

THE WHITE HOUSE

WASHINGTON

June 16, 1981

MEMORANDUM FOR ED MEESE
JIM BAKER
MIKE DEEVER
MARTIN ANDERSON

FROM: FRANK HODSOLL *Frank*
SUBJECT: CLEAN AIR ACT

Attached is a brief paper outlining where we are and what we need to do regarding the Clean Air Act. This should be on the Legislative Strategy Meeting agenda today or tomorrow so that we can obtain guidance as to the timing of this package in relation to other legislative initiatives (in particular, the tax package).

In general, while I still have some questions as to some of the particular aspects of the package, it is moderate by comparison to what some would want to do. While environmental groups will attack us on this issue, they will likely view our package as more moderate than they expected. Initial Congressional feelers look good; business is with us; labor is split.

ATTACHMENT

CC: Elizabeth Dole	Frank Blake	Danny Boggs
Max Friedersdorf	Boyden Gray	Nancy Maloley
Dave Gergen	Mike Baroody	Fred Khedouri
Rich Williamson	Susan Hawkes	
Dick Darman	Jim Medas	
Craig Fuller	Dave Swanson	

CLEAN AIR ACT

Development of an Administration position on the Clean Air Act is in its final stages. This is likely to be politically sensitive. In order to develop an orderly process in which policy development might be meshed with external consultations (the Hill, Governors, interest groups) and political (legislative and communications) strategy, the following met yesterday:

Mike Baroody	Communications
Frank Blake	Vice President's Office
Danny Boggs	Policy Development
Boyden Gray	Vice President's Office
Susan Hawkes	Intergovernmental Affairs
Frank Hodsoll	Chief of Staff's Office
Fred Khedouri	OMB
Nancy Maloley	Policy Development
Jim MeGas	Intergovernmental Affairs
Dave Swanson	Legislative Affairs

What follows is the consensus of the meeting. We believe the ideas set out in this paper should be considered by the Legislative Strategy Group Tuesday (6/16) or Wednesday (6/17).

A. General Timing

Although not critical because FY 82 appropriations can continue in any event, the Clean Air Act authorization expires 9/30/81. From a political perspective, it will be important to complete Congressional action on the Clean Air Act by the end of 1981, or (at latest) in the first month or so of 1982; amendments of any kind become more difficult as we approach the '82 elections. Even a delay to early '82 could cause the auto industry (and perhaps Dingell) to seek a separate mobile source bill because of auto production schedules; such a move would jeopardize comprehensive reform.

The Congress is now waiting for an Administration position. Given the small number of legislative working days left this year, and in the absence of countervailing factors (e.g., interference with the Reconciliation or Tax bills), it is important to move forward with a legislative package July 7 when the Congress reconvenes after the July 4 recess. The Vice President's letter sets June 30 as the deadline, and he has personally told Senator Stafford we will be ready July 7.

B. Policy Development

A working group of the Cabinet Council on Natural Resources and the Environment (chaired by Gorsuch) has been working on the subject for several weeks. The Cabinet Council met June 10 to consider the issues posed; a second Cabinet Council meeting is scheduled for Tuesday, June 16. There is little disagreement on basic issues of substance within the Cabinet Council, although some (Interior, CEA), political considerations aside, would like greater relaxation of standards and federal environmental process.

Danny Boggs would like a Cabinet Council decision meeting with the President June 19 or 22; given the likelihood of leaks, we should be prepared to have a Presidential announcement immediately after the decision meeting. Hodson and Khedouri believe the final decision paper and consultative process will require more time, that it would be more realistic to expect a decision meeting on this subject June 29 or 30 (after the Congress has recessed and the President returns from California). Boggs notes this might not permit legislative language being completed by July 7.

C. Politically Sensitive Issues

1. Primary Quality Standards:

EPA (Gorsuch) recommends no change on the grounds that she has discretion to relax current standards. CEA (Niskanen) argues that existing law must be revised to permit balancing of costs and benefits. While proposing no change to the standard-setting provisions will significantly reduce controversy over our Clean Air Act package, initial contacts with Congress suggest that a middle ground may be acceptable: continue to exclude costs from standard-setting, but clarify the Administrator's discretion to set more reasonable standards (e.g., "adverse health effects" or "significant risks" vs. any "health effects").

Accepting the EPA proposal will eliminate this as a controversial item. It would make enactment of the other important changes in the law somewhat easier. But this would reduce possibly the level of regulatory relief and might also be viewed as a retreat from the strong language of the campaign.

2. Deadlines for Attaining National Standards:

Current law requires states to bring all areas of the nation into compliance with the national air quality standards by 1982, with a waiver possible to 1987. EPA is recommending that the deadline be extended to 1987, with additional waivers possible if a state can show that it would be uneconomic for them to comply by that date. It is important to note that if the Administration proposes no change in the actual standards, more attention will focus on the mechanism for achieving them and on the deadlines. Politically, it is thus very important that the Administration be seen to be preserving pressures to achieve progress toward a better environment.

3. Tall Stacks:

EPA will propose a change to the current law governing the use of tall stacks to disperse emissions from powerplants. While this change will be favorably received in the mid-western areas that are the location of the affected facilities, it will be attacked in New England and other areas concerned with "acid rain"; the proposed revision will have the effect of allowing more sulphur subject to long-range transport. This proposal may also cause objections from Canada.

4. Percentage Reduction:

The 1977 Amendments required that all major coal-burning facilities achieve a percentage reduction in emissions, regardless of the actual emissions. The purpose of this provision is to increase the competitiveness of Eastern high-sulphur coal by forcing utilities to employ scrubbers to eliminate pollution even where they are using low-sulphur (predominantly Western) coal. On the merits, there is little doubt that percentage reduction should be eliminated; it manages to increase both costs and pollution. Affected Eastern coal regions will protest vigorously, however.

5. Automobile Emission Controls:

EPA proposes a modest relaxation in the current emission control requirements. The major Congressional supporters of relaxation believe the EPA proposal may not provide sufficient relief. Environmentalists may concede the proposed revision of the carbon monoxide standard in view of heavy scientific justification for this; they will, however, loudly criticize the proposed upward adjustment in nitrogen oxide emission standards on the grounds that it will worsen smog.

D. Initial feelers on the Hill:

Fred Fleabouri (CMB) and Dave Swanson (Friedersdorf's shop) undertook last week initial feelers on the Hill. Largely on the basis of not radically changing the primary standards system, there were no strong negative reactions to the proposal. On the House side, our package is more environmentally protective than the Broyhill bill and there is some indication that we may be able to go for greater relaxation of mobile source standards than Gorsuch has proposed.

E. Consultations prior to Presidential decision:

1. Reaction in the Congress:

Attached at Annex 1 is a discussion of some of the reactions we can expect on the Hill. Unfortunately, it is not possible to be entirely precise in identifying members who will oppose the bill since some have overlapping or competing interests. And, because of the complexities in the whole budget debate, it is not possible to identify members who may find it necessary to oppose the Gramm-Latta budget package because of our announcement on this Clean Air Act proposal.

2. Congressional Consultations Before Presidential Decision:

a. Senate:

We should work closely with Baker's staff. Initially, we should get Stafford's principal staff person (Cudlip) to come down for a briefing, then have Gorsuch meet with Stafford and Chafee. After Stafford, Gorsuch should meet with Domenici, Laxalt, McClure, and Garn; staff should meet with Sam Ballenger before the Gorsuch meeting with Laxalt.

b. House:

Gorsuch should meet with Broyhill, Mattigan, Bud Brown. We should not try to meet with Democrats prior to the Presidential announcement; several House Democrats on the Health and Environment Subcommittee can be expected to oppose our changes; but we may be persuasive with Dingell and Gramm.

2. Governors from West Virginia, Utah, Delaware and Tennessee are coming in 6/19 to provide us their views on the Clean Air Act. We should listen to their views, but not express our own positions in detail. Key Governors are Rockefeller (W.Va.) and Rhodes (Ohio); Jim McAvoy (CEQ member and former Ohio Environmental Director) should probably talk to Governor Rhodes.

3. Public Interest Groups:

Business is expected to be with us, although some in industry would probably like greater relaxation. We need to inform them of what we are doing just prior to public announcement. Labor is split on the environmental issue. Environmental groups can be expected to oppose our policy, although we should try to split off one or two credible environmentalists (e.g., Russ Train) who might help neutralize some of the criticism.

