

[Trip to Japan and Korea, 6/22/79-7/1/79] [1]

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memo	From Schultze to The President (one page) re: Consumer Prices in May, 1979 <i>OPENED 6/11/99</i>	6/25/79	A
memo	From Cutler to The President (3 pp.) re: 1980-Import Reduction Targets <i>OPENED 6/11/99</i>	6/25/79	A
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memo	From Owen to The President (2 pp.) re: oil import ceilings set by Summit nations <i>OPENED 6/11/99</i>	6/28/79	A
memo	From Owen to The President (11 pp.) re: Tokyo Summit <i>OPENED 6/12/97</i>	6/22/79	A
note w/ att.	From Owen to The President (4 pp.) re: Energy Talks Between Prime Minister Ohira and The President	6/24/79	A
letter	From Prime Minister Ohira to The President <i>Open 2/3/96</i>	6/20/79	A

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EMBASSY OF JAPAN
WASHINGTON, D. C.

June 20, 1979

Dear Mr. President:

I have the honor to convey to you the following message from Prime Minister Ohira congratulating you on your signing of the SALT II Treaty.

"June 18, 1979

Dear Mr. President,

I wish to congratulate you on the signing of the SALT II Treaty on the occasion of your first summit talks with President Leonid Brezhnev.

I believe that the conclusion of the SALT II will not only contribute to the promotion of nuclear disarmament but also to the increase in the stability of the U.S.-U.S.S.R. relations and thus to the maintenance of international peace and stability.

I highly value the efforts you have exerted to obtain this historic achievement with your long-held dedication.

I am earnestly looking forward to seeing you again in Tokyo next week.

Sincerely,

Masayoshi Ohira"

On closing let me express my own congratulation on you.

Sincerely yours,

Kiyoshi Sumiya
Kiyoshi Sumiya
Chargé d'affaires
ad interim of Japan

His Excellency
Jimmy Carter
President of the United States

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~~CONFIDENTIAL~~

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 22, 1979

~~CONFIDENTIAL~~

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN po
SUBJECT: Tokyo Summit (U)

C 29.
/

This memorandum reviews the US position on Summit issues, in light of recent events -- including discussions with the Summit Preparatory Group, German Economics Minister Lambsdorff, and French leaders (Giscard, Barre, and Francois-Poncet) in Paris last week, as well as the EC heads of government meeting, which ended today. (U)

I. Energy

Overall. Schmidt wants to begin the Summit with a general review of the energy problem. Given the limited amount of time available (a total of about 10 hours for the entire Summit) and the complexity of the issues involved, it would be useful to agree quickly that the problem is serious and then move to consideration of specific actions. (C)

A. Demand Restraint

1. Import Reductions. There are several questions here:

a. What should be the 1979 cut? The French leaders and Lambsdorff told us that they would accept the US proposal to translate the IEA/EEC prescription for a cut equal to 5% of projected consumption into specific national import levels. From the standpoint of public impact, this would be better than the present 5% formula. The Japanese and other European countries may object, not wanting to strengthen their commitment to import reductions. Lower-level French and German officials feel the same way. Schmidt's position is unclear. If you can't get agreement on this proposal, a definition of the amount of the cut would be a very poor second best. As for agreeing on a 1979 5% cut off future growth, this would only be repeating what the IEA has already done. (C)

b. What should be said about 1980 and future years? From the standpoint of public impact, this is more important than 1979, which is already covered by the IEA pledge. The EC agreed today to maintain Community imports between 1980 and 1985 at a level not higher than 1978, if other industrial countries will do the same. But this was a collective commitment for the Community as a whole; the French could not get agreement on individual country ceilings.

~~CONFIDENTIAL~~

Review on June 22, 1985

~~CONFIDENTIAL~~

We would prefer country specific targets. And using the 1978 base poses very serious problems for us, since 1978 saw a temporary dip in US oil imports. You might propose this formula: country specific import targets for 1980 would be fixed at 1979 or 1977-79 levels; country specific import levels for later years would be fixed in each preceding year, within an overall 1980-85 annual import level for the Summit countries as a whole, based on either 1979 or a 1977-79 average. We should insist on some provision for quarterly review of targets, since none of us can see clearly five years ahead. (C)

c. Should import ceilings be binding in a moral sense, or merely a best-efforts pledge? The French will back us in seeking binding pledges. At least some of the others will resist, fearing that these targets cannot be met without lowered economic growth. (C)

d. What procedures should be adopted to give force to these pledges? The US proposal for monthly meetings of national representatives to monitor progress seems acceptable to our allies, as does the US proposal that the Summit countries specify at Tokyo the measures that they are taking or will take to achieve their targets. The French want countries' success or failure in achieving agreed targets to be publicly certified; this is a good idea, and you might suggest it, if they don't. (C)

e. What should be the follow-up? Execution of the agreements can be remanded to the IEA and the EEC (for the French). You might propose that the heads of government also continue to be involved -- to enhance both the visibility and effectiveness of follow-through. The Summit could agree that the heads of government would periodically review progress, on the basis of reports to be submitted to them by the Summit Preparatory Group, in carrying out their commitments regarding not only import levels but also the spot market, allocation, and stockpile purchase policies described below. (C)

2. Spot Purchases. The EC Ministers agreed earlier this week to our two proposals: that the Summit countries commit themselves to discouraging their oil companies from buying or selling crude oil on the spot market, and that there should be systematic monitoring of the spot market, to see if further action is required. (C)

*above
OPEC
price*

The EC has also agreed to discuss at Tokyo the notion that the oil companies be compelled to register all sales; this could be cumbersome, but could have a useful public impact in dramatizing our intent to puncture the spot market. (C)

*Other
word?*

3. Allocation. The French accept our idea of instituting a voluntary system of allocations now, with the understanding that more stringent action might be taken if it failed. Other EEC countries either prefer that the voluntary allocation scheme only come into effect later this year, if the situation does not improve in the meantime, or (in the case of the Germans) reject it altogether,

Lambsdorff told me that they don't object to the IEA taking the actions we envisage (asking countries to increase or reduce oil imports, as needed to fulfill targets), but they don't agree to describing this procedure as allocations. So you might suggest that the communique describe what will be done to ensure the targets' fulfillment, without using the term "allocation". (C)

5. Automobile Research. Brock Adams tells me the European transportation ministers agreed to support your proposal to internationalize basic automobile research. He and I interpret this to mean setting up an international council to fix priorities, arrange for joint international funding, and share resulting research findings. I told my colleagues on the Summit Preparatory Group that you would raise this at Tokyo. (C)

B. Supply

1. Coal. All the Summit countries agree that the communique should register the Summit governments' intent to promote increased production and use of coal. The real question is whether they are prepared to do anything about it. They have agreed to coal guidelines in the IEA; Summit agreement could provide a powerful political impulse. We proposed in a Summit preparatory meeting creation of an International Coal Advisory Board, made up of private experts, which would recommend actions to governments, thus exerting pressure on behalf of pro-coal courses of action. The International Energy Agency's staff liked the idea so much that they have started to create such a Board themselves. In the process, they have redefined its role in ways that would minimize its influence. Hence the importance of the Summit's endorsing the Board's creation and underlining the importance that the Summit countries attach to it. (C)

In the industrial world, the Board might try to work out an agreement going beyond the IEA guidelines, regarding reciprocal removal of restrictions on coal trade; Senator Byrd has shown a lively interest in this concept. In the developing world, the Board would identify opportunities for increased coal production; Bob McNamara is ready to provide increased IBRD loans, as needed, to exploit these opportunities. There's no outright opposition in the Summit Preparatory Group to creating a Board -- just lethargic disinterest in doing something that the IEA already seems to be tackling and some suspicion that the US is seeking to promote its coal exports. So you can probably secure agreement on Summit action if you press. In the short run, there is more potential for oil replacement in coal than anywhere else. (C)

2. Nuclear Power. There are two issues here:

a. Schmidt and Giscard want a ringing endorsement of the need for more nuclear power to help them overcome domestic opposition.

