
J. C. Turner - Pres., Int'l Union of Operating Engineers
James Barnett (Atlanta)
Meade Esposito (NY)
Leo McCarthy (Spkr. of House-Cal.)

Plus 10 Congressional Representatives from Frank Moore

← *In light of the fact that the new Pope is Polish, we should consider sending Dr. Brzezinski as a member of the delegation. We can also substitute some Polish-Americans for a couple of the unofficial Representatives (Esposito, McCarthy, Barnett)

THE WHITE HOUSE

WASHINGTON

13 October 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON 

SUBJECT:

Status of Presidential Requests

VICE PRESIDENT:

1. (9/20) Check with Tim and comment on the Lipshutz/Eizenstat memo concerning the President's Holocaust Commission -- In Progress, (Stu is reviewing additional names, expected 10/19, previously expected 10/13).
2. (10/10) Comment on the Bert Lance letter recommending Felix Rohatyn as the special assistant to fight inflation -- In Progress, (the Vice President will discuss with you at 10/16 lunch).
3. (10/11) Kahn suits the President; see if he is interested in administering the anti-inflation program -- In Progress, (Kahn is returning from Italy on 10/16, the Vice President will discuss this with him then).
4. (7/27) Please monitor the Senators' working group on the cloture vote on natural gas; early commitments are needed and the President will help -- Done. *done*

MCINTYRE:

1. (5/21) (and Eizenstat) Expedite Pension Commission; prepare statement for the President. (6/26) Mr. Kirbo will not serve on commission, submit other names -- Done, (C. Peter McColough appointed Chairman on 9/7). *done*

JORDAN:

1. (10/10) Comment today on the memo from the Attorney General concerning federal judicial selection -- Done. *done*

LIPSHUTZ:

1. (8/7) Call Fred Gregg regarding the copyright of the President's Sunday School lessons; it's ok to distribute and use them, but no commercialization -- Done. *done*

SCHULTZE:

1. (10/11) Given the President a brief comment on the Vice President's memo concerning the recession forecast for 1979 -- Done. *done*

WATSON:

1. (9/22) Can we restrain or prevent development at the sacred home of the Hopi Indians in San Francisco? -- In Progress, (with DPS and Agriculture, expected 10/20).

EIZENSTAT:

1. (10/10) Any ideas on the letter from D.W. Brooks (of Gold Kist, Inc.) concerning civil service and the bureaucracy -- In Progress, (expected 10/18).

PETTIGREW:

1. (10/2) Follow-up with McIntyre on the report to Congress by the Comptroller General on the extent of fraud against the government in federal economic assistance programs -- In Progress, (memo outlining recommendations to the Cabinet expected 10/20, previously expected 10/13; delayed because Cabinet meeting has been postponed).

RAFSHOON:

1. (10/4) The President needs 3 or 4 names of people who might serve on the selection committee for arts awards; the first meeting will be 11/17. These persons should relate to tv/movies/popular music -- In Progress, (expected 10/19, previously expected 10/12; Jerry is trying to get in touch with Lew Wasserman).

KRAFT:

1. (10/10) (and Jim Gammill) Check with the First Lady on the recommendations for the JFK Center Board of Directors; they are ok with the President -- In Progress, (expected 10/20).

2. (10/11) Unless there is a serious problem, fulfill Congressman Bennett's request for Dr. Emmet Ferguson (of Jacksonville, Florida) to fill the vacancy on the Board of Regents of Uniformed Services University of the Health Services -- In Progress, (with Presidential Personnel and Congressional Liaison).

3. (6/21) We need to move on TVA -- Done, (memo on your desk). *Done*

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	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
/	HUTCHESON
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	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
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	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

10/17/78

rick--

please have cc sent to me

thanks--ssc

10

TO: PRESIDENT CARTER

FROM: HAMILTON JORDAN *HJ*

RE: END OF SESSION

There is no group on the White House staff that has worked longer, harder, more effectively and been criticized from all sides more harshly than Frank Moore's staff.

Regardless how early I come to work or how late I leave, I always see Frank's staff here hard at work. As a group, they deserve some special recognition and attention from you. I would suggest that possibly you and your wife might have them over for an informal buffet and movie or something that is special for them and no one else. Others on the staff played a special role in the success of the session, but everyone would agree that Frank and his staff deserve the special attention from you. If you do something like that, it should include secretaries and everyone who works for Frank. Another option would be to let his staff use Camp David some weekend when you are away.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

9
1

EYES ONLY

October 16, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

Subject: Industrial Production in September

The Federal Reserve Board will release its estimate of industrial production in September tomorrow (Tuesday, October 17) at 9:30 a. m.