F. Public Affairs and Announcement Strategy:

We should be prepared to announce immediately after the Cabinet Council meeting with the President. The President's announcement should be a brief statement of principles. The legislative package and fact sheet should come from EPA. Immediately prior to announcement we should background key members of the press. We should also prepare editorial and other material which can be used by the press to put the best gloss on our package.

LIKELY CONGRESSIONAL REACTIONS

The two obvious categories of members reacting negatively to our proposal would be those opposing on philosophical grounds (such as primary standards, mobile sources, and non-attainment deadlines) and those opposing on regional grounds (such as tall stacks and percentage reduction).

Philosophical

Liberal Democrats generally are unlikely to be strong supporters of the proposal and more likely to oppose. In addition, because of the way we build in flexibility and state jurisdiction into our attainment strategy, members sympathetic to environmental issues would be likely to take up the banner of the environmentalists and oppose us.

Members, for instance, in the Environmental Study Conference would be under considerable pressure to try to strengthen the attainment and waiver provisions, tighten the tall stacks provision and stay with current law with respect to mobile sources. The Environmental Study Conference currently is comprised of 230 members of the House and 70 Senators. They have an active, environmentally oriented staff with strong connections to the environmental lobby community. The executive committee includes:

Senators

Representatives

Co-Chairmen

John H. Chafee (R-R.I.)

Paul N. McCloskey (R-CA)

Co-Vice Chairman

Patrick Leahy (D-VT)

Howard Wolpe (D-MI)

Executive Committee

John Heinz (R-PA)
Carl Levin (D-MI)
Charles McC. Mathias (R-MD)
John Melcher (D-Mont)

Douglas K. Bereuter (R-Neb)
David Bonior (D-MI)
George E. Brown (D-CA)
Butler Derrick (D-SC)
Robert W. Edgar (D-PA)
Thomas B. Evans (R-Del)
Millicent Fenwick (R-NJ)
Hamilton Fish (R-NY)
Dan Glickman (D-KA)
John Hammerschmidt (R-Ark)
Harold Hollenbeck (R-NJ)
Dale E. Kildee (D-MI)
Carl D. Pursell (R-MI)
John Seiberling (D-OH)
Olympia Snowe (R-Maine)
James Weaver (D-Ore)
Ted Weiss (D-NY)

Regional Issues

The major regional issues are likely to be the acid rain issue driven by the tall stacks question and the coal mining issue driven by our recommendation on percentage reduction. Acid rain picks up the bulk of the Northeast states that are currently affected by acid rain from midwestern and local sources. Senators Moynihan and Leahy would lead the charge. The sulfate producing states would likely see this provision in their favor, however, and to some degree would neutralize each other.

Coal mining picks up key Senators such as Byrd and Randolph of West Virginia, Huddleston and Ford of Kentucky, Heinz and Spector of Pennsylvania and Warner and Byrd of Virginia. Some of those could be expected to make strong statements in opposition.

There is another regional issue in the sense of major urban centers and that is the mobile source standards. Southern California, Denver, Houston, Chicago, Ohio Valley, New York and eastern seaboard are generally non-attainment for mobile sources. Senator Hart and Senator Cranston might react strongly. They would be backed up by the Environmental Study Conference.

House Energy and Commerce Committee

On the House side the situation is complicated by numbers and a reading on member's preference is premature. The Energy and Commerce Committee has jurisdiction over the Clean Air Act, and the following lists some of the members and indicates their historical positions:

Generally Support Environmental Efforts

John Dingell (some issues) (D-MI)
James Scheuer (D-NY)
Richard Ottinger (D-NY)
Henry Waxman (Chairman of Clean Air Subcommittee (D-CA)
Timothy Wirth (D-CO)
James Florio (candidate for NJ Governor) D-NJ)
Anthony Moffett (D-CT)
Edward Markey (D-Mass)
Albert Gore (D-TN)
Barbara Mikulski (D-MD)
Ron Wyden (D-Ore)
Norman Lent (R-NY)
(acid rain)
Carlos Moorhead (R-CA)
(auto emissions)
Marc Marks (R-PA)
Gary Lee (R-NY)
(acid rain)

Generally Sympathetic to Reform

Jim Santini (D-NV)
Thomas Luken (D-OH)
Ronald Mottl (D-OH)
Phil Gramm (D-TX)
Al Swift (D-WA)
Mike Snyar (D-Okla)
James Broyhill (R-NC)
Clarence Brown (R-OH)
James Collins (R-TX)
Edward Madigan (-Ill)
Matthew Rinaldo (R-NJ)
Tom Corcoran (R-Ill)
William Dannemeyer (R-CA)
Don Ritter (R-PA)

Represent Auto & Steel
Districts

John Dingell (D-MI)
Philip Sharp (D-Ind)
Doug Walgren (D-PA)
Barbara Mikulski (D-MD)
Mickey Leland (D-TX)
Cardiss Collins (D-Ill)
Clarence Brown (R-OH)
Dan Coats (R-Ind)

Represent Eastern Coal Districts

Doug Walgren (D-PA)
Marc Marks (R-PA)
Don Ritter (R-PA)
Harold Rogers (R-KY)
Cleve Benedict (R-WVA)

Most Energy and Commerce members who have specific regional or philosophical concerns or interests can be expected to participate in an overall clean air reform measure and it appears probable that reform measures along the lines of our proposal will get out of committee and go to the floor this year.

f Hodzoll
memo

THE WHITE HOUSE

WASHINGTON

June 10, 1981

NOTE FOR PEN JAMES

FROM: FRANK HODSOLL *Frank*

SUBJECT: Charles Brower

Attached is a letter from Charlie Brower enclosing a letter from Barry Goldwater to Max Friedersdorf. Charlie, who is a first-class lawyer, would like to be considered for an alternate arbitrator on the U.S.-Iran Claims Tribunal, and believes the attached letter from Goldwater clears whatever political objections remain regarding his candidacy.

As you know, he is no longer in contention for the Legal Advisor position at State.

ATTACHMENT

*f Hodsoll
memo*

*File
McKnight*

THE WHITE HOUSE

WASHINGTON

May 1, 1981

To → FRANK

I am not high on this idea. I believe we need a minority of private firms for + more, state, etc. War College - State Dept. For me not priority

NOTE FOR THE VICE PRESIDENT

FROM: FRANK HODSOLL *Frank*

SUBJECT: Proposal for McKnight Foundation Fellows

Barber Conable may raise the attached with you this weekend.

It is a proposal from Bob Schaetzel (who used to be our Ambassador to the EC and a George Ball style Europeanist) suggesting awards of \$25,000 each to highly qualified civil servants in domestic departments and agencies to engage in research and travel in other countries and/or advance study in the U.S. regarding international matters. More and more, major problems arise between nations as a result of the international impact of their domestic policies; domestic policy-makers should be more exposed to the international side.

I think the idea has merit. The agencies would have to pay the individual's salary; McKnight would pick up the rest. We discussed the matter with Don Devine of OPM, who reacted negatively--ostensibly due to the troubles the SES is currently in, but also due to a not entirely balanced proposal for a selection committee. This can be fixed.

I am going to run this also by Jim Baker and Ed Meese to get their views. McKnight is interested, but not committed; it is exploring the Administration's attitude through Schaetzel and Elmer Staats (who is enthusiastic about the idea).

ATTACHMENT

CC: Jim Baker
Ed Meese

6/22/81

Met with VP. Not really interested. Tell Schaetzel. JMB.

G B

PROPOSAL

McKnight Foundation Fellows in International Affairs

I. Objectives of the Fellowship Program

- A. The program would enable a selected group of senior federal civil servants to broaden their knowledge and experience through intensive exposure to the international scene by research and travel in other countries and/or advanced study in the United States.
- B. A collateral purpose would be to identify and reward civil servants of outstanding ability and to prepare them for future work in the government.

II. Rationale

- A. The United States faces the paradox of a nation drawn increasingly into the web of international interdependence and yet one that still tends to think and act primarily within a national framework. The intense pressures on senior officials responsible for the broad range of national economic and social programs mean that in many cases they are relatively unaware of the degree to which other nations struggle with the same issues or the way in which American policies and programs impinge upon the interests and affairs of the world outside. For the individual civil servants and the government itself the program would aim at extending the horizons and broadening the knowledge of those key individuals selected as Fellows.
- B. Legitimate concern about the excesses of government can easily slide into mindless attacks on the bureaucracy as a whole. In addition to routine scorn, senior level civil servants have been penalized with their remuneration falling steadily behind that of persons engaged in comparable work in the private sector. The McKnight Fellowship Program would convey a different message through its reward for excellence and recognition of quality in government service.