Stu Eizenstat feels that it would be counterproductive for you to seem to anticipate the findings of the Three Mile Island Commission. The probable solution in communique language will be to recognize the importance of nuclear power and the necessity of making it safe. (C)

b. Giscard fears that Schmidt's proposal for an international study of nuclear safety will provide a pretext for delay. He proposes international cooperation on safety; Schmidt agrees. (C)

3. New Energy Technologies. To fulfill the instruction you gave me last Wednesday, I proposed to French and German leaders and to the Summit Preparatory Group that the Summit agree:

a. on the need for increased international financing of projects demonstrating new technologies -- e.g., synthetics, heavy crude processing, and biomass;

b. to create an International Energy Technology Group to make a compendium of what is being done or planned domestically by member countries to this end, to evaluate the opportunities for international participation in these projects, and to recommend to heads of government whether a permanent mechanism should be created -- or other steps taken -- to facilitate broader participation in the financing of commercial scale demonstration projects. (C)

French leaders and Lambsdorff agreed; most members of the Summit Preparatory Group merely asked questions. They are wary of new financial commitments. (C)

Once the International Energy Technology Group is set up, it could seek pledges from members as to what they will do domestically to invest more funds in new technologies. By suggesting the need for parallel action in all importing countries, the Group might shame laggards. The US could cite to the Group your recent decisions on solar energy and any actions that you decide to take in respect of synthetics after returning from Tokyo. The sum of all the industrial countries' domestic actions might add up to an impressive total, which would have useful public impact. The Group could ensure that there was full exchange of information about these domestic efforts, in order to avoid wasteful overlapping. (C)

The Group would also consider the potential for international financing. This might take the form of other countries buying into an existing domestic project of one of the member countries, as the Germans and Japanese have bought into SRC-II. Or it might take the form of a new international venture, e.g., to exploit Venezuelan tar sands, which might either be organized on an ad hoc basis or be financed by a new permanent international instrument, if the Energy Group, and then the heads of government, decided that one was needed. (C)

The Group should report to the heads of government in three months. (C)

Against the background of the Summit's decision to create such a Group, you could portray any actions you decide to take regarding synthetics, etc., on your return from Tokyo as effective follow-up to the Summit's call for greater effort in this field -- as well as a response to our domestic needs. (C)

In all of this you will want to be careful not to suggest that any domestic action we decide to take in this field will be subject to international control -- or will somehow end up by becoming a form of foreign aid. Since none of this is true, it shouldn't be hard to avoid giving this impression. (C)

In this discussion, you might remind Schmidt of his Time magazine statement that he wants to see a lot more money go into developing new energy technologies. He is particularly interested in investing more money in solar energy, since he fears that increased use of coal in any form will add dangerously to the carbon dioxide levels in the atmosphere. We don't yet know enough to judge in what degree his fears are well founded. He believes that after the environmentalists weary of nuclear energy, they will turn to CO-2. (C)

I get more queries from the media about what Tokyo will do to promote new technologies than any other aspect of the Summit. A commitment at Tokyo to new action in this area has become -- together with effective action to reduce 1980 imports -- an acid test for them as to whether the Summit is serious about energy. (C)

C. Dialogue with OPEC

All the countries seem to agree that there should be continuing discussion with the oil exporters -- and that this can best be done through separate informal low-key approaches by the US, Europe, and Japan to individual oil-exporting nations. Occasionally, the French seem to favor a more structural dialogue, and Schmidt is reported to be considering another meeting of industrial, developing, and OPEC countries to this end. The last such meeting was a disaster; the more formal the meeting, the more extreme rhetoric prevails. (C)

obvious
Whatever the form of dialogue, the French and others have in mind that the object of these discussions with exporting countries should be persuade them that, in order to avoid damage to the world economy and in return for the measures by oil importers outlined above, they should increase production (or at least not reduce production to compensate for cuts in consumption), moderate price increases, and cooperate in managing an orderly market. (C)

But all agree this will not happen unless the industrial nations show that they can first put their own house in order -- not to please the oil exporters but to improve the basic balance between supply and demand. When it is clear that this balance will be improved, the oil exporters may see more clearly that moderation is in their interest, since the oil importing countries are effectively and collectively responding to the challenge. This point may be worth stressing at Tokyo, if some of the other heads of government seek refuge from the hard business at hand by suggesting that the problem can somehow be made to go away by talking to the OPEC countries about it. (C)

D. Relation to EEC

At Tokyo we should go out of our way to acknowledge the Tokyo Summit's prior debt to EEC consideration of these issues, as well as the role that the EEC can play in Summit follow-up. If the EEC countries can agree on common positions to take at the Summit, and on common action to take in carrying out Summit decisions, this will make the whole thing work better. Jenkins may thus have a larger role to play at Tokyo than at previous Summits -- although Giscard will probably consider that he can speak effectively for the EEC, since France has the Presidency. (C)

E. The \$5 Entitlement on Imported Distillates

As you know, the Europeans feel very deeply about our \$5 per barrel credit within the entitlements program imposed to prevent Caribbean distillates that normally flow to the US from going to Rotterdam. If the measures described above have the intended effect, there should be no need for continuing this credit. You might enhance your bargaining power, in seeking agreement on US energy proposals at Tokyo, if you indicated that you would not renew this credit at the end of the initial four-month period, if effective agreements were reached at Tokyo to bring greater order into the oil market. (C)

Expiration date?

II. Macro-Economic Policy

1. Short-Term. Giscard wants the communique to register the Summit governments' intent to offset the contractionary effects of higher oil prices through their domestic macro-economic policies. There are differences of view as to how much can be done to this end. All agree that the effects of oil price increases cannot be passed through in the form of wage increases without disastrous effects, and that this should be made clear in the communique. The unresolved question is whether Germany and Japan will continue to maintain high growth rates, or cut back to fight inflation. Both are clearly leaning in the latter direction. We should join the other Summit countries in urging these two countries to continue to maintain the rates of growth in domestic demand to which

they committed themselves at Bonn. This is in our interest from the standpoint of increasing US exports and strengthening the dollar. If the opportunity arises, you may want to make this point in bilateral talks with Schmidt and Ohira. German and Japanese policies will be reviewed bilaterally in the OECD assessment of member countries' macro-economic responses to higher oil prices this fall. (C)

2. Medium-Term. All agree this Summit should place more emphasis on medium-term policies to increase investment and productivity. This means such steps as deregulation, tax incentives for new investment, less protection and subsidy, and reducing the size of the public sector. The only question is how clearly this view should be stated, and how specifically these policies should be described. It would be helpful to the US -- since we will want to move in this direction anyway -- to have the Summit speak forcefully to this issue. Thatcher and Clark will likely take the same view. As on most issues, the Japanese will favor generalities. (C)

III. North-South

U.S. ?
All agree that the Summit should emphasize aid to developing countries for production of energy and food, and should stress technical assistance. Again, the need is for specificity: otherwise, the whole thing will be dismissed by the developing countries as a farce. Furthermore, only a clear call for specific action will produce that action. We do not want the Summit, in its pre-occupation with energy, to become -- or to be seen to have become -- an ingrown rich man's club. The other countries agree but would, for the most part, be content with bland generalities. (C)

1. Energy. The key points to make here are:

a. The Summit should call on the World Bank and other multi-lateral banks to expand their programs to aid hydrocarbon exploration in LDCs, and on the Summit countries to improve their national programs to the same end. The French have proposed a joint mechanism (presumably managed by the World Bank) to guarantee developing countries and oil companies against the risks of fruitless exploration; the Summit could ask the World Bank to study this idea, which is too vague to be acted on. (C)

b. The Summit countries should agree to give high priority, in their aid budgets, to renewable energy development in LDCs and should call on the World Bank to coordinate increased bilateral aid for this purpose. (C)

c. The French want the Summit to call on the OPEC countries to participate vigorously in these programs of energy aid to LDCs. This makes sense. (C)