Total industrial production rose 0.5 percent in September -- the same as in August. Auto production declined somewhat last month, as often happens when the companies are shifting over to production of new models. Coal mining also declined a bit, reflecting the effects of the rail strike. Most other industries experienced moderate increases in output.

This report does not provide any important insights on where the economy is going. It does indicate that expansion is continuing (faster for industrial production than for output of all goods and services), but at a somewhat slower pace than in the first half of the year.

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the
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the christian CENTURY

OCTOBER 4, 1978

JAMES M. WALL
EDITOR

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



Carlyle Marney: Preaching the Gospel, South of God

Bill Finger

Tackling the World's Unsolvable Problems

Parker Rossman

James M. Wall on

The New York Film Festival

Martin E. Marty on

Richard Quebedeaux's
'Worldly Evangelicals'

Vittorio Gassman, Desi Arnaz, Jr., and Carol Burnett in a scene
from Robert Altman's 'A Wedding.'



J. Richard Peck on

Reparations to
Japanese-Americans

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the c CEN

the christian CENTURY

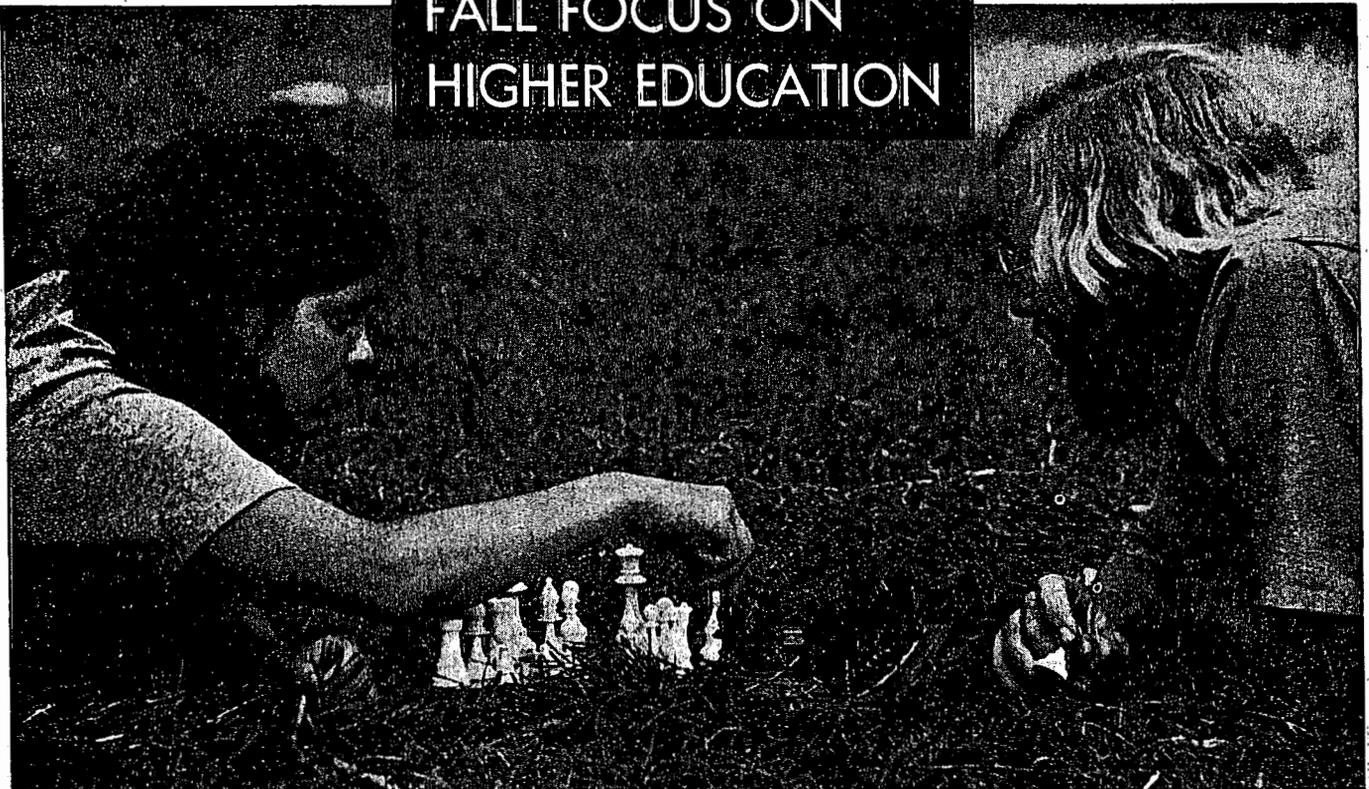
OCTOBER 18, 1978

JAMES M. WALL
EDITOR

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



FALL FOCUS ON
HIGHER EDUCATION



How a Professor's Mind Has Changed Since College

David L. Holmes

Pilgrimage to Joy

D. Bruce Lockerbie

Youngstown's Uphill Fight

Starting the Academic Year

Needed: A New Elite

THE WHITE HOUSE
WASHINGTON

10/17/78

Ev Small

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

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

10/17/78

rick--

i presume this should be
returned to frank

thanks--susan

THE WHITE HOUSE
WASHINGTON

10-15-78

To Congressman Tom Evans

Your vote on the national
energy policy legislation was
courageous and certainly in
the best interest of our
country.