III. Summary of the Program

- A. Each year 10 McKnight Fellows in International Affairs would be selected from the career civil service of the federal government, excluding employees of departments or agencies directly involved in international affairs, e.g., Departments of State and Defense, CIA, ICA and AID.
- B. The Fellows would be drawn from an age group of 35 to 45 to insure that their most productive years of public service would lie ahead.
- C. Under terms of the Civil Service Reform Act of 1978 the several agencies were given authority to grant sabbatical leave to Members of the Senior Executive Service. If nominees for the fellowship program were drawn from this Service they would thus be eligible for the sabbaticals and thus continue to receive their government salaries during the duration of the fellowship.
- D. McKnight Fellowship would offer a stipend of \$25,000 to be used at the discretion of the Fellow either for travel and research abroad for himself and his family, for advanced academic study related to international affairs or a combination of the two.

IV. Administration of the Program

- A. The program should be established for a fixed term (5 to 10 years) and be subject to renewal, expansion and possible subsequent support from other foundations and corporations.
- B. The program would be administered by the McKnight Foundation.
 1. The selection of the Fellows would be made by a committee reporting to the Board of the McKnight Foundation. This committee would be composed of distinguished persons drawn from outside the Executive Branch of the federal government, each of whom should be familiar with the programs and agencies of the federal government and of the international

scene. The committees should be composed of from 15 to 20 individuals in recognition of the inevitable absence of several members at the annual meetings.

2. The screening of applications could be done under contract by the National Academy of Public Administration or its subordinate body, the National Institute of Public Affairs. This preliminary screening should produce 50 to 100 nominees who would be referred to the Selection Committee charged with designating the 10 Fellows.
3. A liaison committee could be established by the federal government, including on the government side a senior official of the Office of Personnel Management and representatives from the Department of State and other agencies concerned with international affairs. This committee would be available to assist the Selection Committee and advise the Foundation on the nomination process.

V. The Budget for the Program

- A. A detailed budget should be worked out after the program has been accepted in principle. The annual cost would be in the range of \$400,000. This would include \$250,000 for the individual awards to 10 Fellows; the cost of the contract for the preliminary screening (the National Academy of Public Administration or a similar institution), fees for members of the selection committee; expenses of a three-day meeting in Minneapolis each year of the Selection Committee; and such incidental expenses as a formal luncheon or dinner in Washington where the nomination of the Fellows would be formally announced.

(R. Schaezel)
J. ROBERT SCHAETZEL
2 BAY TREE LANE
WASHINGTON, D. C. 20016
—
(301) 229-5316

March 30, 1981

Mr. Frank S. M. Hodsell
Special Assistant to the President
The White House
Washington, D. C. 20500

Dear Frank,

Enclosed are two pieces of paper related to the proposed McKnight Fellows--a summary of the project which is very close to what you already have and a letter to the Executive Vice President of the Foundation which provides some further background. Thanks for your efforts.

There is also enclosed the paper we discussed that I have prepared for the Georgetown Center conference to be held in Brussels on May 23 to 25. This is for discussion purposes so I did not have to provide answers to the questions I posed. For this I am grateful.

Sincerely,



Enclosures

THE WHITE HOUSE
WASHINGTON

May 1, 1981

NOTE FOR JIM BAKER
ED MEESE

FROM: FRANK HODSOLL *Frank*

SUBJECT: Proposal for McKnight
Foundation Fellows

Attached is a note for the V.P.
on this subject. I understand
Barber Conable will be talking
with the V.P. over the weekend
about this among other things.

As you can see, I think the idea
has merit. Do you have any
reactions?

ATTACHMENT

THE WHITE HOUSE

WASHINGTON

May 1, 1981

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I am going to run this also by Jim Baker and Ed Meese to get their views. McKnight is interested, but not committed; it is exploring the Administration's attitude through Schaetzel and Elmer Staats (who is enthusiastic about the idea).

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CC: Jim Baker
Ed Meese

PROPOSAL

McKnight Foundation Fellows in International Affairs

I. Objectives of the Fellowship Program

- A. The program would enable a selected group of senior federal civil servants to broaden their knowledge and experience through intensive exposure to the international scene by research and travel in other countries and/or advanced study in the United States.
- B. A collateral purpose would be to identify and reward civil servants of outstanding ability and to prepare them for future work in the government.

II. Rationale

- A. The United States faces the paradox of a nation drawn increasingly into the web of international interdependence and yet one that still tends to think and act primarily within a national framework. The intense pressures on senior officials responsible for the broad range of national economic and social programs mean that in many cases they are relatively unaware of the degree to which other nations struggle with the same issues or the way in which American policies and programs impinge upon the interests and affairs of the world outside. For the individual civil servants and the government itself the program would aim at extending the horizons and broadening the knowledge of those key individuals selected as Fellows.
- B. Legitimate concern about the excesses of government can easily slide into mindless attacks on the bureaucracy as a whole. In addition to routine scorn, senior level civil servants have been penalized with their remuneration falling steadily behind that of persons engaged in comparable work in the private sector. The McKnight Fellowship Program would convey a different message through its reward for excellence and recognition of quality in government service.

III. Summary of the Program

- A. Each year 10 McKnight Fellows in International Affairs would be selected from the career civil service of the federal government, excluding employees of departments or agencies directly involved in international affairs, e.g., Departments of State and Defense, CIA, ICA and AID.
- B. The Fellows would be drawn from an age group of 35 to 45 to insure that their most productive years of public service would lie ahead.
- C. Under terms of the Civil Service Reform Act of 1978 the several agencies were given authority to grant sabbatical leave to Members of the Senior Executive Service. If nominees for the fellowship program were drawn from this Service they would thus be eligible for the sabbaticals and thus continue to receive their government salaries during the duration of the fellowship.
- D. McKnight Fellowship would offer a stipend of \$25,000 to be used at the discretion of the Fellow either for travel and research abroad for himself and his family, for advanced academic study related to international affairs or a combination of the two.

IV. Administration of the Program

- A. The program should be established for a fixed term (5 to 10 years) and be subject to renewal, expansion and possible subsequent support from other foundations and corporations.
- B. The program would be administered by the McKnight Foundation.
 - 1. The selection of the Fellows would be made by a committee reporting to the Board of the McKnight Foundation. This committee would be composed of distinguished persons drawn from outside the Executive Branch of the federal government, each of whom should be familiar with the programs and agencies of the federal government and of the international

scene. The committees should be composed of from 15 to 20 individuals in recognition of the inevitable absence of several members at the annual meetings.

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V. The Budget for the Program

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J. ROBERT SCHAETZEL
2 BAY TREE LANE
WASHINGTON, D. C. 20016
(301) 229-5316

*File
McKnight*

July 20, 1981

The Honorable William E. Brock
United States Trade Representative
Executive Office of the President
Washington, D. C. 20506

Dear Mr. Ambassador:

At the deKergorlays' dinner on Friday night you asked that I send you material describing the proposed program for McKnight Fellows in International Affairs. You kindly offered to take the project up within the White House to elicit the Administration support that is a prerequisite to the Foundation pursuing the matter.

Despite the efforts of Barber Conable with the Vice President and Frank Hodsoll's with Baker, and also Bush, the response so far has been no more than uninterest colored with skepticism. Earlier, Elmer Staats (who has been collaborating with me on the project), Hodsoll and I met with Mr. Divine of OPM whose reaction was entirely negative.

If, after reading the enclosure, you should want further information, Elmer Staats and I would be pleased to meet with you.

Sincerely,



Enclosure

bcc: E. Staats
F. Hodsoll
R. Hormats

THE WHITE HOUSE
WASHINGTON

April 17, 1981

Mr. Devine--

Enclosed is the proposal for discussion
at our meeting next week. Attending
are:

Former Ambassador Robert Schaetzel

Elmer Staats - Former Comptroller
General

Frank Hodson - Deputy Assistant
to the President

Kate Moore - Special Assistant

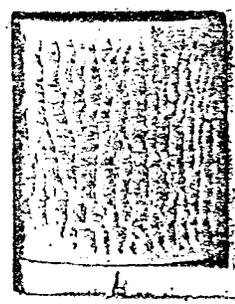
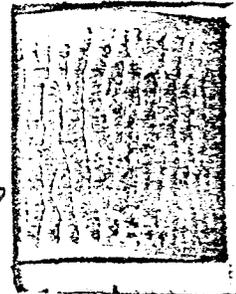
The attached is an interesting proposal
for an international fellowship program,
which would allow senior Federal civil
servants to broaden their knowledge and
experience through the research and
travel abroad. The stipend would be
financed by the McKnight Foundation: a
grant of \$25,000 to each participant.
Frank wanted to meet with you to discuss
the merit of the proposal.