2. Food. In line with Sol Linowitz' Hunger Commission report to you:

a. Reserves. The Summit should call on LDCs to strengthen their food storage capacity, so that they can maintain larger food reserves, and should urge increased bilateral and multi-lateral aid to them for this purpose. You might urge governments expeditiously to establish the basis for a successful resumption of the negotiations for an international wheat reserve. (This means European willingness to agree to larger stocks.) (C)

b. Production. The Summit should call on LDCs to develop national food production strategies, and pledge increased bilateral and multilateral aid to help LDCs carry out these strategies. (C)

c. Research. The Summit should call for increased bilateral and multilateral aid for agricultural research in LDCs. This is one of the main prerequisites to increased food output; it is underfunded. The most effective instrument for supporting this research is the World Bank's Consultative Group for International Agricultural Research; its resources should be doubled. (C)

d. Food Aid. The Summit should call for more food aid to LDCs. To this end, it should suggest negotiating a new Food Aid Convention, and fulfilling the aid targets in the present one. (C)

3. Technical Assistance. The Summit should call for increased effort in this field and for coordination between national programs -- such as our proposed new Institute for Scientific and Technological Cooperation and the comparable Canadian institution. (C)

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The heads of government don't need to spend a great deal of time on these North-South issues. If they will agree that the communique should be specific, the Summit Preparatory Group can do the rest. The Bonn communique called for a new World Bank program of lending for oil exploration in LDCs, which has proved exceedingly useful. This is the sort of thing Summits can accomplish in the North-South field if they resist the temptation to settle for soothing generalities. The steps proposed above cost little. (C)

IV. Other

1. Trade. Nothing new here. All agree on the need to say something forceful about implementing MTN. (C)

2. Monetary. No need to spend much time on this issue unless the fall in the dollar continues, in which case Mike Blumenthal will have specific recommendations as to what you might say about this at Tokyo (C)

V. Topics for Discussion at First Day's Luncheon (Heads of Government Only)

1. Central America. I told my colleagues that you would wish to discuss creation of an international consultative group regarding aid to Latin America. Lacking instructions, they said nothing. (C)
2. Indochina. The Canadians, British, and French agree that the refugee issue should be discussed. I suggest you raise the issue and ask the Summit countries to agree on two principles: the need for greater effort, in view of the rising number of refugees; and the need for a more equitable division of responsibility, which we have been largely bearing single-handed. The Summit could appoint a small group to join others in giving effect to these principles in preparing specific recommendations for an international UN Conference on refugees. These specific recommendations should cover three issues: Where will the refugees first stay when they come out; where will they resettle; and where will the money come from? You might point out that the US and some other Summit countries failed in the 1930s to accept Jewish refugees from Nazi Germany in needed numbers -- a moral failure that haunts us still and that we should not repeat. You might indicate that the US would be prepared to do more if others would increase their efforts. In view of many Asians, and of such US groups as Catholic Relief Services, this is rapidly becoming the dominant Summit issue. (C)
3. Aid to Egypt. This still looks like a good candidate for luncheon discussion, as per Schmidt's suggestion. You will need to overcome both political (fear of Arab reprisal) and economic (Egyptian development performance) objections to increased aid to Egypt. We need to get commitments in principle by the other heads of government to contribute generously at the Egyptian aid consortium that the World Bank will assemble in the Fall. A separate paper on this, as on other luncheon issues, is in your briefing book. (C)
4. Aid to Turkey. Schmidt may wish to report on this matter. Much of the short-term aid for Turkey has been pledged. (C)
5. Hijacking. There has been considerable progress in implementing the Bonn declaration on hijacking. There is no reason for the heads of government to linger on this issue. Thank him. (C)
6. Iran. Other countries want to talk about Iran. You may want to review the situation, and urge other governments to join us in impressing on the Iranian government both the adverse international reaction to executions and the need to protect religious minorities. (C)

7. Cuba. You might draw attention to Cuba's adventurous policies abroad and urge them to avoid such preferential treatment as aid, credits, and government guarantees for Cuba. (C)

8. Pakistan. You might share with your Summit partners our concern about Pakistan's nuclear program, explain the actions we have taken (approaches to GOP and cutting off development and seek their views as to what more should be done -- by them and/or us.

9. China. All agree that a discussion of economic relations with China would be useful. The main point of stress is the need for following common guidelines, to avoid cut-throat competition, particularly in such areas as export credits.

VII. Next Year

The question of the next Summit may come up. Italy, which will have the EC Presidency in the first half of next year, proposes to hold it in Venice (on an island for security's sake). I told my Italian colleague that May might be better than June, given the approach of our Presidential election. He intimated that they will invite you to a state visit to Italy just before or after the Summit. Dick Gardner says that the security problem is manageable, and cites two papal funerals and one papal coronation to prove his point.

There are rumors that Giscard may ask: Why have an annual Summit? I doubt he will, unless the Tokyo Summit is a bust. But in case he does: the Japanese would be mortified by the implication of failure inherent in the Tokyo Summit's being the last such meeting for a while; and the Italians would be even more mortified -- particularly after Guadeloupe -- if there were no 1980 Summit.

→ You might mention that peaceful uses of nuclear energy should be discussed at the Summit next year, in the wake of INCFE (which ends in February). You might stress the need for an international approach to this issue, and say that Gerard Smith will be visiting their governments to talk about this approach shortly. (You may recall that you wrote "OK" on a memo I sent you a while back, proposing that this be a main theme of the 1980 Summit. Gerry and I are working on specific proposals for early submission to you.)

VIII. Bilateral Talks Regarding the Summit

A. Ohira

Your Monday meeting with Ohira is an opportunity to impress strongly on him the need for the Tokyo Summit to agree on bold and specific steps regarding energy. (C)

Japanese officials below Ohira are reluctant to accept specific oil-import targets -- and count on the known reluctance of Schmidt and the UK to accept such targets to ensure that their views prevail. The Trade Ministry, which is responsible for energy, wants Summit energy agreements that will look good, but that will not limit Japan's freedom of action. (C)

You need to make clear to Ohira that your definition of a successful Summit is one that involves specific commitments on both the supply and demand side. These will be painful, but essential. You count on him to exert his influence, as he did so successfully in helping to resolve US-Japan economic issues earlier this year, to ensure a successful outcome. (C)

You might also stress your desire to see the Summit come up with specific commitments in the North-South field -- particularly regarding aid to LDCs to help them increase their food and energy production. (C)

B. Thatcher

Mrs. Thatcher said to the media, after the recent EC heads of government meeting, that "the current supply crisis is not as bad as it is sometimes made out to be . . . It is a marginal problem, which is reflected in the spot market." (C)

You may want to share with her our view that the imbalance between oil supply and demand, even though it is only 1.5 million barrels a day, has extremely serious implications for the US and other OECD economies. If the Tokyo Summit does not agree on effective joint action, the pressures for competitive national responses will mount. We should not let the fact that small amounts of oil are involved blind us to the very high political and economic stakes, or to the fact that this Summit presents an opportunity for a common response which, if missed, may be hard to recapture. Half-measures will not meet the need. (C)

IX. Communique

I attach a draft communique circulated by the Japanese after the last meeting of the Preparatory Group. It is not agreed, and I want to make it more specific. But since other heads of government may have seen it, you may wish to glance at it. (Tab A) (C)

X. Other Briefing Materials

Summit issues are described more fully in Book I; luncheon discussion issues are treated in Book II. This memo covers the ground sufficiently so that I believe you need only review these other briefing materials for background reading, as time permits. (U)

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EYES ONLY

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

June 25, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*
Subject: Consumer Prices in May

The CPI for May will be released tomorrow, Tuesday, June 26, at 9:00 a.m. EST (Tuesday, 10:00 p.m., Tokyo time). The total is up 1.1 percent, led by increases in energy prices (4.2 percent, with gasoline up 5.0 percent), and mortgage financing costs (2.0 percent). The rise in food prices moderated to 0.7 percent (0.5 percent for food at home), but less than we had hoped. Retail beef and veal prices were up 3.0 percent, despite a sharp decline at wholesale last month. All other items (excluding food, energy, and home purchase and home finance), up 0.6 percent; 6.9 percent annual rate. Basic pattern same as in recent months. Response here: First, emphasize energy impact (without energy, CPI up less than 0.8 percent instead of 1.1 percent); second, question retail margins on beef which had been rising even before this month, and lay groundwork for either Kahn or the Vice President to call major retail chains in for a lecture.