Thank you.

Jimmy Carter



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

10/13/78

TOM EVANS
DELAWARE

Dear Mr. President,

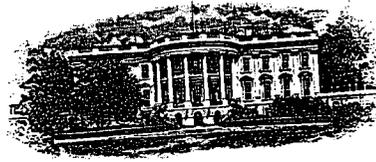
I deeply appreciate your
telephone call and your
sincere personal empathy.

You are a genuinely fine
man, Mr. President, and I
know that you always act in
a manner which you feel
is in the best interest of this
country and the world community.

May God continue to always
be with you and guide your
actions.

With warmest and highest
personal regard,
Tom

1/2 Cent millions joy
Life. Story. faith - ^{steps} ~~steps~~
Violin. # 3 - pawn
Artist. incomparable
Citizen. exemplary
scholarships. Humanitarian
Causes. US Del to U.S.
Lincoln Memorial
Easter 1939



THE PRESIDENT AND MRS. CARTER
HONOR
MARIAN ANDERSON

THE WHITE HOUSE
October 17, 1978

. . . in recognition of the highly distinguished and impressive career of Miss Marian Anderson for a period of more than a half a century . . . the President of the United States is authorized to award to Marian Anderson in the name of Congress, an appropriate gold medal.

Presentation of Medal

THE PRESIDENT

Acceptance of Medal

MARIAN ANDERSON

He's Got the Whole World in His Hands

MATTIWILDA DOBBS

Recipient of 1948 Marian Anderson Scholarship Award



-- As an artist, she is unparalleled; as a citizen, she is exemplary. In her devotion to the promotion of the arts, her establishment of scholarships, her support of humanitarian causes at home and abroad, and her contributions to peace through her work as a U.S. delegate to the United Nations, she has earned the respect and admiration -- indeed, the love -- of the whole world.

-- Marian Anderson never set out to be a crusader. She is a person who values her privacy. But in pursuit of her art, she found herself obliged to confront barriers of injustice and discrimination. She did so with grace and courage. No one can forget the enormous impact of her concert at the Lincoln Memorial on Easter Sunday, 1939. (That concert, of course, followed the refusal by the Daughters of the American Revolution to let her sing in Constitution Hall, just down 17th Street from the White House. Mrs. Roosevelt got so angry that she resigned from the D.A.R.)

-- Miss Anderson has received many honors in her life. But she has never forgotten the barriers she overcame, or the hope that her own life exemplifies. Her autobiography, My Lord, What a Morning, ends with these words:

"There are many persons ready to do what is right because in their hearts they know it is right. But they hesitate, waiting for the other fellow to make the first move -- and he, in turn, waits for you. The minute a person whose word means a great deal dares to take the open-hearted and courageous way, many others follow. Not everyone can be turned aside from meanness and hatred, but the great majority of Americans is heading in that direction. I have a great belief in the future of my people and my country."

4. Mattiwilda Dobbs. After the presentation of the medal, in case you have to introduce Miss Dobbs, you could say that she is originally from Atlanta; she was a recipient, in 1948, of a Marian Anderson scholarship award; she had her debut at the Metropolitan Opera in 1956, a year after Miss Anderson's pioneering appearance with the Met; and she is a professor of voice at Howard University.

#

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

FOR THE PRESIDENT AND MRS. CARTER

FROM GRETCHEN POSTON *Gp*

DATE: 16 October 1978

SUBJECT: PRESENTATION OF MEDAL TO MARIAN ANDERSON
17 October 1978 3:00 P.M.

MRS. CARTER arrives State floor, and proceeds to Red Room to meet with Marian Anderson.

3:00 P.M. Guests arrive Southwest Gate, to Diplomatic Reception Room, and continue upstairs to East Room, entering via north door.

MRS. CARTER and Ms. Anderson depart Red Room to doorway of East Room for receiving line.

(String Quartet in cross hall.)

As guests depart receiving line into cross hall, they are escorted to seating in Main Hall.