Many thanks for your consideration.

Kate Moore
Kate Moore
Special Assistant to
the Chief of Staff

*File
McKnight
Foundation*

- leave of absence w. pay from agency on project basis*
- 5 year period*
- 6 mo - year*
- completion report*
- retention 2x period away.*
- ? of whether take on salary.*



PROPOSAL

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- A. The program should be established for a fixed term (5 to 10 years) and be subject to renewal, expansion and possible subsequent support from other foundations and corporations.
- B. The program would be administered by the McKnight Foundation.
 - 1. The selection of the Fellows would be made by a committee reporting to the Board of the McKnight Foundation. This committee would be composed of distinguished persons drawn from outside the Executive Branch of the federal government, each of whom should be familiar with the programs and agencies of the federal government and of the international

scene. The committees should be composed of from 15 to 20 individuals in recognition of the inevitable absence of several members at the annual meetings.

2. The screening of applications could be done under contract by the National Academy of Public Administration or its subordinate body, the National Institute of Public Affairs. This preliminary screening should produce 50 to 100 nominees who would be referred to the Selection Committee charged with designating the 10 Fellows.
3. A liaison committee could be established by the federal government, including on the government side a senior official of the Office of Personnel Management and representatives from the Department of State and other agencies concerned with international affairs. This committee would be available to assist the Selection Committee and advise the Foundation on the nomination process.

V. The Budget for the Program

- A. A detailed budget should be worked out after the program has been accepted in principle. The annual cost would be in the range of \$400,000 to \$500,000. This would include \$250,000 for the individual awards to 10 Fellows; the cost of the contract for the preliminary screening (the National Academy of Public Administration or a similar institution), fees for members of the selection committee; expenses of a three-day meeting in Minneapolis each year of the Selection Committee; and such incidental expenses as a formal luncheon or dinner in Washington where the nomination of the Fellows would be formally announced.

J. ROBERT SCHAETZEL
2 BAY TREE LANE
WASHINGTON, D. C. 20016
(301) 229-5316

March 11, 1981

Mr. Frank S. M. Hodsell
Special Assistant to the President
The White House
Washington, D. C. 20500

Dear Frank,

Many thanks for your willingness to take some soundings with respect to the possible McKnight Fellowship program. One of the incidental values of involving the McKnight Foundation is the unique role of Minnesota in producing distinguished public servants; there is the further advantage of having something of this sort originate other than on the Eastern Seaboard. I will be most interested in learning what you pick up. It may be helpful for you to have the current draft prospectus. I am having Elmer Staats go over this version prior to putting it in final form for the McKnight people. You might hold on to it for it has no status as yet.

I am enclosing the materials related to summitry. In a kind of desperation the report prepared under the auspices of the four foreign affairs institutes falls back on various forms of summitry (pp. 42-47). My own preference would be to put more weight on making traditional diplomacy work and beyond that to improve and make the existing international institutions effective. As you know from your own experience, one way to accomplish the latter is to see that a first-class individual is named as our representative to NATO. The other pieces are an article I did with Malgrem in Foreign Policy and an OPED piece for the Los Angeles Times.

All the best,

Enclosures

Stolz

N.B. Staats associated with Schaeztl on this.

J.

Kate -
let's send package to Don Devine with cover from me endorsing + then suggest mtg Elmer Staats, Devine, Schaeztl, Hodsell, Moore et al.
KUM
re: id
4/7

Schaeztl
Staats
Devine
Hodsell
B.

meeting next week

J. ROBERT SCHAETZEL

2 BAY TREE LANE

WASHINGTON, D. C. 20016

(301) 229-5316

March 25, 1981

Mr. Russell V. Ewald
Executive Vice President
The McKnight Foundation
410 Peavey Building
Minneapolis, Minnesota 55402

Dear Russ,

As I promised, enclosed is the memorandum that outlines the proposed McKnight Fellowship Program. This draft contains the suggestions made by Elmer Staats, who has just retired as Comptroller General of the United States. Coincidentally, for a number of years he has been a member of the Selection Committee for the Rockefeller Public Service Awards. After 20 years that program comes to an end next year, due in substantial part to the death of John D. Rockefeller III.

Both Elmer Staats and I feel that preliminary to any formal decision by the McKnight Foundation to inaugurate the fellowship program, discussions should be held with senior officials of the Administration, including the White House, to insure that it would have the government's full support. This is essential for several reasons: to insure co-operation from the several departments and agencies; to be sure that the awards are appreciated within the government, by the general public and the media as a recognition of distinguished service. However, before this exploration is undertaken, the first step should be a positive reaction by your Board to the proposal.

The Selection Committee is of critical importance. It seems to me that Ginny might wish to be Chairman of this committee. I would propose as Vice Chairman Elmer Staats, who, as he leaves his 15 years' service as Comptroller General, has been universally acclaimed as America's most distinguished public servant. No one knows the government better or is more respected by both the Legislative and the Executive Branches. He has just received a special award from President Reagan.

The committee should be composed of people who combine experience in the government with the knowledge of and sensitivity to international affairs. The committee should strike a careful balance of Republicans, Democrats and Independents. The following would meet these criteria: George Schultz; Fritz Mondale; Bruce MacLaury, the President of Brookings Institution; John Gardner; Robert MacNamara; Brad Morse, former member of Congress and now Director of the United Nations Development Programme; Dave Durenberger; Harlan Cleveland; Don Rumsfeld, U. S. Ambassador to NATO, Defense Secretary and White House Chief of Staff.

If one were to follow the pattern of the Rockefeller program, the Selection Committee would meet in Minneapolis on a Thursday evening to begin its deliberations over dinner, the next day break down into panels to review the applications. (In the Rockefeller Awards program the preliminary screening has been done by Princeton University, the administrative agency for the program.) On Saturday the definitive decisions would be made. As the make-up of the committee means that there is bound to be a certain attrition as each meeting approaches, 15 to 20 members are necessary.

In putting this proposal together I have had a number of conversations to get reactions to the idea. It has been received with enthusiasm. In stressing the need for exposure to the international scene the program is seen as addressing a critical national need. It should have an impact going far beyond the 10 individuals selected each year. There is a strong likelihood that the Reagan Administration, concerned by criticism that it is hostile to the Civil Service as such, would welcome identification with a fellowship program that recognizes and rewards merit in the public service.

Sincerely,



Enclosure

*Frank's
memo*

April 27, 1981

MEMORANDUM FOR MAX FRANKENBERG
ED BAKER
ELIZABETH DOLE
CRAIG BUTLER

FROM: FRANK OSOLL

SUBJECT: PATCO Bill

This subject came up at Senior Staff Meeting today. You should be aware of Max's memo to Jim Baker of April 14 enclosing a memo from Bill Gribben which says that the bills are not going anywhere.

Query: Where do the PATCO labor negotiations stand? Are we likely to have an air controllers strike? Since Jim Baker had a previous interest in this matter, perhaps Elizabeth Dole or the Labor Department could look into this for us.

ATTACHMENT

CC: Jim Baker
Mike Deaver
Dick Darman

J. H. Hodsoll

THE WHITE HOUSE
WASHINGTON

April 16, 1981

MEMORANDUM FOR ARAM BAKSHIAN

FROM: FRANK HODSOLL

SUBJECT: MEDAL OF FREEDOM

Unconscionably late! But I think Kate's thoughts are well taken. My own suggestions are annotated on your original memo; essentially I think Blake, Burns, Staats and Stockdale are worthy candidates.

ATTACHMENTS

THE WHITE HOUSE

WASHINGTON

April 10, 1981

MEMORANDUM FOR FRANK HODSOLL

FROM: KATE MOORE *KTM*

SUBJECT: Medal of Freedom

I have briefly reviewed the suggested recipients of the Medal of Freedom and have a couple of thoughts.