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E.O.12958, Sec.3.6

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EYES ONLY

June 25, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: ELIOT CUTLER *EC*
SUBJECT: 1980 Import Reduction Targets

A. Import Reduction Targets

I spoke with Stu this morning. He has seen this memorandum in draft, shares these views, and suggested that I pass them along to you. I have spoken with Jim Schlesinger, and he also agrees with these conclusions.

We are troubled by the possibility that the Summit nations' 1980 import reduction targets might be set either on the basis of 1978 levels (as the EC nations agreed in Strasbourg) or on the basis of a 1977-79 average. (C)

In order to meet the 5% IEA cutback in 1979, the US must achieve a daily average import level of 8.5 mmb/d. Although it is a fairly safe assumption that we will meet this target, one of the reasons we will is the serious supply shortage of gasoline caused by our need to rebuild stocks of crude oil and distillate. This shortage, not high prices, has cut back gasoline use. In the absence of those supply shortages, in my judgment, we would have been forced to impose further demand restraint measures--to the tune, probably of about 200,000 b/d. (C)

If the Summit nations agree to a 1980 import target based on the 1977 actual import levels (US = 8.6 mmb/d) or the projected reduced 1979 level of 8.5 mmb/d, we can meet it. We will have to: (1) continue all current measures; (2) count on continued depressed gasoline use, either as a result of continued short supplies, higher prices, or further conservation measures; (3) be satisfied with stock levels no higher and probably lower than normal levels (i.e., 1980 would be as difficult as 1979 has been); and (4) assume little or no economic growth. Under such circumstances, we probably would be able to resume SPR fill, assuming the worldwide availability of crude, at a rate of about 200,000 b/d. (C)

Any economic growth or a lower target than 8.5 or 8.6 would require: (1) further conservation and demand restraint measures; (2) increased domestic production and/or (3) a lower SPR fill rate. The first would be very difficult to achieve politically, particularly if

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BY 9 NARS. DATE 5/25/84

gasoline availability -- at any price -- improves. The second is highly optimistic and uncertain. The third, I would argue, would be unwise and imprudent. Nonetheless, we could, at some risk and with a willingness to admit now the likelihood of serious economic slowdown, agree to seek import levels somewhat reduced from our actual 1977 levels or our 1979 IEA target. (C)

On the other hand, the US average daily import level in 1978 -- the year the EC has chosen for its base -- was only 7.9 mmb/d. The three-year daily average for the 1977-78 period was only 8.3 mmb/d. Agreeing to the EC proposal to make the 1978 level the 1980-85 binding target would require drastic domestic measures in 1980 which I do not think we could achieve even if we thought it wise to do so. Even the 1977-79 average, which Henry's memo suggests as a possible compromise, carries with it enormous risks for us to the extent that it is binding; it would impose import levels in 1980 which would be 200,000 b/d below our 1979 target. (The Japanese suggested at meetings today the possibility of using the 1976-78 average import levels as the 1980 target; this would be even worse for us, since our 1976 imports averaged 7.3 mmb/d.) (C)

I would urge that we seek agreement on a formulation for 1980 levels which binds the nations to achieve levels no higher than either the 1977 actual levels (US = 8.6 mmb/d) or the projected reduced 1979 levels (US = 8.5 mmb/d) and which commits each nation to seek further reductions. (C)

B. The \$5.00 Distillate Entitlement

It might not be a mistake to use this higher entitlement as a bargaining chip, if necessary to reach agreement on the 1980 import target. (C)

Because our import data runs 60-70 days behind real time, we do not know for certain that distillate imports to the US from the Caribbean refineries have increased as a result of the action we took in May. Indeed, there is good reason to suspect that they have not increased substantially. Rotterdam prices for distillate also increased by roughly the amount of the increase in the entitlement (or more), so it is just as likely as not that US distillate imports from the Caribbean have not increased and that most or all of the higher Caribbean distillate production resulting from higher prices has gone to the same European markets where all but 10,000 b/d of it went before. (C)

Because of the higher prices now paid for distillate both in the US and in Europe, the Caribbean refineries are producing more distillate (along with high-sulfur resid). Consequently, there is less low-sulfur resid available, and the prices for low-sulfur resid have shot up. The price differential in the US between low-sulfur resid and high-sulfur resid has doubled -- from about 25% of the high-sulfur price before the increase in the entitlement to about 50% now. (C)

Florida, New York, Massachusetts and other states' utilities are now considering or are seeking waivers from Clean Air Act requirements that they burn low-sulfur resid. They fear that they will soon be forced to pay nearly \$30 per barrel for it. Granting those waivers will not be a politically attractive option for you, particularly if it can be argued that such waivers would be the consequence of an increased distillate entitlement that has not resulted in higher distillate imports. (C)

Thus, if this would be a good bargaining ploy, and if we believe that the \$5.00 entitlement has only insignificantly increased distillate imports, we might consider agreeing not to renew it in exchange for an agreement to use 1977 or projected 1979 import levels for the 1980 target -- for the reasons suggested in the first section of this memorandum. (C)

THE WHITE HOUSE

WASHINGTON

C

~~CONFIDENTIAL~~

June 25, 1979

Mr. President,

We spent most of the day in follow-up meetings with the Japanese about energy. I am reporting the result to you since I assume the Prime Minister will be briefed by his side. There were two key issues:

1. The Japanese agreed to 1980 country specific import levels. We agreed that these targets would be reviewed quarterly so that account could be taken of the special needs of any country (e.g., Germany or Japan) whose 1980 growth exceeds its 1979 growth. We agreed on a 1977 base; the three-year average of 1977-79 gives the US 2-300 barrels a day less than 1977.

This agreement was reached after a hard fight, and I believe it will take a word from you to the Prime Minister to make sure it doesn't erode in the face of likely EC opposition. The Japanese would prefer not to have country import levels for 1980, but simply to have an aggregate level for all the Summit countries. We told them this would be unacceptable, because it would have no impact.

2. We agreed on the need for a clear Summit commitment to increased domestic and international financing of large-scale pre-commercial and commercial new energy technologies, e.g., synthetics and solar energy -- with an International Energy Technology Group being set up to assess what each Summit country is doing domestically along these lines, and to recommend to heads of government what needs to be done internationally (to get the other countries' money, as Arthur Burns suggested).

The Trade and Energy Minister indicated he strongly favors this, but is having a terrible fight over it with the Finance Ministry. It would help if you could stress the importance of this issue to the Prime Minister, who will have to settle it.

The subjects listed under 1 and 2, above, are the heart of the Summit: The media tell us that the specificity of our 1980 target and whether the Summit countries agree to increase international financing of large-scale and expensive energy technologies will be the test of the Summit's success.