At conclusion of receiving line, MRS. CARTER and Ms. Anderson move to elevator to await arrival of the PRESIDENT.

Ms. Anderson is escorted to her seat.

The PRESIDENT AND MRS. CARTER are announced, and proceed to standing microphone at foot of Grand Staircase. (NOTE: medal to right of microphone.)

The PRESIDENT makes presentation of medal.

Ms. Anderson steps to standing mic for responsive remarks.

MRS. CARTER and Ms. Anderson are seated, and the PRESIDENT introduces Mattiwilda Dobbs.

(Ms. Dobbs: "He's Got the Whole World in His Hands")

At conclusion of song, the PRESIDENT returns to microphone for closing remarks.*

Cont.

*Marynard
Jackson's
sister (?)*

Memorandum for the President and Mrs. Carter
16 October 1978
Page 2

The PRESIDENT AND MRS. CARTER depart State floor.

Doors to the Blue Room are opened, and refreshments served in color rooms.

(String Quartet resumes.)

4:00 P.M. All guests depart Residence.

NOTES:

The group expected for the afternoon is rather small, perhaps 100 persons. As responses are still being received, a working response list is attached for your information. A complete list will be forwarded tomorrow, when completed.

As part of the closing remarks, you may want to invite guests for refreshments in the Blue Room.

THE WHITE HOUSE

WASHINGTON

October 16, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, RICK HERTZBERG

SUBJECT: Award of Special Gold Medal to Marian Anderson

1. Order of events. First, you will speak briefly about Miss Anderson and what she has meant to the country. Second, you will present the special gold medal to her and she will accept it with a few words. Third, Mittiwilda Dobbs will sing "He's Got the Whole World in His Hands."

2. Background. About a month after the Inauguration, on one of her first trips outside Washington as First Lady, Mrs. Carter sat with Marian Anderson at Carnegie Hall, when Miss Anderson was honored on her 75th birthday and the 25th anniversary of Young Audiences.

At about the same time, Congress passed a joint resolution authorizing the President to award Miss Anderson a special gold medal. Senator Javits and Congressman Richmond of New York sponsored the resolution. (Neither of them is able to attend the ceremony.)

It took the Mint all this time to design and strike the medal. It was worth the wait. (The designer of the medal, Frank Gasparro, will be present.)

3. Talking points.

-- Over a period of more than half a century, Marian Anderson's beautiful voice has brought joy to millions of people throughout the world.

-- Miss Anderson's life is the kind of story that renews our faith in the American dream. As a child, she worked scrubbing steps for a nickel or a dime, and bought a violin in a pawn shop for three dollars. She taught herself to play -- sometimes all on one string, because the others were broken -- and that was the beginning of an extraordinary musical career.

THE WHITE HOUSE

WASHINGTON

October 16, 1978

MEMORANDUM TO: THE PRESIDENT AND MRS. CARTER

FROM: GRETTCHEN POSTON

SUBJECT: MATTIWILDA DOBBS

Miss Dobbs was invited to the ceremony as a guest because of her background in opera which is similar to Miss Anderson's.

As it turns out, she is going to sing the song that Miss Anderson is particularly famous for and is on the medal itself - "He's Got the Whole World in His Hands."

Miss Dobbs is currently Professor of Voice at Howard University since last year. Prior to that appointment, she was a Professor of Voice at the University of Georgia, in her return to her native Georgia after 23 years abroad.

She is a graduate of Spellman College in Atlanta and then went to New York to study privately and on scholarship at Manors Music College in the city. She heard about a scholarship being offered each year by Marian Anderson in Philadelphia and went to Philadelphia where she won second prize in 1948.

As a fan of Miss Anderson's, it is ironic that their careers paralleled each others - i.e. Both were managed by the impresario, Sol Hurok; they each had the same manager in Paris when discovered by Hurok; and both women became successful largely in their early years in Scandinavia as opera stars.

Miss Dobbs was the third black singer to perform at the Metropolitan Opera - the first being Marian Anderson in 1955, followed by Robert McFarren, and in 1956, Miss Dobbs sang.

Miss Dobbs American debut was in San Francisco in 1955. Aside from studies abroad, Miss Dobbs also holds a Master's Degree in Spanish from Columbia University.

THE WHITE HOUSE

WASHINGTON

October 16, 1978

MEMORANDUM TO: THE PRESIDENT AND MRS. CARTER

FROM: GRETCHEN POSTON 

SUBJECT: CONCERT BY MATTIWILDA DOBBS AFTER ANDERSON
MEDAL PRESENTATION - OCTOBER 17

Miss Dobbs will sing, "He's Got the Whole World in His Hands", a song that Miss Anderson is particularly famous for and that is on the reverse side of the medal.

