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MEETING WITH THE PRESIDENT,
VICE PRESIDENT AND MR. LYNN
Wednesday, September 3, 1975
2:30 p.m.

Oval Office

THE WHITE HOUSE

WASHINGTON

September 3, 1975

WEEKLY DOMESTIC ACTIVITIES REPORT
FOR THE PRESIDENT

1. Domestic Policy Review Group

On July 24, you directed the Domestic Council to undertake a review of major domestic issues and develop discussion papers which would be the basis for your 1976 State of the Union Message and legislative program. I have met so far with Agriculture, Labor, Interior, Commerce, EPA and Transportation.

We will meet with the nine other members of the Domestic Council within the next two weeks.

So far, these discussions have been candid and sobering in terms of what our problems are.

When we complete this first round of sessions, we will provide you with a summary of what the members of the Domestic Council consider the top priority issues for next year.

I have also talked with Bo Callaway who wants to make sure his study of political issues is complementary to the work we are doing.

2. General Revenue Sharing

The Community Resources and Budget Task Force of the House Budget Committee will hold hearings on general revenue sharing on September 9. The hearings are to look at specific budget related questions as they affect the renewal effort.

We continue to detect a good deal of apparent indifference to general revenue sharing on the Hill. Furthermore, the program's "natural" constituency, governors, mayors, and county officials and their national organizations, have thus far not been effective in developing a more favorable climate for GRS in the Congress. There is a great deal of complacency on the extension of this legislation which we will be working on in the weeks and months ahead.

3. Social Security

HEW has developed basic alternatives for restructuring the Social Security system and stabilizing the trust funds. We are working with them to coordinate input on this issue from the Council of Economic Advisers, OMB, Labor and Treasury.

4. California Trip

We will have a briefing paper for you this evening on your meeting with Governor Brown in Sacramento on Friday. We have identified a number of areas that he could bring up, including discussion on the outer continental shelf drilling problem.

5. Boston Busing Situation

The Boston public schools are scheduled to open on Monday, September 8. Stan Pottinger, Assistant Attorney General in charge of the Civil Rights Division, Department of Justice, will be in Boston on that day (and for the remainder of the week), heading up a Justice Department Task Force consisting of approximately 100 Federal marshals, 50 FBI agents and 6 attorneys. Dr. Goldberg from HEW will also be on the scene. While the role of this Federal Task Force will be to supplement local law enforcement efforts, I am advised that its mere presence in Boston has reassured members of the minority community and helped to stabilize the situation. Best estimates are that while there will be some minor skirmishing in and out of the schools during the week, the situation should not get out of hand.

Dick Parsons of my staff has been briefed by both the Deputy Attorney General and Pottinger as to the Department's game plan and will have an open line to Pottinger when he is in Boston.

6. Food Stamps

- A. We are proceeding with the development of specific options based on last Thursday's meeting. We intend to have a paper for the President by September 12. It will specify eligibility options and proposals for creating incentives for better state administration.
- B. We are at the same time seeking to clear through OMB new Food Stamp regulations required by the Court decision. These regulations must be printed in the Register within the next few days. As we mentioned in our meeting, they will run counter to all the directions we think sound. They are required by the Court and will not go into effect until January 1, 1976.

7. Suspension of 1978 Auto Emission Standards

On June 27, you sent to the Congress a special message calling for suspension for five years of new auto emission standards.

On July 26, you submitted necessary implementing legislation to amend the Clean Air Act and asked that hearings be held.

Senator Baker and Senator Domenici have now informed us by telephone that insistence on public hearings would probably defeat your purpose because:

- A. Hearings would delay a Congressional decision until very late this year or possibly next year.
- B. Hearings would probably make little difference in the ultimate committee decision.

Both Baker and Domenici suggest, instead, that they work informally--first, on their own initiative, and then with Administration representatives--to bring about a resolution of the auto emission issue, possibly with a compromise to continue existing standards for two years. Both believe they can find out, within two weeks after Congress returns, whether such a compromise is possible.

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Agenda For
Meeting with the President
Wednesday, September 3, 1975

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|----------------------------------|--------------|
| 1. New York City | <u>Tab A</u> |
| 2. Energy Independence Authority | <u>Tab B</u> |
| 3. Domestic Policy Review | <u>Tab C</u> |



Agenda For
Meeting with the President
Wednesday, September 3, 1975

1. New York City Tab A
2. Energy Independence Authority Tab B
3. Domestic Policy Review Tab C



THE WHITE HOUSE

WASHINGTON

September 3, 1975

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY
THE EXECUTIVE DIRECTOR OF THE
ECONOMIC POLICY BOARD
THE EXECUTIVE DIRECTOR OF THE
DOMESTIC COUNCIL

You are directed to establish a joint Domestic Council Economic Policy Board Task Force with the following mission.