120
Henry Owen~~CONFIDENTIAL~~DECLASSIFIED
E.O.12958, Sec.3.6
PER 2/15/97 NKC/HK RE NLC-96-188
BY Q NARS. DATE 9/4/97

~~SECRET~~

EYES ONLY

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FM THE SITUATION ROOM
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ZEM

~~SECRET~~ EYES ONLY WH91384
FOR IMMEDIATE DELIVERY TO SUSAN CLOUGH FOR THE PRESIDENT

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE

SUBJECT: MERCHANDISE TRADE BALANCE IN MAY

FIGURES ON THE MERCHANDISE TRADE BALANCE FOR MAY WILL BE RELEASED TOMORROW, WEDNESDAY, JUNE 27, AT 2:30 P.M. WASHINGTON TIME (THURSDAY, JUNE 28, 3:30 A.M. TOKYO TIME). THE TRADE DEFICIT INCREASED FROM \$2.2 BILLION IN APRIL TO \$2.5 BILLION IN MAY. EXPORTS WERE ABOUT UNCHANGED; IMPORTS ROSE \$300 MILLION. OIL IMPORTS WERE REPORTED DOWN \$200 MILLION.

SECRET
CLASSIFIED BY CHARLIE SCHULTZE
MAY BE DECLASSIFIED ON JUNE 27, 3:00 P.M. EST
0130
5462

NNNN

~~SECRET~~

EYES ONLY

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DECLASSIFIED
E.O.12958, Sec.3.6
PER sl/ka NSC RE ALC-98-258
BY 9 NARS. DATE 5/25/94

~~CONFIDENTIAL~~

Mr. President,

Attached are the kind of talking cards we gave you at London and Bonn. They are arranged by subject, and are assembled in the order that I expect those subjects to be discussed at the Summit. C

The key unresolved issue as of now (mid-Wednesday afternoon) is whether there should be country specific import levels for 1980.

By all accounts the British oppose any country import levels. Kingman Brewster opines, however, that Mrs. Thatcher will "go along with a strong communique if it proves necessary in order to keep the Japanese on board and if it is desired by the President in order to strengthen his hand for a more effective energy discipline in the U.S."

German Economics Minister Lambsdorff told me this morning that the Germans also oppose country levels.

The French, Italians, Japanese, and Canadians will support country import levels. I'm seeing Jenkins shortly; I doubt he will make trouble, if this is done within the EC aggregate ceiling.

If there are to be country import levels, we can probably get agreement on using as a base the 1979 IEA targets (after the 5% cut).

You may want to signal the central importance of this issue -- emphasizing that specific country import levels are essential to credibility. The dollar's decline halted when Mike Blumenthal said that the Summit would agree on credible import restraints; if it doesn't, that decline will continue. Aggregate Summit import ceilings are simply not taken seriously in the U.S.

You are not without bargaining power: You can promise an end to the \$5 distillate fee when the four month period expires. You can accept an aggregate level (1979 base) for the period 1981-85, as the Europeans desire -- in addition to agreeing that there should be a rolling procedure for annually reviewing country levels in this period. And you can agree on a strong nuclear power statement, within the constraints you know; Schmidt badly wants this.

You can point out that there are only two new important ideas for this Summit: country import ceilings, and a credible pledge to increase investment in synthetics, solar energy, and other new technologies. Delete one and you don't have much of a Summit left.

In the end, if the Europeans won't budge, we may have to consider this compromise: An aggregate 1980 ceiling for the EC, plus national 1980 ceilings for the US, Japan, and Canada - with 1979 (instead of the EC's 1978) as the base year for all. I don't think we could sell 1977, and 1979 is all right if we use the IEA pledged levels, rather than actual imports. Part of the compromise, therefore, should be agreement on specific 1979 levels (for the EC, US, Japan, and Canada), on the basis of the pledged 5% cut.

4:35 PM
6/27/79

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RP
Henry Owen

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E.O.12958, Sec.3.6

PER 5/19/99 NLC RE NLC-98-258
BY NARS DATE 5/25/99

~~CONFIDENTIAL~~

MEMORANDUM

~~Confidential~~

THE WHITE HOUSE
WASHINGTON

C

June 28, 1979

Mr. President,

The discussion in the Summit Preparatory Group last night, plus a brief conversation in which Chancellor Schmidt (whom Solomon, Cooper and I ran into in the hall) stressed the need for the Summit to consider alternative approaches to the disputed energy issue, move me to suggest the following intervention by you, as soon as the Summit begins to consider energy policy:

1. This Summit should agree on measures both to restrain demand and to increase production of non-oil energies.

2. On the demand restraint side, what are the alternatives?

3. Alternative #1: The EC reiterates its recent Strasbourg decision to accept a collective target (1978) for the years 1980-85, while the non-European Summit countries accept national ceilings (presumably 1979). The trouble with this alternative is that it will appear to the peoples of the non-European Summit countries to involve inequality of sacrifice: One set of nations will be seen as rejecting the rigor and discipline of national targets in favor of lesser and more flexible collective targets (at least that is how the US media reported the Strasbourg decision, and in this case appearances are what counts), while another set of countries (US, Japan, Canada) accept the rigors of national targets. It would be difficult for me to accept such a seemingly unequal arrangement, and if I did accept it it would be difficult for me to persuade the American people to make the sacrifices required to fulfill it.

4. Alternative #2: All the Summit countries settle for collective targets -- perhaps a joint target for the Summit countries as a whole, without any national breakdown. Such an outcome would impress neither the oil-exporting countries nor the foreign exchange markets -- nor our own people. The general view would be that we had copped out -- that everyone's target would, in fact, prove to be no one's target and hence would not be fulfilled -- and that this is why we had accepted this course: because it was so weak.

5. Alternative #3: The Summit countries take two decisions:

a. They confirm the importance of the decision that some of them took recently in the EC; and the non-European

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BY [signature] NARS DATE 5/25/99

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Summit countries join the European Summit countries in a comparable collective Summit commitment (presumably using 1979, instead of 1978, as a base).

b. The Summit countries also confirm the pledges that most of them took in the IEA earlier this year -- to reduce 1979 imports by 5% of projected growth; they agree to specify the import levels that would be generated by this reduction (each country brought such figures to the Summit); and they declare that they will urge and support in 1980 an IEA commitment that no one of them will exceed its 1979 pledged IEA import level in 1980. (France would make a separate parallel declaration.)

(FYI: The Italian delegate suggested this course to Cooper, Solomon, and me last night. He did so privately, since ~~each of none of~~ the EC decisions, and none of them can be seen to want, individually, to amend ~~it~~ I was struck, for example, by the vigor with which the French last night defended the EC decision, even though they favor our proposal for national import ceilings.)

6. Alternative #4: The US, Japan, and Canada accept national ceilings, while the EC Summit countries agree to ask the EC to monitor their collective commitment nationally -- i.e., to specify the national targets that each of them must achieve to fulfill the collective EC commitment, and to monitor whether ~~the~~ each country is achieving its national target. This alternative would involve all the Summit countries in comparable commitments, and it would use the EC rather than the IEA to achieve this.

(FYI: Jenkins elliptically suggested something like this to Jim Schlesinger, Dick Cooper, and me last night and indicated that if you surfaced such a notion this "would not be unprofitable".)

Of these alternatives, only two -- #3 and #4 -- meet the two key criteria: effectiveness, and equality of sacrifice. I would like to ask our European friends, and particularly ~~from~~ Messrs. Giscard and Jenkins as Presidents of the Community and Commission respectively, whether they would find either of these last two alternatives acceptable.

(By posing the question directly to Giscard, who favors national ceilings, and to Jenkins, who suggested something like alternative #4, you maximize the chances of a favorable response. The Germans will probably oppose alternatives #3 and #4, at least initially; they want to escape the rigors of national ceilings since they are doing little to fulfill their IEA commitment and want to keep it that way. But if Giscard, Andreotti, and Jenkins are favorable, Schmidt would have trouble -- as he said in Washington -- imposing a veto. If Giscard and Jenkins want the European countries

to caucus separately to consider your proposal, I would encourage them to do so.)