Miss Dobbs is currently Professor of Voice at Howard University and is a native of Atlanta, Georgia. She has lived abroad for 23 years mostly and is only permanently back in this country for the last five.

She is a graduate of Spellman College, studied privately in New York and at Manors Music College in New York. In 1948, Miss Dobbs won the Marian Anderson Scholarship in Philadelphia. The stipulation for receiving the award, however, is that all funds must go towards further study.

Both Anderson and Dobbs' careers paralleled each others in certain areas. Both women were represented by Sol Hurok, both became initially successful as opera stars in Scandinavia. In 1955, Marian Anderson was the first black singer to perform at the Metropolitan Opera. In 1956, Mattiwilda Dobbs was the third.

Special Gift
(Presentation of a Congressional Medal to Marian Anderson)

- A* Mrs. Carter
- A* Miss Marian Anderson
- A* Abell, Hon. & Mrs. Tyler
Mrs.--Bess--Executive Asst. to Mrs. Mondale *Poston*
- AA* Addabbo, Rep. & Mrs. Joseph P.
New York *(Louie Martin)*
- AAA* Alexander, Mrs. Adel *Hon. & Mrs. Clifford w/ Mrs. Wenonah Logan, mother*
Washington, DC - *Secy of the Army*
- RR* Anderson, Mr. & Mrs. George H.
Mrs.--Bette--Under Secretary of the Treasury
- ARA* Barry, Mr. & Mrs. Marion S., Jr. *(guest: Mrs. CARA WYLOS) Louie Martin*
Washington, DC *Dem Candidate for Mayor of DC*
- AA* Biddle, Hon. & Mrs. Livingston L., Jr.
Chmn., National Endowment for the Arts
- AA* Blumenthal, The Secretary of the Treasury
& Mrs.
- AA* Booe, Mr. & Mrs. James B. *Landon Butler*
Asst. to the Pres., Communications Workers of America
- Brademas, Rep. & Mrs. John
Indiana
- Burton, Rep. & Mrs. Phillip
California
- AA* Canavier, Ms. Elena *w/ Robert Hart*
Special Asst. to Mrs. Mondale
- Carter, Dr. & Mrs. Lisle C., Jr. *(Louie Martin)*
Pres., University of the District of Columbia
- Cooper, Ms. Peggy
Washington, DC
- DeConcini, Sen. & Mrs. Dennis
Arizona
- R* DePreist, Mrs. Ethel A.
Philadelphia, PA
- ARA* DePreist, Mr. & Mrs. James A. *w/ Tracy & Jennifer DePreist Nephew of Mrs. Anderson*
Music Dir., Symphony Orchestra of Quebec
- AA* Derwinski, Rep. & Mrs. Edward J.
Illinois
- AA* Dubrow, Ms. Evelyn *(former) w/ Mrs. Pamela Green Landon Butler*
Intl Ladies' Garment Workers Union, DC
- AA* Duffey, Hon. Joseph D. & Hon. Anne Wexler *Biddle*
Chmn., National Endowment for the Humanities
- AA* Duncan, Mr. & Mrs. Todd *Louie Martin*
Washington, DC
- RR* Edwards, Rep. & Mrs. Don
California
- RR* Fascell, Rep. & Mrs. Dante B.
Florida
- Fisher, Mr. O. H. *Marian Anderson*
Danbury, CT
- RR* Fuqua, Rep. & Mrs. Don
Florida
- AA* Habig, Mr. Joseph & Mrs. *Mrs. Anderson*
New York, NY
- A* Hackel, Hon. Stella B. *(guest pending)*
Dir., Bureau of the Mint
- RR* Hart, Sen. & Mrs. Gary
Colorado
- RA* Hawkins, Rep. & Mrs. Augustus F.
California
- Hughes, Mrs. Grace *Miss Anderson*
Philadelphia, PA
- Ingaran, Mrs. Ruth *Marian Anderson*
Danbury, CT
- RR* Inouye, Sen. & Mrs. Daniel K.
Hawaii
- RE* Javits, Sen. & Mrs. Jacob K.
New York
- RR* Kennedy, Sen. & Mrs. Edward M.
Massachusetts

RR Keys, Rep. Martha & Rep. Andrew Jacobs, Jr. *Campaigning*
Kansas

A R King, Mrs. Queen A. - *Daughters, Katherine King will come*
Philadelphia, PA

Lawson, Hon. Marjorie M. *Louis Martin*
Attorney, DC

Leffall, Dr. & Mrs. LaSalle D., Jr. *462-4531/363-3173 (Louis Martin)*
Washington, DC

AA Mathias, Sen. & Mrs. Charles McC., Jr.
Maryland

RA McGovern, Sen. & Mrs. George
South Dakota

Milburn, Mrs. Pauline
Wilmington, DE

Miller, Ms. Joyce - *Landon Butler*
Pres., Coalition of Labor Union Women, NYC
Mondale, The Vice President & Mrs.