Method of Presentation

I see that the pattern for presentation is to give a group of recipients their medals simultaneously. I recommend that we consider announcing the awards one at a time or at most two to three at any one time to allow the event to have more impact. The rationale for announcing one award at a time is as follows:

- 1) Elevate the perceived merit of the award. Any award given out to several people vs. one individual becomes diminished in its perceived value. The recipient who is the only recipient in any given month or period of time has the feeling that it truly is the nation's most outstanding award; the public too, will perceive such.
- 2) Maximize the public relations impact of the award. There will be as much media attention, in my opinion; given to one award recipient as there would be to ten recipients at one time. We can therefore use the limited quota of medals that the President may want to give out over a broader expanse of time and use the awards to buttress any major message we may wish to be communicating.

For example, in the arts, giving the awards to one or two prominent artists (and no one else at the same time), would be a very clear statement that the President is a supporter of the arts. The same approach could be taken for any major Administration theme.

Additional Recipient Suggestions

Given our involvement in the arts of late, two names came to my mind; Issac Stern and Itzhak Pearlman, both premiere violinsits. Pearlman's award would be particularly appropriate given that this is the International Year of the Disabled, as Pearlman himself was crippled by polio. (The downside risk is that Pearlman would use the opportunity of this award to hammer the President for more support of the handicapped; he is a very strong supporter of the disabled).

Of the names that Bakshian submitte, I would endorse Eubie Blake, Arthur Burns and Ella Grasso.

I have attached Bakshian's memo, and if you care to discuss further, please advise.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

March 18, 1981

TO: Ed Meese (ex officio)
Jim Baker (ex officio)
Michael Deaver
Richard Allen
Martin Anderson
Robert Garrick
Lyn Nofziger
Dave Gergen
✓ Frank Hodson
Rich Williamson

FROM: Aram Bakshian *AB*

SUBJECT: First Round of Medal of Freedom Suggestions

The following names have been suggested for the first round of Medals. ~~Please give me a yes or no for each one, as a member of the in-house nominating committee chair. In addition, please attach any further names you might want to have considered by the committee.~~ We need not only individually worthy recipients but, ideally, a good balance. I've provided short background and source of recommendation with each name, along with brief comments as chairman. Presentations, except in extraordinary cases, are made in groups of a dozen or so although there is no fixed rule. I attach a list of all previous recipients to give an idea of the range of people honored in the past.

Suggested recipients:

Fred Astaire: Singer/dancer/actor - an internationally popular American performing artist and beloved figure. Recommended: Bakshian at suggestion of spokesmen for entertainment industry. Comment: A non-controversial choice - and one that should be made soon, if ever, given his age.

Yes Eubie Blake: Last of the great ragtime composers and pianists. Son of slaves. Still performing and composing at 97 (though currently hospitalized for a broken hip). One of the first Black artists to break the color barrier on Broadway. No militant political background and a truly historical figure in American performing arts - also a warm, charming old gentleman who gets a great press. Recommended: Bakshian. Comment: same as for Astaire, but time here even more pressing and race an added plus.

AB/pap

"continued"

Memo to Ed Meese, etc.

Re: First Round of Medal of Freedom Suggestions

James Burnham: A founding editor of National Review, only recently had to curtail his prolific scholarly and journalistic writing due to vision problems. From the thirties on, one of the seminal thinkers among responsible, intellectual anti-communists - himself one of the earliest prominent defectors from the left. A respected scholar, international analyst and moral and intellectual mentor of many prominent conservative thinkers, including Bill Buckley. Recommended: Bakshian. Comment: Age, achievement and sentimental place he holds in the hearts of younger conservatives like Buckley make Burnham the ideal conservative thinker to single out for honoring at the earliest opportunity.

407 Dr. Arthur Burns: Public servant and elder statesman economist with a long and distinguished record as both a thinker and a participant in the public arena. Recommended: Anderson. Comment: A natural, philosophically and on his personal and professional merits.

Frank Capra: Veteran film director and author. Epitome of the "American" theme in both his art ("Mr. Smith Comes to Washington", "It's a Wonderful Life", "Mr Deedes Goes to Town", etc.) and in his life (son of illiterate Sicilian peasant immigrants). Also distinguished public service in war-time as WWII producer of the "Why We Fight" film series for the U.S. Government. Now in his eighties but still active and popular. Recommended: Bakshian. Comment: His patriotic/populist appeal would hit the right note for this Administration - a lifetime spent expressing the ideals and inner strength of the American way of life.

Ella Grasso: (Posthumous) A woman, a Democrat and the first female governor elected in her own right rather than as predecessor's wife or widow. Cancer victim who fought bravely and served almost to the last minute. Recommended: Bakshian (after receiving a number of requests from Members of Congress). Comment: A bi-partisan choice and a woman who embodied public service while also leading a full family life and without engaging in shrill "sexual" politics - also a popular and respected figure in the Northeast.

Bryce Harlow: Confidant and sage advisor to every Republican President since Ike. A man who combined politics and statesmanship sans pareil. An un-elected "Grand Old Man" of the GOP and a revered Washington institution; also not in the best of health and deserving priority consideration in that respect. Recommended: Anderson and Bakshian. Comment: A way to salute "clean" politics in the person of a wise and worthy man with many admirers across the country.

Memo to Ed Meese, etc.

Re: First Round of Medal of Freedom Suggestions

Louis L'Amour: America's leading western novelist, perhaps the last major heir to a great popular literary tradition and one that glorifies values held by this Administration. Still producing excellent literature with an enormous public. Recommended: Nofziger. Comment: A chance to pay tribute to a truly American artist and art form and to recognize the importance of the pioneer/western spirit in the development of the nation.

Vermont Royster: Editor Emeritus of Wall Street Journal, still a fine columnist, and a distinguished son of the South. Embodies the best in American journalism, a sage and a patriot. Recommended: Bakshian. Comment: Compatible with the spirit of the Administration and has a long record of professional achievement that warrants recognition.

Yes
Elmer Staats: Recently retired civil servant who represents the best in his profession's tradition. Not always politically attuned to us but now out of the picture, and a symbolic "good" bureaucrat. Recommended: Bakshian at suggestion of Nancy Hanks and others concerned with encouraging morale among competent, highly motivated civil servants. Comment: Some doubts on this one, but a good way to emphasize that the Administration recognizes that there are dedicated, able people out there in the departments, and that, when they achieve excellence, we believe in recognizing them, too.

Yes
Vice Admiral James Stockdale, Ret.: Senior officer of American P.O.W.s in Vietnam and a hero of the "Hanoi Hilton". Recommended: Garrick. Comment: A plus as a way of saluting Vietnam Vets who currently feel neglected. Only negative consideration is that it may be a case of opening old wounds and focusing undue concern on El Salvador as a reprise of Vietnam. Stockdale is certainly personally worthy of the recognition.

That's the list to date. Please give me your initial yes or no and additional thoughts on these, plus any nominees you want to add. Will then be back to you with the results and a second ballot including your own additions, if any.

Thanks.

*Complete
list -
please do
not remove*

THE MEDAL OF FREEDOM

Presented by President Truman

	<u>Date</u>		<u>Date</u>
CHARMAN, William H. Mr.	1/26/46	POULLET, Pierre A., Father	1/26/46
HOWE, George L.	2/18/46	PULESTON, Dennis	2/18/46
JACKSON, Gordon Thorpe	1/26/46	SUN, Chen	2/18/46
MAZZARINI, Richard	2/18/46	WEST, Norman H.	1/26/46
		WHEELER, William M., Jr.	2/18/46

Presented by President Eisenhower

	<u>Date</u>		<u>Date</u>
ANDERSON, Robert B.	8/3/55	HERTER, Christian A.	1/18/61
DOUGLAS, James H.	1/18/61	KISTIAKOWSKY, George Bogdan	1/18/61
DULLES, John Foster	5/19/59	McELROY, Neil	12/1/59
GALARD-TERRAUBE, Mademoiselle Genevieve de	6/29/54	QUARLES, Donald A.	7/9/59
GATES, Thomas S.	1/18/61	STRAUSS, Lewis L.	7/14/58
GRAY, Gordon	1/18/61	VON NEUMANN, Dr. John	2/15/56
		WILSON, Charles E.	10/9/57