Denny Owen

Confidential

countries
last week's
EC
decision.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

June 28, 1979

Mr. President,

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E.O. 12958, Sec. 3.6

PER 5/19/94 NISC RE NLC-98-258

DATE 5/25/94

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ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

June 28, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Energy

Since you left for Japan, the domestic energy problem has continued to worsen:

- o The actions taken to help the truckers have not yet broken the back of the strike. Jack and I are continuing to review the problem. As you know, the Vice President will today announce a series of actions to help improve the situation.
- o Gaslines are growing throughout the Northeast and are spreading to the Midwest.
- o Sporadic violence over gasoline continues to occur. A recent incident in Pennsylvania injured 40.
- o Gasoline station operators are threatening a nationwide strike unless DOE grants an emergency profit margin increase.
- o The latest CPI figures have demonstrated how substantially energy is affecting inflation - gasoline prices have risen 55% since January.
- o Congress is growing more nervous by the day over the energy problem. The Moorhead bill was pushed through the House yesterday, so Members could go home for the recess claiming to have done something about the problem. It is fair to say that in normal times, a bill as significant as Moorhead's would have been considered much more carefully. Despite that vote, and the forthcoming vote on Thursday on the windfall tax, Members are literally

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afraid to go home over the recess, for fear of having to deal with very angry constituents. That fear was expressed to the Vice-President and me yesterday when we briefed Members on the Tokyo Summit. They were almost completely uninterested in the Summit, and spent all of two hours talking about gasoline and related problems.

- o Press accounts are starting to appear about the Administration's inability to deliver on the commitment to have 240 million barrels of distillate in stock by October. The Northeast will soon be pressuring us to clarify whether we still believe 240 is possible.
- o The continuing problem of conflicting signals and numbers from DOE persists. The DOE gasoline allocation formulas are now coming under particularly heavy attack. Yesterday, the State of Maryland sued DOE for misallocating gasoline. Other States can be expected to shortly follow that politically popular route.

In sum, we have a worsening short-term domestic energy crisis, and I do not expect to see (with the possible exception of a break in the truckers' strike) any improvement by the time you return.

I do not need to detail for you the political damage we are suffering from all of this. It is perhaps sufficient to say that nothing which has occurred in the Administration to date - not the Soviet agreement on the Middle East, not the Lance matter, not the Panama Canal Treaties, not the defeat of several major domestic legislative proposals, not the sparring with Kennedy, and not even double-digit inflation - have added so much water to our ship. Nothing else has so frustrated, confused, angered the American people - or so targeted their distress at you personally, as opposed to your advisors, or Congress, or outside interests. Mayor Koch indicated to me (during a meeting the Vice President and I had with the New York Congressional delegation on their gas problems) he had not witnessed anything comparable to the current emotion in American political life since Vietnam.

While the Vietnam analogy is a strained one in many ways, it is one which this week press accounts are beginning to make. The similarities between problems of credibility and political opposition from the left are real, though clearly undeserved. We can expect to see repetition in

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coming weeks of the analogy, which was prevalent at the ADA convention I addressed over the weekend.

All of this is occurring at a particularly inopportune time. Inflation is higher than ever. A recession is clearly facing us. (Indeed, when our July budget forecast comes out with a zero GNP estimate we should not attempt to avoid the obvious, as Ford tried to do, but we should be honest and admit a recession is likely.) OPEC is raising prices once again. The polls are lower than they have ever been. (The latest Harris poll shows something never before seen - a Republican opponent, Reagan, leading you by several points.) Kennedy's popularity appears at a peak. And the Congress seems completely beyond anyone's control.

In many respects, this would appear to be the worst of times. But I honestly believe we can change this to a time of opportunity. We have a better opportunity than ever before to assert leadership over an apparently insolvable problem, to shift the cause for inflation and energy problems to OPEC, to gain credibility with the American people, to offer hope of an eventual solution, to regain our political losses. We should seize this opportunity now and with all our skill. If we fail to do so, the late hour may foreclose a similar opportunity again coming our way.

My recommendations for how to do this, many of which I have discussed previously with you and separately with Ham and Jody, are as follows:

- (1) Use the OPEC price increase as the occasion to mark the beginning of our new approach to energy. It must be said by you - and by us - time and again publicly to be a watershed event. We must turn the increase to our advantage by clearly pointing out its devastating economic impact and as the justification for our efforts against the OPEC cartel and for increased domestic production of all types. We have provided you with a tough statement that will accomplish those ends, and buy us a week or so before the public will expect more specifics. I urge you to use that statement and to keep it as strong as possible. A statement which goes light on OPEC or a commitment to synthetics and other domestic initiatives will not convince the public that anything is different, that we are embarking on a new effort, or that there is hope that the energy problem will be solved, or that we will ever stand up to OPEC (which Americans want even more than cheap gasoline).

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- (2) Your decision to eliminate or cut short your Hawaii stop vividly demonstrates your commitment to dig into this problem without delay.
- (3) When you return, and before you go to Camp David, you should at least hold one full day of meetings at the White House to consult with your advisors about the various energy problems, to assess the Summit, to report to those Congressional leaders in town, and to determine how and when you should report to the public. A full day's work on energy with your advisors would be helpful to us to get our signals and orders straight, but also to demonstrate your continuing commitment to solving this problem.
- (4) That one day or so of energy events cannot be allowed to pass without repeated follow-on events when you return from Camp David. Every day you need to be dealing with - and publicly be seen as dealing with - the major energy problems now facing us. Unless the attention to energy is almost total during the two - three weeks after your return, we will not turn the course of events around, and certainly we will not convince the American people that we have a firmer grasp on the problem than they now perceive.

Your enormous success in the Middle East peace process was due, to a very large degree, to your personal, constant involvement over a sustained period of time. The energy situation is different in many ways than the Middle East, but the need for you to stay the course, to demand answers, to convince others of the need to act and to compromise, and to control the competing forces within the government is very similar. With that type of involvement, we can regain the initiative and rise above much of the confusion and bureaucratic tangling now occurring.

We can arrange a schedule of events that are meaningful and worthwhile during this period.

- (5) You must address the enormous credibility and management problems of DOE which equal in public perception those which State or Defense had during Vietnam (whether fairly or not). We can discuss this in detail upon your return.

~~CONFIDENTIAL~~

- (6) Shortly after you return, we will have a memorandum for you to decide how to propose spending the funds raised by the windfall tax. That memorandum will include the results of a comprehensive inter-agency review now underway to examine the synfuels issue and develop a significant proposal for you to announce. Once you decide the direction you want these new production initiatives to take, you might consider a major address to the nation. That address could review the energy situation, explain the causes of current problems, and announce our new initiatives. The address would be around the third week of July.
- (7) In addition to the synfuels and energy production announcement, I believe we should announce separately the creation of a National Energy Mobilization Board. Such a Board would be designated to select energy projects - like pipelines, port facilities or research and development facilities - which are to be built in the national interest, eliminating all of the normal regulatory tangle that slows such projects down. During the World War II, we had such a Board to get war-related projects expedited. This Board would be modeled after the World War II example. I have asked DOE to staff this out and have explored the idea quietly within the Administration and on the Hill and have found an enormous receptivity. Your announcing the creation of this Board would confirm your intention to treat this matter as one of highest national security.
- (8) You have a variety of speeches scheduled after your return - the Governors, NACO, Operation PUSH, CWA. Each of those occasions should be used to talk about energy. That is the only subject the public wants to hear about and we should use those opportunities to get our message across repeatedly. The windfall tax campaign was successful because of your repeated discussion of it during a short period of time. That success can be repeated through these speech opportunities.