RR Moynihan, Sen. & Mrs. Daniel P. *in NY*
New York

RA Murphy, Rep. & Mrs. John P.
New York

RR Natcher, Rep. & Mrs. William H. *in Ky*
Kentucky

RR O'Neill, The Speaker & Mrs.

PA Pell, Sen. & Mrs. Claiborne
Rhode Island

Pepper, Rep. & Mrs. Claude
Florida

Price, Miss Leontyne *Louis Martin*
New York, NY

RR Price, Rep. & Mrs. Melvin *in Ill.*
Illinois

Prude, Mrs. Walter *Miss Anderson*
New York, NY

RR Quie, Rep. & Mrs. Albert H.
Minnesota

Rangel, Rep. & Mrs. Charles B.
New York

RR Ribicoff, Sen. & Mrs. Abraham
Connecticut

R Richmond, Rep. Fred W.
New York

AA Robinson, MA. Frances Armour *(quest: Nancy Swift)*
New York, NY

RR Rodino, Rep. & Mrs. Peter W., Jr.
New Jersey

RR Rosenthal, Rep. & Mrs. Benjamin S.
New York

RR Roybal, Rep. & Mrs. Edward R.
California

A Rupp, Mr. Franz R. *Maria Anderson*
New York, NY

Shepard, Mr. & Mrs. Thomas Z. *Miss Anderson*
Div VP, Red Seal Artists & Repertoire, RCA Records, NYC

RR Smith, Rep. & Mrs. Neal
Iowa

RR Stevens, Mr. & Mrs. George, Jr. *Poston*
American Film Institute

RR Stevens, Hon. & Mrs. Roger L. *The Charlotte Goodard*
Chmn., JFK Center for the Performing Arts

A Strauss, Mrs. (Helen) *Nathan* *Miss Anderson*
White Plains, New York

RR Thompson, Rep. & Mrs. Frank, Jr.
New Jersey

Wilkins, Mr. & Mrs. Roy *Louis Martin*
NAACP, NYC

RR Wilson, Rep. & Mrs. Bob
California

RR Winn, Rep. & Mrs. Larry, Jr.
Kansas

- aa* Straus, Hon. & Mrs. R. Peter *Poston / Anderson*
 Assoc Dir., Broadcasting, ICA
- aa* Gasparro, Mr. & Mrs. Frank *Poston*
 Designer of medal, Havertown, PA
- Martin, Mr. & Mrs. Louis E.
 Assistant to the President
- Rafshoon, Mr. & Mrs. Gerald M.
 Asst to the Pres for Communications
- aa* McKenna, Ms. Margaret A. *W Annie Miller*
 Deputy Counsel to the Pres
- Hurley, Ms. Joanne K.
 WH staff
- aa* Morgan, Mr. & Mrs. Charles, Jr.
 Attorney, Wash., DC
- aa* Wood, Mr. & Mrs. Charles E.
 Laurel, MD
- Bearden, Mr. Romare *Poston*
 Artist, NYC
- Sadik, Mr. Marvin S. *Poston*
 Dir., Natl Portrait Gallery
- aa* Manning, Mr. & Mrs. Larry G.
 Arlington, VA
- Cushenberry, Mr. & Mrs. Kent
 Bd Mbr., Wash. Performing Arts Soc., DC
- aa* Morton, Mr. and Mrs. James
 (Mrs. Azie Taylor Morton-Treasurer of the United States)