Presented by President Kennedy

	<u>Date</u>
SPAACK, Paul-Henri	2/21/61

THE PRESIDENTIAL MEDAL OF FREEDOM

Presented by President Johnson

	<u>Date</u>		<u>Date</u>
ACHESON, Dean G.	9/14/64	McCLOY, John J. ²	12/6/63
ANDERSON, Marian	12/6/63	McGILL, Ralph	9/14/64
BLACK, Eugene R. ²	1/20/69	McNAMARA, Robert S.	2/28/68
BRONK, Detlev W.	9/14/64	MacDONALD, J. Clifford	12/6/63
BUNCHE, Ralph J. ²	12/6/63	MACY, John W., Jr.	1/20/69
BUNDY, McGeorge	1/20/69	MEANY, George	12/6/63
BUNKER, Ellsworth ²	12/6/63	MEIKLEJOHN, Alexander	12/6/63
BUNKER, Ellsworth	2/6/68	MONNET, Jean ²	12/6/63
CASALS, Pablo	12/6/63	MORISON, Samuel Eliot	9/14/64
CAULFIELD, Genevieve	12/6/63	MUMFORD, Lewis	9/14/64
CLIFFORD, Clark ²	1/20/69	MUNOZ-MARIN, Luis ²	12/6/63
CONANT, James B. ²	12/6/63	MURROW, Edward R.	9/14/64
COPELAND, Aaron	9/14/64	NIEBUHR, Reinhold	9/14/64
DeBAKEY, Dr. Michael E.	1/20/69	PECK, Gregory	1/20/69
deKOONING, Willem	9/14/64	POPE JOHN XXIII, His Holiness ³	12/6/63
DISNEY, Walter	9/14/64	PRICE, Leontyne	9/14/64
DOBIE, J. Frank	9/14/64	RANDALL, Clarence B.	12/6/63
DUBINSKY, David	1/20/69	RANDOLPH, A. Philip	9/14/64
EDWARDS, Lena F.	9/14/64	ROCKEFELLER, Laurance S.	1/20/69
ELIOT, Thomas Stearns	9/14/64	ROSTOW, Walt Whitman	1/20/69
ELIISON, Ralph	1/20/69	RUSK, Dean ²	1/16/69
ENDERS, John F.	12/6/63	SANDBURG, Carl	9/14/64
FONTANNE, Lynn	9/14/64	SERKIN, Rudolf	12/6/63
FORD, Henry, II	1/20/69	SMITH, Merriman	1/20/69
FRANKFURTER, Felix ²	12/6/63	STEICHEN, Edward	12/6/63
GARDNER, John W.	9/14/64	STEINBECK, John	9/14/64
HARRIMAN, W. Averell ²	1/20/69	TAUSSIG, Helen B.	9/14/64
HESBURGH, Theodore M.	9/14/64	TAYLOR, George W.	12/6/63
HOLTON, Karl	12/6/63	VANCE, Cyrus R. ²	1/20/69
HOPE, Bob	1/20/69	VAN DER ROHE, Ludwig Mies	12/6/63
JOHNSON, Clarence L.	9/14/64	VINSON, Carl	9/14/64
KAIŠER, Edgar F.	1/20/69	WATERMAN, Alan T.	12/6/63
KAPPEL, Frederick	9/14/64	WATSON, Mark S., Mr.	12/6/63
KELLER, Helen	9/14/64	WATSON, Thomas J., Jr.	9/14/64
KENNEDY, John Fitzgerald ¹	12/6/63	WAUNKA, Annie D.	12/6/63
KIPHUTH, Robert J.	12/6/63	WEBB, James E.	12/9/68
LAND, Edwin H.	12/6/63	WHITE, E. B., Mr.	12/6/63
KOMER, Robert W.	2/6/68	WHITE, Paul Dudley	9/14/64
LASKER, Mary	1/20/69	WHITE, William S.	1/20/69
LEHMAN, Herbert H. (Governor) ¹	1/28/64	WILDER, Thornton N.	12/6/63
LEWIS, John L.	9/14/64	WILKINS, Roy	1/20/69
LIPPMANN, Walter	9/14/64	WILSON, Edmund	12/6/63
LOCKE, Eugene Murphy	2/7/68	WYETH, Andrew	12/6/63
LOVETT, Robert A.	12/6/63	YOUNG, Whitney M., Jr.	1/20/69
LUNT, Alfred	9/14/64		

Presented by President Nixon

	<u>Date</u>		<u>Date</u>
ALDRIN, Edwin E., Colonel, USAF	8/13/69	KROCK, Arthur	4/22/70
APOLLO XIII		LAIRD, Melvin R.	3/26/74
Mission Operations Team	4/18/70	LAWRENCE, David	4/22/70
ARMSTRONG, Neil A. ²	8/13/69	LINCOLN, George Gould	4/22/70
BEHRENS, Earl Charles	4/22/70	LOVELL, James Arthur, Jr.	4/18/70
BROSIO, Manlio	9/29/71	LOWMAN, Dr. Charles LeRoy	7/27/74
COLLINS, Michael, Colonel, USAF ²	8/13/69	MOLEY, Raymond	4/22/70
ELLINGTON, Edward Kennedy	4/29/69	ORMANDY, Eugene	1/24/70
FOLLIARD, Edward T.	4/22/70	ROGERS, William P.	10/15/73
FORD, John	3/31/73	ST. JOHNS, Adela Rogers	4/22/70
GOLDWYN, Samuel	3/27/71	SWIGERT, John Leonard, Jr.	4/18/70
HAISE, Fred Wallace, Jr.	4/18/70	VANN, John Paul ¹	6/16/72
HENRY, William M. ¹	4/22/70	WALLACE, Dewitt	1/28/72
HOFFMAN, Paul G.	6/21/74	WALLACE, Lila	1/28/72
HOPKINS, William J.	6/2/71		

Presented by President Ford

	<u>Date</u>		<u>Date</u>
ABEL, I. W.	1/10/77	JOHNSON, Lady Bird	1/10/77
BARDEEN, John	1/10/77	KISSINGER, Henry A.	1/13/77
BERLIN, Irving	1/10/77	MacLEISH, Archibald	1/10/77
BORLAUG, Norman	1/10/77	MICHENER, James Albert	1/10/77
BRADLEY, General Omar N.	1/10/77	O'KEEFFE, Georgia	1/10/77
BRUCE, David K. E. ²	2/10/76	OWENS, Jesse	8/5/76
BURKE, Admiral Arleigh	1/10/77	ROCKEFELLER, Nelson A.,	
CALDER, Alexander ¹	1/10/77	Vice President	1/10/77
CATTON, Bruce	1/10/77	ROCKWELL, Norman	1/10/77
DiMAGGIO, Joe	1/10/77	RUBINSTEIN, Arthur ²	4/1/76
DURANT, Ariel	1/10/77	RUMSFELD, Donald H.	1/19/77
DURANT, Will	1/10/77	SHOUSE, Katherine Filene	1/10/77
FIEDLER, Arthur	1/10/77	THOMAS, Lowell	1/10/77
FRIENDLY, Judge Henry J.	1/10/77	WATSON, James D.	1/10/77
GRAHAM, Martha ²	10/14/76		

Presented by President Carter

	<u>Date</u>		<u>Date</u>
ADAMS, Ansel	6/9/80	MITCHELL, Clarence, Jr	6/9/80
CARSON, Rachel ¹	6/9/80	PETERSON, Roger Tory	6/9/80
CHASE, Lucia	6/9/80	RICKOVER, Admiral Hyman	6/9/80
HUMPHREY, Hubert	6/9/80	SALK, Jonas E., Dr.	7/11/77
GOLDBERG, Arthur J	7/26/78	SILLS, Beverly	6/9/80
IAKOVOS, Archbishop	6/9/80	WARREN, Robert Penn	6/9/80
JOHNSON, Lyndon B.	6/9/80	WAYNE, John	6/9/80
KING, Martin Luther, Jr.	7/11/77	WELTY, Eudora	6/9/80
MEAD, Margaret ¹	1/20/79	WILLIAMS, Tennessee	6/9/80

¹Posthumously

²With Distinction

³Posthumously and With Distinction

January 14, 1981

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced the 1981 recipients of the nation's highest civilian honor, the Medal of Freedom. One of the 15 medals will be awarded posthumously.

The Presidential Medal of Freedom was initiated in 1945 to recognize Americans who have made an especially meritorious contribution to "(1) the security or national interests of the United States, or (2) world peace, or (3) cultural or other significant public or private endeavors."

The awards ceremony is scheduled to take place at the White House on Friday, January 16, at 3 p.m.