- 1) To review all the ways the Federal Government can cooperate with New York State if the present plan proposed by Governor Carey goes forward;
- 2) To review all Federal, state, and city actions that are possible or may be required if New York City goes into default and/or bankruptcy.
- 3) This review will not include the regular relationships and responsibilities of Treasury with financial institutions.

The findings of this Task Force should be reported to me within two weeks of the date of this memorandum.

The Task Force will be under the direction of Richard L. Dunham, Deputy Director of the Domestic Council.

All Departments and Agencies should cooperate fully in providing information and personnel in support of this Task Force.

cc: Heads of Departments and Agencies

B



THE VICE PRESIDENT
WASHINGTON

September 3, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: THE VICE PRESIDENT
SUBJECT: "Energy Independence Authority"

Regarding the timing of the announcement of an "Energy Independence Authority" - if you have decided to go ahead with it -

I. RECOMMENDATION

-- That, at tomorrow's Leadership Meeting,

1. After the discussion of the Middle East,
2. And after the leaders' report on their compromise decontrol plan,
3. You then say that:

-- You have an action plan that we could all get behind that you would like to outline briefly;

-- This plan would

*Get us started on energy independence

*Get the economy off dead center and rolling;

*Have a major impact on employment;

-- You intend to announce this plan in the afternoon;

-- You will send a detailed message and legislation to Congress first thing next week.

NOTE:

- Secretary Rog Morton agrees with this idea of tomorrow's announcement, because of the reasons set forth below;
- It is my feeling that you should announce this plan directly to the American people
 - rather than speaking to a Joint Session of Congress (which might give the potential opposition in Congress a chance for immediate television exposure, and give the appearance of another confrontation between the President and Congress).

II. PLACE OF ANNOUNCEMENT

- A ten-minute opening statement at your 2 p.m. press conference in Seattle tomorrow
- This would be 5 p.m. Eastern Time, in time for coverage on the network evening news.

III. REASONS FOR THE SPEED OF ACTION

1. Mounting pressure from labor for action to create jobs.
2. Various Presidential aspirants, particularly Jackson, are readying announcements of similar plans any day now - with the possibility of stealing the leadership from you.
3. To announce a positive program before the New York City situation breaks:
 - It will take the New York Legislature some time to decide what they are going to do;
 - If they let the City go into bankruptcy, it will dominate the news for weeks with one developing problem after another;

- If Governor Carey gets authorization for his package, it will take some time to put that package together;
- In other words, the New York City situation is going to drag on, one way or another, in all probability throughout this session of Congress.

IV. IMPACT OF THE PLAN ON NEW YORK CITY

- The energy plan would be particularly beneficial for New York City - perhaps more so than for any other community in the country:
 - New York City will benefit from the revival of the economy;
 - New York City can begin moving away from its present total dependence on imported fuel.

V. IMPACT OF THE PLAN ON THE FINANCIAL MARKETS

- I've checked discreetly with New York market leaders on the possible impact of the plan on the financial markets;
- Here are typical reactions:
 - Everybody's been buffeted around for too long by bad news;
 - The public needs some good news;
 - The announcement of the plan would be helpful to the bond market, rather than a depressant;
 - There will be a positive impact on the equity markets and a stabilizing influence on the bond markets;

-- thoughtful people will say:

"Thank God there is some kind of leadership on a constructive action that will prime the pump of the private sector on the energy situation."

-- In my check of these market leaders,
I met no opposition.



THE VICE PRESIDENT
WASHINGTON

September 3, 1975

MEMORANDUM FOR:

THE PRESIDENT

FROM:

THE VICE PRESIDENT

SUBJECT:

Progress Report on the
Domestic Policy Review

1. The Domestic Council is proceeding at full speed in their review of domestic policy in preparation for the State of the Union message and initiatives for next year. The process is taking place within the framework described in the overview paper which I left with you last week. This paper identified the basic domestic policy themes and principles and the issues that will be emphasized.

2. Organization is underway for the hearings on domestic policy. It is anticipated that the first hearing will take place around the middle of October.

3. When you have had a chance to read the overview paper, I would suggest that Jim Cannon, Jack Veneman and I meet with you to discuss the issues and direction we are taking in this review.