- aa* Anderson, Dr. Walter *Anne Welter*
 Music Dept., National Endowment for the Arts
- aa* Mister, Mr. & Mrs. Mel *Anne Welter*
 U.S. Conference of Mayors
- aa* Blackwelder, Dr. & Mrs. Brent *Welter*
 Environmental Policy Center
- aa* Kittle, Mr. & Mrs. Ralph *Anne Welter*
 International Paper Co.
- aa* Bassett, Mr. Earl *Anne Welter*
 3 M Company
- aa* Jehle, Mr. & Mrs. Phillip *Anne Welter*
 Smith, Kline & French Labs
- aa* Graves, Mr. & Mrs. Earl *Welter*
 Black Enterprise, NYC
- aa* Saltzman, Mr. & Mrs. Arnald A. *Welter*
 Chmn., The Seagrave Corp., NYC
- aa* Higgins, The Rev. Msgr. George *Welter*
 Washington, DC
- aa* Ali, Mr. & Mrs. Nadar *Welter*
 Chmn., Guaranty Bank, Chicago
- aa* Rowand, Ms. Mary Louise *Welter*
 Pres., Church Women United, Dallas
- aa* Moody, Mr. & Mrs. Robert *Welter*
 Mrs--Henrietta, National Endowment for the Arts
- aa* Litzenberg, Mr. Thomas & Ms. Jayne Dolton (wife) *Welter*
 Asst Chmn., Natl Endowment for the Humanities
- aa* McFate, Ms. Patricia *Welter*
 National Endowment for the Humanities
- aa* Cheek, Dr. & Mrs. James *Welter*
 Pres., Howard University
- aa* Carter, Dr. & Mrs. Lisle *Welter*
 Pres., Univ. of the Dist. of Columbia
- a* Tollett, Dr. Kenneth *Welter*
 Dir., Inst. for the Study of Educational Policy, Howard Univ.
- a* Jones, Mr. Tony (Anthony O.) *Welter*
 Dir., City of Atlanta, Washington Office
- aa* Kinney, Mr. & Mrs. Gilbert *Biddle*
 Washington, DC
- aa* Hinton, Ms. ViCurtis *W Althea Adams* *Biddle*
 Chmn., DC Commission on the Arts & Humanities
- aa* Neal, Mr. & Mrs. Larry *Biddle*
 Washington, DC
- a* Hartke, The Rev. Gilbert *Biddle*
 Drama Dept., Catholic University
- R* Watson, Hon. Barbara in Jamaica *Biddle*
 Asst Secy of State
- a* Schuller, Mr. Gunther *Biddle Council Mbr - They're in town for a Board Mtg.*

- R Robbins, Mr. Jerome Biddle - Council mbr.
- A Bikel, Mr. Theodore Biddle - Council mbr.
- aa Dees, Ms. Maureen ^{M/M} ~~M/M~~ Biddle - Council mbr.
- R Taylor, Mr. Billy Biddle - Council mbr.
- A Carter, Mr. Bennie - Biddle - Council mbr.
- R Ridley, Mr. Larry - Biddle - Council mbr.
- A Gibson, Ms. Angela C. - Annie Miller
Baltimore, MD
- aa Howard, Hon. & Mrs. Joseph C. - Annie Miller
Baltimore, MD
- R Mitchell, Dr. & Mrs. Keiffer Annie Miller
Baltimore, MD
- R Dobson, Rev. & Mrs. Vernon Annie Miller
Baltimore, MD
- R Smith, Mr. & Mrs. Lawrence H., Sr. Annie Miller
Baltimore, MD
- R Daly, Mr. & Mrs. Gilbert A. Annie Miller
Baltimore, MD
- A Fisher, Mr. O. Robert Miss Anderson
- A Bartlett, Ms. Patricia
- aa Fleet, Mr. & Mrs. Edmund C. (Alice)
Arlington, Virginia
- Stafford, Mr. & Mrs. Bobby B. (Mari) 549-0284
Arlington, Virginia
- R Marsh, Hon. (Mayor) Henry L., III in Cincinnati
Richmond, Virginia
- A Rattley, Ms. Jessie
Former Vice Mayor, Newport News, Va.; now w/Peninsula Business College
- Mitchell, Hon. (Sen) & Mrs. Clarence, Sr. Tim Kraft
Baltimore, Maryland
- Mitchell, Mr. & Mrs. Clarence, Jr. - Tim Kraft
Baltimore, Maryland
- Ra Kaplan, Mr. & Mrs. Peter Tim Kraft
Washington, DC
- aa Beattie, Mr. & Mrs. Richard Tim Kraft
Washington, DC
- Brebbia, Mr. & Mrs. Jack Tim Kraft
Washington, DC
- aa Arundel, Mr. & Mrs. Arthur W. - Tim Kraft
The Plains, Virginia
- Robinson, Hon. (Delegate) William P., Sr. - Tim Kraft
Norfolk, Virginia
- A McGinty, Dr. Lois Poston
Dir. of Music, Howard University
- A Dobbs, Ms. Mattiwilda Poston
Opera & concert singer, soloatura soprano; Music Dept., Howard University

EVTVIV A499

788-CONGRESS-TAXES; BJT:470

7EDS: LEAD PROSPECTS UNCERTAIN

7BY JIM LUTHER

7ASSOCIATED PRESS WRITER

WASHINGTON (AP) - A ONCE-IN-A-LIFETIME \$100,000 TAX BREAK FOR PERSONS WHO SELL THEIR HOMES PICKED UP SUPPORT SATURDAY AS SENATE AND HOUSE NEGOTIATORS WORKED ON A BIG TAX-CUT BILL ON WHAT WAS EXPECTED TO BE THE FINAL DAY OF THE 95TH CONGRESS.

