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WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

- X - MEDIA
- H - INTERNAL

Name of Document: BRIEFING PAPERS FOR PRESIDENT'S SCHEDULED APPOINTMENTS FOR JUN 02 81

1 Subject: Meetings with Republican Congressional Leadership regarding the tax bill, reconciliation, and block grants.

Subject Codes:
 PR 007.01
 EG 032.
 PL 005.04
 FA
 BE 004.
 FI 010.

2 Meeting with the Cabinet regarding surplus butter and fiscal control of waste, fraud, and abuse.

CM 003.02
 EG 010.01
 TA 004.03

3 Department of Agriculture paper on the sale of surplus butter

EG 019.

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
RMMATT	RSZ	8210125		C 8210125

Referral Note:

THE WHITE HOUSE
WASHINGTON

det
June 1, 1981
4:00 pm

THE PRESIDENT'S SCHEDULE
Tuesday, June 2, 1981

9:10 — OVAL — SM, SA, MKS, BUSH

9:00 am Meeting with Republican Congressional Leaders Cabinet Room
(60 min) (Max Friedersdorf)
Press Pool Opportunity (TAB A)

9:20 MK — 10:23

~~10:00 am Staff Time Oval Office
(30 min)~~

10:30 am National Security Briefing *SB, SM, MKS, BUSH, ALLEN* Oval Office
(15 min) (Richard V. Allen) *CLARK*

10:45 am Meeting with Baker, Meese, Deaver, *10:47 — 10:50* Oval Office
(15 min) Friedersdorf, Speakes and Gergen

10:50 —
~~11:00 am Personal Staff Time Oval Office
(30 min)~~

11:35 — 12:35
11:30 am Cabinet Meeting Cabinet Room
(60 min) (Craig Fuller) (TAB B)

12:40
12:30 pm Return to Residence

Personal Staff Time Rest of Day

3:00 DEPART GW HOSP — Jim Brady VISIT

3:40 — RETURN WH

Dave

CABINET MEETING PARTICIPANTS

Tuesday, June 2, 1981 -- 11:30 a.m.

The Cabinet -- All Members *

- ~~James A. Baker, III~~
- ~~Michael K. Deaver~~
- ✓ Richard V. Allen
- ✓ Martin Anderson
- ✓ Max Friedersdorf
- ✓ David Gergen
- ✓ Ed Harper
- ✓ Rich Williamson
- ✓ Richard Darman
- ✓ Craig Fuller
- ✓ Larry Speakes
- ✓ William Niskanen, Jr. (CEA)
- ✓ Rich Bond
- ✓ Karen Hart
- ✓ Robert Garrick
- ✓ Karna Small
- * ✓ Edward Schmults, Deputy Attorney General
for the Attorney General
- * ✓ Donald Hodel, Under Secretary of the
Interior for Secretary Watt
- * ✓ Richard Lyng, Deputy Secretary of Agriculture
for Secretary Block
- * ✓ David B. Swoap, Under Secretary of Health and
Human Services for Secretary Schweiker
- * ✓ Thorne Aucher, Assistant Secretary of Labor
for OSHA for Secretary Donovan
- * ~~Ambassador Kirkpatrick will not attend~~

Pres.
V. Pres
Haig
Regan
Wenburger
Baldrige
Pierce
Lewis
Edwards
Bell
Meese
Stockman
Casey
Brook

Jim Baker come in at very end of meeting
Vice Pres. left early.

White House Fellows observing:

- ✓ Mary M. McKeown, White House
- ✓ W. Earl Walker, OPD

THE WHITE HOUSE

WASHINGTON

June 1, 1981

MEETING WITH REPUBLICAN CONGRESSIONAL LEADERSHIP

DATE: June 2, 1981
LOCATION: The Cabinet Room
TIME: 9:00 a.m. (one hour)
FROM: MAX L. FRIEDERSDORF *MLF*

I. PURPOSE

To discuss legislative strategy on the tax bill, reconciliation and block grants. Also, to receive the Senate and House reports from the Republican leaders.

II. BACKGROUND

Tax bill: House Ways and Means and Senate Finance have conducted hearings on the President's tax reduction proposals. Ways and Means is scheduled to start mark-up, possibly next week.

Reconciliation: House committees have until June 12 to achieve their various spending cuts mandated under the Budget Resolution. House Democrats are mobilizing to break the Budget Resolution ceiling by restoring and adding programs cut by the Resolution. Dave Stockman proposes to defeat the Democratic strategy by a vote on the House Floor.