The recipients are:

Roger Baldwin, founder of the American Civil Liberties Union,
Harold Brown, Secretary of Defense,
Zbigniew Brzezinski, Assistant to the President for National Security Affairs,
Warren Christopher, Deputy Secretary of State,
Walter Cronkite, journalist,
Kirk Douglas, actor and goodwill ambassador for the U.S.,
Dr. Karl Menninger, psychiatrist,
Edmund Muskie, Secretary of State,
Margaret McNamara, founder of Reading is Fundamental,
Esther Peterson, Special Assistant to the President for Consumer Affairs,
Ambassador Gerard C. Smith, former director, Arms Control and Disarmament Agency,
Ambassador Robert Strauss, former Special Trade Representative,
Judge Elbert Tuttle, U.S. Fifth Circuit Court of Appeals,
The late Earl Warren, former Chief Justice of the Supreme Court,
Ambassador Andrew Young, former U.S. Ambassador to the United Nations.

Because of illness, Mr. Roger Baldwin will be unable to attend the White House ceremony. His medal will be presented to him at 3 p.m. Friday in New Jersey by William J. Vanden Heuvel.

#

12/2
Hodson
memo
FH ✓

Meese Mgs -
11/26, 12/1/80

December 2, 1980

MEMORANDUM FOR: James A. Baker III
FROM: F. S. M. Hodson
SUBJECT: Meese Meetings November 26, December 1 and 2

Ed Meese chairs policy and senior staff (sometimes called management) meetings normally on a daily basis, at 7:00 a.m. and 8:00 a.m. respectively. The meetings are attended by the following or their representatives:

- Ed Meese (Chair)
 - Bob Garrick
(sits next to Meese, introduced as his deputy)
 - Bill Timmons
 - Darrell Trent
 - Marty Anderson
 - Dick Allen
 - Ed Thomas
 - Mitch Stanley
 - Verne Orr
 - Pen James
 - Fred Fielding (on occasion)
 - Ed Harper
 - Jim Brady
 - Rich Williamson
 - Anne Armstrong
 - Peter McPherson
 - Cap Weinberger
 - Drew Lewis
 - Dick Wirthlin
 - Dean Burch *
 - Chuck Tyson *
- * Only attend 8 a.m. meeting

The first meeting operates on the basis of an agenda and papers being passed around at the meeting and decisions being made by Meese; the papers which are brief (1-2 pages) are collected at the end of the meeting by Darrell Trent. So far, in most cases, decisions have been deferred. In a number of cases, Ed has instructed persons at the meeting to take certain lines with the press, contact the Congress, prepare additional papers.

Summaries of the meeting follow (agendas attached). I have provided a fairly detailed summary to give you a flavor. Future reports will be confined to the more important matters.

1. Summary of November 26 Meetings

Policy Meeting (7:00 a.m.)

- o Format for Timmons Transition papers approved.
- o Ed Harper to confer with Halbouty, Rowen (Stanford) and McClure on current Energy Secy. Duncan request for RR guidance on ceilings on imports of oil at next International Energy Agency meeting (12/5/80).
- o Report on Congressional action.

- o Agreed to let Commission on National Agenda for '80s complete its work; RR Administration to review.
- o Meese outlined current position on grain embargo -- against imposing in the first place, but have to look at current situation before deciding finally whether to lift; against actions before 1/20/81.
 - Noted that Dick Lyng on Ag Transition Team quoted as saying that higher food prices will reduce inflation; discussion on stopping unauthorized statements to press.
- o Meese said RR for quick Hill action on renewing Presidential authority to reorganize subject to legislative veto; also for Hill action on providing greater flexibility regarding impoundments.
- o Noted that already agreed that COWPS would be abolished.
- o Re: paper on Cong. Rhodes complaint regarding potential Carter policy on water projects for Arizona, Meese instructed Williamson to find out what Rhodes problem was, Trent to find out what the Carter policy was; Jack Watson handling out of WH.
- o Re: Select Commission on Immigration and Refugee Policy, Allen and Anderson people to get briefing. (FH noted that McDonald had said this was one of items on which briefing would be forthcoming from the White House.)
- o Re: Iran Claims Commission legislation, Hansen wants legislation to set aside a "pot" to meet Iranian claims; Rhodes thinks legislation is needed. Should we encourage this to move forward in the lame duck session? Meese says not desirable to move now.
- o Issue of UN sanctions regarding Namibia deferred because paper not completed.
- o Regarding reported Meese view that STR should be shifted to Commerce, Meese denied; line will be: nothing will be done which would decrease effectiveness of our trade relations.
- o IDA replenishment (soft loan window of World Bank for poorest countries); Meese decided to let lame duck legislation die -- "not that we love the Third World less, but that we love ourselves more.")
- o Against action on ambassadorial appointments pre 1/20, even if for career people.
- o No transition team so far with Selective Service; Anderson and Van Cleave to go over and talk with current director; determine what current law is, budget, Presidential powers.

Management (8:00 a.m.)

- o Meese briefs on Cabinet selection process, notes selection of Under and Assistant Secretaries will be in consultation with WH.
- o Organization charts and lists of who doing what in transition to be provided to Verne Orr by all Transition divisions.
- o Nancy Chotiner and Barbara Franklin to provide conduit with outside women's groups; Pen James to organize; Drew Lewis to be involved; Anne Armstrong to help.
- o At Dick Allen's suggestion, CIA will brief all Transition personnel on defensive arrangements (this happening at 5 p.m. 12/2).
- o Dick Allen needs some secure space; FH mentioned space WH providing in NEOB; Meese said Verne Orr should coordinate. (Note: Allen getting space in OEOB from NSC).
- o Drew Lewis mentions Baker/Meese meeting with business people; this handled after the meeting. Lewis reported on meeting with Governors.
- o Timmons reported that 50% of the Transition Team reports were in, and that he expected the remainder in by the end of the week.
- o Meese reported that Garrick would be setting up an Operations Center and Public Response capability. He also said Garrick would be Deputy Director for Public Affairs and both press officers (Jim Brady in Washington and Joe Holmes in California) would be coordinated by him.

2. December 1 Meetings

Policy Meeting (7:00 a.m.)

- o Williamson report on pending items before Congress.
- o Suggestions on coordinating international public information and cultural programs were deferred. Abshire and Timmons to develop details.
- o Balanced budget constitutional amendment has problems. Meese decides to take no position at this time.
- o Initiative to turn on the hot water for government employees; get details before deciding.
- o After discussion, Meese decided against National Tourism Policy Act setting up an expanded federal tourism effort; neither for nor against Product Liability & Risk Retention Act (assisting manufacturers to secure insurance). Signal to be sent to the Hill to this effect.

- o Meese decided against permitting confirmation of Synfuels Corp. Board members. Allen raised political problem of Lane Kirkland being one of Carter's nominees. Meese said neither for nor against Kirkland, but for principle of no lame duck confirmations.
- o Agreed that should encourage Carter to get rid of 17% cap on Federal salaries. Noted that new report will be completed on 12/15, perhaps recommending even higher pay raises. Agreed to get what can under Carter's watch.
- o Noted that there would^{be} Rand briefing on two large pending Synfuels projects.
- o HUD logjam on budget referred back; paper not fully intelligible.

Management Meeting (8:00 AM)

- o Ops Center phone: 634-1766.
- o Ops Center will also provide warning on fast breaking stories.
- o Meese repeated that Bob Garrick would have overall responsibility for press now that Lyn Nofziger had left.
- o Reported on status of Cabinet selection. Hill consultation before announcements.
- o Noted RR schedule:
 - 12/8 Depart LA for NY
 - 12/9 Dinner with Mrs. Astor
 - 12/9 NY to Washington
 - 12/11 Dinner with Katherine Graham
 - 12/12 Dinner for Dick Schweiker
 - 12/13 Transition Briefings
- o Transition Team can use Riggs Bank at 18th and M
- o George Saunders will be Transition Director of Security
- o Pen James announced system for resumes: no comment if passing on as courtesy. Put buckslip on if want special attention.

3. December 2 Meetings

Policy Meeting (7:00 AM)

- o Report on Congress.
- o Agreed to talk with Laxalt, Eagleton and Riegel about auto industry layoffs.