A BIG OBSTACLE TO AGREEMENT APPARENTLY WAS REMOVED EVEN BEFORE THE CONFEREES MET PUBLICLY. CONGRESSIONAL SOURCES SAID THE CONFERENCE COMMITTEE WOULD DROP AN AMENDMENT THAT WOULD HAVE CUT TAXES AN ADDITIONAL \$164.5 BILLION BETWEEN 1980 AND 1983 IF GOVERNMENT SPENDING WERE HELD IN CHECK.

THE CARTER ADMINISTRATION WAS ACTIVELY INVOLVED IN THE NEGOTIATIONS ON THE TAX BILL; AND IT OFFERED A NEW PLAN OF ITS OWN FOR DISTRIBUTING THE INDIVIDUAL TAX CUTS.

THE HOUSE-PASSED MEASURE WOULD CUT INDIVIDUAL TAXES IN 1979 BY \$9.8 BILLION; THE SENATE VERSION BY \$15.4 BILLION. THE ADMINISTRATION PROPOSED AN \$11-BILLION COMPROMISE; WITH THE RELIEF TILTED MORE TOWARD UNDER-\$30,000 INCOME LEVELS THAN EITHER THE HOUSE OR SENATE BILL.

THE ADMINISTRATION PROPOSAL WOULD MEAN A \$254 TAX CUT FOR A TYPICAL FOUR-MEMBER FAMILY WITH INCOME OF \$20,000 AND DEDUCTIONS OF 23 PERCENT. BY COMPARISON; THE HOUSE WOULD ALLOW A \$146 CUT; THE SENATE \$316.

THE DISPUTED PROVISION FOR NEW TAX CUTS IN FUTURE YEARS HAD BEEN ADDED BY THE SENATE AND LATER RECOMMENDED BY THE HOUSE BY A 2-1 MARGIN. BUT THE ADMINISTRATION AND SENIOR CONGRESSIONAL DEMOCRATS ATTACKED THE PROPOSAL; SPONSORED CHIEFLY BY SEN. SAM NUNN; D-GA.; AS UNWORKABLE AND APT TO UPSET THE ECONOMY.

"IT'S DEAD EXCEPT FOR A SHADOW OF ITSELF," SEN. BOB PACKWOOD; R-ORE.; A BACKER OF THE NUNN AMENDMENT; TOLD A REPORTER. "EVERY DEMOCRATIC SENATOR ON THE CONFERENCE COMMITTEE OPPOSED IT."

"THE BILL WILL INCLUDE SOME HIGH-SOUNDING LANGUAGE ABOUT THE DESIRABILITY OF CUTTING GOVERNMENT SPENDING," HE ADDED. "BUT IT WON'T MEAN MUCH."

ALSO BURIED; PACKWOOD SAID; WAS THE TUITION TAX CREDIT. THE HOUSE INSISTED ON ALLOWING A CREDIT FOR ELEMENTARY AND SECONDARY PUPILS AS WELL AS COLLEGE STUDENTS; THE SENATE WAS WILLING TO APPROVE ONLY A CREDIT FOR COLLEGE.

CONGRESSIONAL STAFFERS SAID REPS. AL ULLMAN; D-ORE.; AND BARBER CONABLE; R-N.Y.; CHIEFS OF THE HOUSE DELEGATION; INSISTED THAT THE FINAL BILL INCLUDE THE \$100,000 TAX BREAK FOR PERSONS OF ALL AGES WHO SELL THEIR HOMES WITHOUT BUYING A NEW ONE COSTING AS LEAST AS MUCH.

THE SENATE APPROVED A SMALLER PLAN; WHICH WOULD BENEFIT ONLY PERSONS 55 AND OLDER, AND THOSE WHO ARE PERMANENTLY AND TOTALLY DISABLED. THIS PROVISION WOULD HAVE ALLOWED A TAX EXEMPTION ONLY FOR THE PROFIT ON THE FIRST \$100,000 OF SALES PRICE; AND PROPORTIONATELY LESS ON BIGGER HOMES.

THE PROVISION FAVORED BY CONABLE AND ULLMAN HAS BEEN A POPULAR ONE SINCE IT WAS FIRST RECOMMENDED IN JULY. MEMBERS OF CONGRESS SAY THE IDEA HAS GENERATED HEAVY MAIL FROM HOMEOWNERS; WHO FEAR A HEAVY CAPITAL-GAINS TAX IF THEY EVER MOVE INTO A SMALLER HOME OR AN APARTMENT.

AP-NY-10-14 1301EDT