Block Grants: The President's four Block Grant proposals (Health, Education, Social Services and Emergency Hardship Assistance) have been rejected by the House Energy and Commerce Committee, House Ways and Means, and House Education and Labor. In the Senate, all four Block Grant proposals are snagged in Senate Labor and Human Resources Committee. To recoup these losses, Dave Stockman is proposing to consider Block Grants under the reconciliation process when the measure comes before the House for a Floor vote. In the Senate, negotiation is continuing with the Labor and Human Resources Committee

III. PARTICIPANTS

See Attachment A

IV. PRESS PLAN

Press photo, if desired. White House photo. No press coverage.
(Baker and Michel to brief afterwards, if desired)

V. SEQUENCE OF EVENTS

The Leaders enter the Northwest Gate and proceed to the West Lobby before joining the President in the Cabinet Room.

Attachment: Talking Points
Agenda

PARTICIPANTS

The President
The Vice President
Secretary of Treasury, Donald Regan
Director of the OMB, David Stockman
Undersecretary of HHS, David Swoap
Chairman of the RNC, Richard Richards

SENATE

Howard Baker, Majority Leader
Ted Stevens, Majority Whip
James McClure, Chairman of Republican Conference
Jake Garn, Secretary of Republican Conference
Paul Laxalt
Strom Thurmond, President Pro Tempore of Senate
Bob Dole, Chairman of Finance Committee
Orrin Hatch, Chairman of Labor & Human Resources Committee
Pete Domenici, Chairman of Budget Committee
Mark Hatfield, Chairman of Appropriations Committee

HOUSE

Bob Michel, Minority Leader of the House
Trent Lott, Minority Whip of the House
Jack Kemp, Chairman of Republican Conference
Clair Burgener, Secretary of Republican Conference
Jack Edwards, Vice Chairman of Republican Conference
Dick Cheney, Chairman of Republican Policy Conference
Edward Madigan, Chairman of Republican Research Committee
Guy VanderJagt, Chairman of National Republican Congressional Committee
Tom Evans, Vice Chairman National Republican Congressional Committee
John Rhodes, Dean of House Republicans
Barber Conable, Ranking Republican Members, Ways & Means Committee
Silvio Conte, Ranking Republican Member, Appropriations Committee
Del Latta, Ranking Republican Member, Budget Committee
William Stanton, Ranking Republican Member, Banking, Finance &
Urban Affairs Committee
John Ashbrook, Ranking Republican Member, Education & Labor Committee

STAFF

Jim Baker, Ed Meese, Mike Deaver, Lyn Nofziger, Martin Anderson,
Dick Allen, Dave Gergen, Dick Darman, Max Friedersdorf, Powell Moore,
Ken Duberstein, Jonna Lynn Cullen, Bob Thompson

REGRETS

Secretary of HHS Richard Schweiker - out of town
Senator John Tower - out of the country
Senator Bob Packwood - involved in Senate hearings
Congressman James Quillen - in Tennessee

OPENING REMARKS FOR THE PRESIDENT

In the last several days, as we have engaged in conversations about the tax package, I have been very encouraged by news from the real front lines -- and that is, the people back home.

Specifically, I have received several reports, based on public opinion polls, about strong and growing national support for tax cuts as well as budget cuts.

With us here this morning is Dr. Richard Beal of Ed Meese's staff. Richard worked for several years with Dick Wirthlin and is now on the White House staff ^{working} ~~working~~ on long range planning.

Richard...

SUGGESTED TALKING POINTS FOR MEETING WITH
REPUBLICAN CONGRESSIONAL LEADERSHIP

- We have two items of business for discussion today before we turn to Howard (Senator Howard Baker) and Bob (Congressman Bob Michel) for their Leadership Reports.
- I would like to call on Dave Stockman first to discuss the reconciliation strategy for holding the Democrats to the ceiling imposed by the Budget Resolution, and this will include a possible solution on our problems with the Block Grant proposals.
- I would also like to mention my talk with the Democratic Leaders yesterday and ask Don Regan to report on his continuing discussions regarding the tax bill.
- (Following the Stockman/Regan commentaries, the President will call on Howard Baker and Bob Michel for their respective Senate and House reports.)

AGENDA


- 9:00 a.m.
(5 minutes) The President opens the meeting and proposes an agenda on the tax bill, reconciliation and Block Grants.
- 9:05 a.m.
(10 minutes) The President calls on Dave Stockman for a presentation on reconciliation strategy.
- 9:15 a.m.
(10 minutes) The President reports on his meeting with the Democratic Leadership concerning the tax bill, and introduces Don Regan to comment further on the tax bill.
- 9:25 a.m.
(10 minutes) The President calls on Senate Majority Leader Howard Baker for the Senate report. (Senator Baker may call on various Senate Chairmen during this report.)
- 9:35 a.m.
(10 minutes) The President calls on House Republican Leader Bob Michel for the House report. (Congressman Michel may call on various ranking Republican members during his presentation.
- 9:45 a.m.
(15 minutes) The President opens the meeting for general discussion.
- 10:00 a.m. The President concludes the meeting.