With strong steps we can mobilize the nation around a real crisis and with a clear enemy - OPEC.

cc: Vice President
Hamilton Jordan
Jody Powell

remarks in hawaii 7/1/79
(refueling stop returning
from Japan/Korea)
ABOARD AIR FORCE ONE



Hawaii

Gov ARIYOSHI → REP of KIRIBATI
(Gilbert Is) IND DAY

SEN MATSUNAGA MINDHIRABARA
MS KANAZAWA
Cong AKAKA, NEFTEL

ADM MEKEE, BRUCE EDWARDS
2ND SUNDAY

= JAPAN = STRONGER PARTNERSHIP

ROK = MIL = HRS = 3 WAY

ECON SUMMIT

LIMIT IMPORTS, MKT PRACTICES

ALTERNATE NAT LAB PHOTO
VOLTAIC

HAWAII, KAUAI ~ 1/2 BIO MASS

OPEC 12% → 22% (60%)

INFL - GROWTH - UNEMP = LDC'S

→ WASH '73 → '77 = 77 → 79

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HAWAII, NAT/POE BEAUTY
GREATNESS of U.S.

Speech to troops 7:00 am 6-30-79

2 REASONS - TN. MESS HALL

RUN VS BOX = COMBAT BOOTS

PROUD - GEN KINGSTON - SIG CORPS

MISS FAMILIES = 11 YRS = CLOSE

30 YRS. 5000 - PEACE, FREEDOM

FRAGILE PEACE = DANGER

AMERICA STRONG = AT PEACE

"FIT TO FIGHT"

JUSTICE = FREEDOM = HUMAN RTS

STAND BY ALLIES

REPRESENT FINEST OF AMERICA

PROUD TO BE WITH YOU

camp casey 6/30/79

(republic of korea)

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PRESS STATEMENT 7:30 am 6/29/79
OPEC: up to \$22⁰⁰ = 60% ↑ JPC

ECON WATERSHED for US/WORLD

NO ONE IMMUNE from CONSEQUENCES

SO FAR FAILED TO PROTECT OURSELVES

73 → 77 77 → NOW

CUT SHORT TRIP = WE ACT in TOKYO

ENCOURAGE CONG TO ACT

W'FALL = ENERGY SECURITY

DOMESTIC ENERGY, SYNTHETIC FUELS

ADDITIONAL STEPS - EXPEDITE

MUST INVEST BILLIONS. NOT EASY

END OF '80 > 2% INFL, GNP

MUST NOT BE AT MERCY of OPEC

DETERMINATION - COOPERATION

CREATIVE - HARD WORK

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press statement re

OPEC price increases
tokyo, japan 6/29/79

June 28, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD COOPER *RIC*
ELIOT CUTLER *EC*

SUBJECT: Prices Used In OPEC Statement

We have changed the base reference price used in the first paragraph of your OPEC statement from \$14.54 (the current Saudi market price) to \$12.50 (the December 1978 market price) so that the price comparisons will make sense in light of the unexpected OPEC decision to adopt a split pricing scheme.

Whereas the \$14.54 price is a price charged at this time only by the Saudis, the \$12.50 price was the basing price of all OPEC nations until January 1.

The figures used in your statement are the best way to accurately describe and dramatize the size of the latest increase.

Results of OPEC Decision

New Saudi base	\$18 per barrel
New base for others	20
Allowable surcharge	<u>2</u>
Maximum adjusted base	\$22*
Maximum premium for oil quality and geography	1.50
Maximum price	23.50

* This price compares with the \$12.50 of last December.



THE VICE PRESIDENT
WASHINGTON

June 28, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT

SUBJECT: Zimbabwe-Rhodesia

The House is currently considering the Solarz bill relating to Zimbabwe-Rhodesia. We expect an amendment to be offered that would terminate sanctions against Zimbabwe-Rhodesia by December 1, unless the Congress passes legislation to extend such sanctions. Our assessment is that this amendment will be very difficult to defeat.

If the amendment passes, Congressman Zablocki will attempt to add language giving you authority to extend the sanctions if you determine it is in the national interest.

If the House passes the resolution with the presidential waiver there is a likelihood the issue will be behind us for the summer. However, if they persist, there are still several other bills pending to which language requiring the lifting of sanctions would be germane.

We expect a very close vote.

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THE WHITE HOUSE

WASHINGTON

June 26, 1979

*ok'd
by phone
J*

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

Independent Truckers' Strike

We have been working constantly to resolve the independent truckers' strike and have put together a package of statements to be made by the Vice President which, I believe, will dissipate the strike more rapidly. One of the key issues is the problem posed by the twelve States which have weight and length standards for trucks which are below the federal maximum. As you know, those States create what the truckers call the "iron curtain" for both east and west, and north and south interstate transport. The curtain causes them to use very circuitous routes with a greatly increased consumption of diesel fuel.

We have consulted personally with the Governors of all but one of those twelve states (I have not been able to reach Governor Jim Thompson of Illinois). Of the eleven we have talked with, ten support the idea of Federal legislation that would mandate a uniform national standard on weight and length during a period of a declared energy emergency. Only Governor Otis Bowen of Indiana opposes such an approach. The support among the other ten Governors is bi-partisan.

Based on our assessment of the truckers' strike (and what it will take to resolve it) and the overwhelming support of the Governors, Stu and I recommend that you give the Vice President the discretion to announce our support for such legislation. Based on Frank's limited consultations on the Hill, prospects for passage of such legislation are uncertain. The key element with respect to resolution of the strike, however, is our support of such legislation.

I have called another meeting of the Task Force on Energy Shortages tomorrow at 9:00 a.m. which the Vice President will attend, at which time we will get the latest reports from Justice, DoT, USDA and others on the precise status of the strike. We will reserve final judgment on the issue pending those reports, but we need your authority to act.

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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Statement from Tokyo in Response to
OPEC Price Increase

As you know, the OPEC oil ministers will meet in Geneva beginning on Tuesday, June 26, while you are in Tokyo. Sometime during that week they will announce new increases in the base price of OPEC oil. While the ministers may take a more moderate action, we must be prepared for an increase in price to as much as \$20 - \$22 per barrel -- which will mean an increase of more than 50% since last December.

I have discussed this question with most members of the senior staff, and I believe there is a consensus that if an immoderate price increase is announced, you should respond personally with a short, tough statement from Tokyo stressing our commitment to take appropriate steps to break our reliance on the cartel.

Unless we seize the political initiative the day of the OPEC announcement, we will see escalating pressure from the Kennedy/Moffett forces to reimpose controls on domestic production, equally strong appeals from pro-production forces for greatly expanded government subsidies, and mounting public confusion and concern over the economic impact.

If you say nothing until you return from the Summit, we are very concerned that anything you do say then will be seen as publicly reactive and defensive. This is especially so since, while we are prepared to make a general statement now, we cannot be ready to make detailed programmatic suggestions until around July 15.

The attached short draft statement has been prepared by my staff, working with staffs of NSC, CEA and with Eliot Cutler of OMB, who will be going with you to Tokyo. It has been edited by the speech writing staff.

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

June 29, 1979

V
K

MEMORANDUM FOR: SUSAN CLOUGH

FROM: ROBERT LIPSHUTZ

AJ

You should have the President read the attached memorandum before his arrival in Hawaii. The issue, which is denial of access to a Hawaiian port of a British ship carrying spent nuclear fuel, is of concern to the Governor and the Congressional Delegation.

Attachment

memorandum

DATE: June 26, 1979

TO: James W. Moorman
Assistant Attorney General
Land and Natural Resources Division

FROM: Life of the Land, et al. v. Brock Adams,
et al., Civil No. 79-0249, D. Hawaii.

RE: Mr. J. Michael Kelly
Counselor to the Attorney General

We are presently handling a very controversial case involving a British ship carrying spent nuclear fuel entering the Port of Honolulu. The case has gathered the interest of the press, the Governor, and the Hawaii delegation. We understand the President will be in Hawaii July 1-4, which is the same period of time that we anticipate the ship will arrive in Hawaii. The Attorney General may want to pass this information on to the President in the event he is questioned about the matter while he is in Hawaii.