- o Dick Starr (Hoover) proposal presented on reorganization of State Department (defended somewhat by Trent); would abolish most of Under Secretaries, make geographic assistant secretaries Level III, make economic affairs, Congressional liaison, oceans/environment, human rights, policy special assistants to Secretary. Meese decided to postpone decision, but call the attention of the new Secretary to the study.
- o Agreed to tell Jake Garn that RR for elimination of International Cooperation and Development Administration (IDCA) overlay of AID; Transition Team to look at putting IDCA and Peace Corps (Meese said Peace Corps under ACTION didn't make much sense) under State.
- o Levano v Campbell: Agreed that potential for 20% quota for minorities in new Federal employment bad idea. Transition Team should find opportunity to be heard on this.
- o Agreed to develop list of all Supreme Court cases likely to be decided prior to 1/30/81.
- o With Weinberger concurrence, lengthy budget session agreed for December 22.
- o At Marty Anderson suggestion, proposal for \$44 million for additional weapons grade plutonium deferred until see as part of budget.
- o Regarding DOE preparation of energy targets for US (legislative requirement), Meese decided to let DOE prepare, but put Congress on notice that RR Administration will want to review.
- o Agreed to look into question of FTC Asst. Gen. Counsel for Legislative and Congressional liaison being a career position. Meese felt should be political; McPherson to check law.
- o Remaining items (Synfuels briefing, Urban Development Assistance Development Grants, District of Columbia, PolicyCoordination status report) deferred to next meeting.
- o Ed Gray to clear documents for RR signature in terms of signing pen.

Management Meeting (8:00 AM)

- o Trent instructed to follow up meetings with memos of meetings and decision memos.
- o Drew Lewis will prepare report (copy to JAB) of proposal for Council on Federalism regarding returning funds to state and local govt.
- o Dick Allen asked Meese how to develop potential statements on Poland and El Salvador for RR. Meese said RR shouldn't raise (Carter still President); Allen to prepare statements (if asked as is likely) in conjunction with CIA and Foreign Policy Advisory Board.

- o Weinberger reported that his target range for the FY 81 budget would be \$620 billion. The OMB transition team was working on recommendations on cuts which RR could send on after Inauguration. They would also be looking at cuts for FY 82.
- o Noted that 129 were still unaccounted for from the Campaign. Meese expressed concern that all had been given a chance to join Transition or Inaugural Committee. Noted that a number had been offered positions which they had refused.
- o Two apartments available (Skyline and Glebe Road) through 1/21. Orr.
- o Lewis raised Oaxaca letter, need to develop plan re Hispanics. Agreed that Armendaris would take charge.

THE WHITE HOUSE

WASHINGTON

May 26, 1981

MEMORANDUM FOR JIM BAKER

FROM: FRANK HODSOLL *fh*

SUBJECT: Meeting Wednesday, 5/27 (10 a.m. your office)
on Kemp/Garment/Ravitch N.Y. Mass Transit Proposals

The meeting was requested by Len Garment; you agreed.
Attending will be:

Leonard Garment
Richard Ravitch
Dillon Reed

Art Teele, UMTA
Roger Miehle, Treasury
Robert Rafuse, Treasury
Annelise Anderson
Marty Anderson
Ed Harper

BACKGROUND

Jack Kemp wrote the President on April 9; Bill Green has written you; Dick Ravitch has written Stockman at least twice. I understand Garment and Ravitch have met with Stockman and Lewis. Stockman has responded to Kemp (on behalf of the President) and Ravitch (letters attached); he has also written Drew Lewis (letter attached).

What Garment et al want are:

1. Legislation permitting DOT to enter into long term contracts (limited to rail rehabilitation projects) to provide annual contributions over a long period of time (35 years). MTA would convert this long term commitment (\$280 million/year) into \$2.5 billion in bonds. Proposal is claimed to enable MTA to enter into rail car purchase contracts of sufficient duration and magnitude to permit American manufacturers to retool and retrain for a revitalized domestic rail car market.

2. Legislation to provide that local cost sharing (20% to the Federal 80%) would be required on a program, rather than project, basis. This would permit locally funded projects within a Federally approved program to go forward without detailed Federal scrutiny (including "Buy America", open competition and public hearing requirements) and allow some projects within such a program to be 100% Federally funded, as long as the overall program was shared on an 80/20 basis.
3. UMTA and OMB regulation changes which would:
 - eliminate pre-bid advance concurrence for special contracts such as new routes, rolling stock, fare control mechanisms and communications equipment;
 - elimination of UMTA advance concurrence for non-competitive contract awards which would be subject to post-audit for propriety, less detailed justifications and technical evaluations of non-competitive contract awards and standardization of components.
 - reduced UMTA oversight over consultant contracts.
 - flexibility to include spare parts within capital contracts where justified (subject only to post-audit review).
 - ability to award additional work orders on a cost plus basis.
4. Legislation to provide for (a) tax exempt interest on bonds issued by a governmental unit to acquire mass transit equipment, (b) such transportation equipment to be eligible for the investment tax credit, and (c) financial institutions nominally owning such equipment under lease to a transit authority to be considered the real owners for tax purposes. The purpose is to provide a tax shelter for financial institutions regarding equipment leases; this would make it cheaper for a mass transit authority to acquire the equipment.

Lewis says: New York should come back in two years when our budget is in better order.

Stockman's position is that we should not agree to the 35 year Federal contract proposal as it would tie up about \$1 billion annually and reduce the meager portion of the budget which is still discretionary, thus reducing our ability to manage the budget. On the other hand, Stockman believes we should review, and try to improve, the UMTA grant making process. He has advocated that to Lewis. I asked DOT to get into these regulatory issues; their answers in the briefing book are negatively inclined, but in my view hardly conclusive. I do not have a Treasury view on the tax proposals, but would expect them to be negative.

MASS TRANSIT AUTHORITY

The MTA system is the largest of its kind in the country. It consists of the New York City Subway System, the Long Island Railroad and Conrail's Harlem, Hudson and New Haven commuter rail divisions. The New York City Subway System carries 45% of all subway riders (1.08 billion passengers last year); an average weekday 3.5 million people ride the subway.

MTA's facilities and equipment are in terrible shape. Many of the facilities and electrical systems date back to the early 20th Century. Water is leaking into tunnels; electrical systems increasingly do not work. Much of the car fleet is over its useful life, and many of the newer cars procured in the mid-70's are unreliable. Deferring maintenance has been a major problem.

ANALYSIS

No one can argue that MTA does not have a problem. The question is: what is the Federal responsibility? Our policy moves towards getting localities to pick up operating and maintenance (O&M) costs of transit systems, but we agree with a continuing Federal commitment to helping mass transit systems acquire capital stock. I am told that fare box revenues account for less than 50% of O&M costs, the rest being subsidized by government. Our position on Conrail (spin-off to the localities) will cause MTA further costs; I am told they are willing to take on their share of the spin-off if the feds would continue to fund labor entitlements; I understand Drew Lewis is unwilling to push hard for labor reform in the Conrail context for fear it would cause Congress to turn us down on the spin-offs.

At the same time, MTA has not provided us with any projected revenue streams in support of their proposal. We have no financial analysis indicating what the true state of financial health of the system is. And, a point on our side is that elimination of the handicap regulations may result in \$3-4 billion in savings to MTA.

TALKING POINTS

- Welcome Garment/Ravitch/Reed; introduce others.
- Have generally reviewed your proposals. Purpose of meeting is to get better feel for the views of all concerned.
- We all agree MTA has a problem. We also agree that phasing out operating subsidies and spin-off of Conrail services will add to your burdens; on the other hand, reduction of regulation (e.g. re handicapped) should help the other way.
- Your principal proposal involves a long term commitment to capital grants to help you fund over time replacement of plant, equipment and rolling stock. No question you need to do this. No question this Administration feels the Federal Government should help. Problem is creating another long term Federal obligation when discretionary portion of budget already so small.
- Also, we are not clear as to whether funding of this sort over time would solve your problem. Your projections deal only with the next five or so years.
 - What projections do you have over the longer term?
 - What additional state and local financing will be available to meet O&M and capital debt servicing?
 - What fare box increases do you envisage over what timeframe?
 - How do you plan to allocate Westway, a portion of which could possibly be used for MTA?

- On regulatory easing, as Stockman has pointed out, we are in principle favorable. Get MTA/DOT/OMB to discuss.
- Regarding your tax proposals, we have not yet been able to obtain a full analysis from Treasury. But certain questions arise:
 - How would this work in practice?
 - How could one prevent this from becoming a precedent?
 - Why should entities financing mass transit get tax breaks (at presumably higher profits) when others financing socially desirable projects do not?
 - How much cheaper would your financing be if these proposals were adopted?