B

THE WHITE HOUSE

WASHINGTON

June 1, 1981

MEETING WITH THE CABINET
DATE: June 2, 1981
LOCATION: Cabinet Room
TIME: 11:30 a.m. (60 mins.)
FROM: Craig L. Fuller 

I. PURPOSE

This meeting of the Cabinet was scheduled to discuss the sale of surplus butter stocks and review our progress on waste, fraud and abuse.

II. BACKGROUND

The principal issue being dealt with in this Cabinet meeting is the recommendation from the Department of Agriculture to sell surplus butter stocks. This matter has been under review since early May; however, there are differences among Cabinet members which should be reviewed prior to a decision.

The attached papers explain the views of USDA, NSC, and State. The views may be summarized as follows:

USDA -- The Department is proposing the sale of up to 100,000 tons of surplus butter prior to its turning to lard. Selling it at the present time would take advantage of a world market condition in which other butter suppliers are out of stocks. Such a sale now would also provide some degree of revenue to the Treasury.

OMB -- Concurs in the USDA recommendation.

State - Opposes USDA's recommendation because the major potential buyer for our butter exports either directly or through a third party would be the Soviet Union. State believes the Administration would be criticized for selling subsidized butter to the Soviets at prices significantly lower than those charged U.S. customers. Such a sale could hurt, in State's view, our trade relationships with other countries.

NSC -- NSC opposes USDA's recommendation because it would undercut our East-West trade policy and be misunderstood by our allies.

USTR -- While originally concerned about reaction among our allies, Bill Brock has satisfied himself that the reaction would not be significantly adverse and is in support of USDA's recommendation to sell the butter stocks.

III. PARTICIPANTS

(The list will be attached to the agenda.)

IV. PRESS PLAN

(White House photographers)

V. SEQUENCE OF EVENTS

After calling the meeting to order, Deputy Secretary Dick Lyng from Agriculture should be called on. (Secretary Block is still abroad.) Dick Lyng will present the position papers submitted by Agriculture. Following the discussion from USDA, Secretary Haig should be recognized next to voice his concern. The second agenda item is a briefing by Ed Harper on current activities related to fiscal controls in the waste, fraud and abuse program.

Attachment

THE WHITE HOUSE

WASHINGTON

CABINET MEETING AGENDA

June 2, 1981 -- 11:30 A.M.

1. Sale of Surplus Butter Richard Lyng

2. Fiscal Controls/Fraud and Ed Harper
Waste



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

June 1, 1981

- I. SUBJECT: Sale of Surplus Butter Stocks (Commodity Credit Corporation)
- II. ORIGINATOR: Richard E. Lyng, Deputy Secretary
- III. ACTION FORCING EVENTS: This matter has been under inter-departmental and White House review for some time.
- IV. STATEMENT OF THE ISSUE: USDA seeks approval of the sale of 100,000 tons of surplus CCC butter stock for export.

CCC butter would be sold to the highest bidder but at prices no lower than the prevailing "world price." Successful bidders (exporting firms) would be free to specify the final export destination. The alternative, it seems to us, is to have huge quantities begin to turn rancid and be almost a total loss.

V. ANALYSIS:

A. Rationale for making the sales at this time:

1. CCC is utilizing all existing domestic outlets, yet uncommitted butter inventories presently are approximately 200,000 tons and continue to increase by approximately 8-9 million pounds each week.
2. The cost of carrying these surplus stocks is burdensome, storage capacity is severely taxed, and some of the butter could soon go out of condition.
3. Presently all traditional suppliers of butter for the world market are virtually out of exportable stocks, thereby permitting a "window" for sale of CCC butter without creating adverse effects upon the world price for butter.
4. This action is consistent with current Administration initiatives to affect necessary changes in the dairy support program in order to avoid future buildups of CCC dairy inventories as was permitted during the previous Administration.

B. A number of concerns have been expressed:

1. This action will stimulate criticism that the U.S. is making butter available to consumers in foreign countries (including the Soviet Union) at prices far lower than to our domestic consumer.

2. Such action will make the U.S. Administration initiatives more difficult when voicing objections about the unfair trade policies of other nations i.e., Japanese rice sales, EC wheat subsidies, etc.

3. This action may be in violation of GATT subsidy rules.

4. This action will annoy some of our trading partners, especially New Zealand.

VI. RECOMMENDATION: The USDA recognizes the validity of the above mentioned concerns. Notwithstanding these considerations, we strongly recommend the approval of this action.

VII. DECISION:

Approve _____

Disapprove _____