The action involves a series of shipments of United States origin-spent nuclear fuels by Japanese utility companies to Great Britain for reprocessing. Transfer is by British-owned and operated ships which stop in Honolulu for refueling and then continue through the Panama Canal in route to Great Britain. A ship carrying the spent nuclear fuels is scheduled to arrive in Honolulu on July 1, 1979. We are informed that President Carter is currently scheduled to be in Hawaii on or about July 1, 1979. Local environmental groups threatened to demonstrate and actively interfere with the most recent docking on June 8, 1979 of a ship transporting these materials. However, those threats did not materialize. There is also some available information which indicates that the British may reroute the ship so that it will not refuel in Honolulu.

On June 7, 1979, plaintiffs, including several environmental groups, filed this action against the Coast Guard, Department of Transportation, Department of the Navy, and several State defendants seeking a temporary restraining

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

★ U.S. Government Printing Office: 1977 241-5 10/1624

OPTIONAL FORM NO. 10
(REV. 7-76)
GSA FPMR (41 CFR) 101-11.6
5010-112



order barring entry of one of these ships carrying spent nuclear fuel rods into the Port of Honolulu on June 8, 1979. The plaintiffs allege that the Coast Guard has failed to satisfy its statutory responsibilities in its refusal to bar the vessel from the Port of Honolulu under the Ports and Waterways Safety Act of 1972, 33 U.S.C. §1221 et seq., and its failure to properly apply the National Environmental Policy Act of 1969 to its decision not to bar the ship from the harbor.

The district court denied the application for a temporary restraining order (TRO) and plaintiffs immediately appealed to the Ninth Circuit, which also denied the TRO application. Although the TRO was denied, the Governor of Hawaii closed the Port of Honolulu to the ship. The Navy permitted it to utilize Pearl Harbor on an emergency basis on June 8, 1979. The case is presently pending before the district court. Expectations are that plaintiffs will either apply for another TRO or move for a preliminary injunction because a second ship carrying spent nuclear fuels is scheduled to arrive in Honolulu on July 1, 1979.

The Governor of Hawaii has recently indicated in the press that he does not have the authority to close the Port of Honolulu to entry by the vessels carrying the spent nuclear materials. However, he indicated that he would apply to the Department of Energy for authority to close the port to the ship. On June 25, 1979 the Governor cabled Secretary of Energy James E. Schlesinger and inquired whether the transfer of the fuels was authorized and whether Congress was notified as required by the Non-Proliferation Act. Secretary Schlesinger responded affirmatively to both inquiries.

THE WHITE HOUSE
WASHINGTON

rick --

president did call
her from korea

-- susan

THE WHITE HOUSE

WASHINGTON

June 30, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT 
SUBJECT: Juanita Kreps' Husband

While you were away, you may not have had the opportunity to learn that Juanita Kreps' husband shot himself. One of her close assistants called me to say that he had a lengthy history of depression and had just been released from the hospital after a lengthy stay for treatment of this problem. Her assistant indicated that the bullet went through his mouth, but passed between the two lobes of his brain, evidently avoiding serious brain damage. His physical prognosis is fairly optimistic.

You might wish to give Juanita a call in North Carolina, where she is going to be with her husband.

THE WHITE HOUSE

WASHINGTON
June 23, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON *Jerry*
JODY POWELL *Jody*

SUBJECT: Response to OPEC Oil Increase

The attached memo from Stu and statement regarding the OPEC price increase was prepared for if and when it occurs.

We suggest that you review it and approve it so that we can issue it when the time comes.

This is a good opportunity for you to go "live" on TV from Tokyo. We can interrupt the morning or the evening news and give a strong statement.

It has been approved by Schlesinger, Schultze and Henry Owen.

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for Preservation Purposes**

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for Preservation Purposes**

6/22/79
3rd Draft

*ok -
check with
me after
OPEC
action J.C.*

OPEC STATEMENT

Today, the OPEC oil ministers announced an increase in their base price of oil from \$14.50 per barrel to \$_____.

With this action alone, they have increased the price the world must pay for some _____% of its oil by _____ percent.

Combined with the price increases of last December and last March, consuming nations must now pay more than ~~one and a half times~~ ^{50%} more for imported oil.

*check
6/22/79*

This action, ~~together with the very large price increases that have already occurred this year,~~ will drain scores of billions of dollars from oil consumers around the world. It will add to inflation and reduce economic growth in the United States and in all other consuming countries. It increases the threat of recession in the coming months. In the long run, no country -- neither oil producer nor oil consumer -- will be immune from the consequences.

*already
covered
above*

It is not in our power to undo this action. But we

can, and will, take steps to reduce the ^{excessive} dependence on foreign oil that made the action possible.

Here in Tokyo, the major industrial nations meeting this week will surely respond to the challenge. We share a vulnerable dependence on imported oil. We must -- and I believe we will -- take joint action to lessen our dependence on oil imports, ^{to eliminate our dependence on our own production,} to increase the use of current alternatives to oil, and to invest in the creation of new substitutes for oil. We also will work with the oil-importing ^{developing} poor nations to increase their production of fuels so as to ease the crushing burden of rising OPEC prices on their weak economies.

As Americans, we must do more to maintain the integrity of our economy and our position of leadership in the world.

We have already taken major steps. Last year, the Congress acted on important parts of my National Energy Plan.

We ended the 38-year stalemate on natural gas, and supplies ^{have} are now up. We created strong incentives for conservation

and more efficient use of available fuel -- and there has been progress in conserving energy. This year, I have acted under Presidential authority to increase production and conservation of domestic oil through phased decontrol. Together with our strong program of energy research and development these actions build a solid foundation.

But much remains to be done, and time is short. We must begin now to pursue every alternative to OPEC oil with all the determination and ingenuity at our command.

How does this fit in to energy security proposals?

Today, I am directing the Secretary of Energy to prepare for prompt submission to Congress a national program

for accelerated production of synthetic petroleum substitutes,

Through this and other means, we will now unleash the vast

partially financed by the Energy Security Fund
resources

scientific, engineering and technical expertise of our

nation to produce more domestic energy and end our excessive

reliance on foreign fuels.

I call on the Congress to act with maximum speed on

my proposal for a windfall profits tax on oil industry profits and an Energy Security Fund. We ~~must recognize~~ that meeting the challenge will be expensive. We urgently need to invest billions of dollars of federal and private funds. Every barrel of oil we can produce from oil shale, from coal, from agriculture, every solar or wind or geothermal project, every ton of coal we use, every new technology for recovery of domestic oil and gas, will reduce our reliance on OPEC and weaken the cartel's power to escalate world energy prices. To produce this energy at home we must have the Energy Security Fund and the windfall profits tax -- and we need them now.

In addition I must once more ask Congress to give me the standby gasoline rationing authority I need to protect our people from disruption and hardship. Recent weeks have shown the potential dangers of inaction. Difficult regional conflicts in Congress must no longer stand in the way of the broader national interest. My staff will work with the Congress to design a standby rationing plan.

The OPEC nations have challenged the economic independence of the American people. Meeting this challenge will require sacrifice, creativity and hard work. The unmatched human skills, the vast natural resources, and above all the great fighting spirit of our country are the best possible guarantees that we will succeed.

June 25

Ms. Clough:

Biographies provided
by the Japanese Foreign
Ministry for the benches
today.

Al Keesetter

9
Mr. Sadaharu Oh (age 39)

He is the top baseball player of Japan
belonging to the Yomiuri Giants.

He established the world record for the total
number of home runs in 1977 when he hit the 756th
home run to break Hank Aaron's record.

(The total number of his home runs as of 22nd
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He starred in the musical "A Man of La Mancha" which was staged in Broadway, New York in March 1970.

THE WHITE HOUSE
WASHINGTON
02 July 79

FOR THE RECORD:

A COPY OF THE ATTACHED WAS
GIVEN TO BRZEZINSKI.

FOR ACTION
FYI

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

	VICE PRESIDENT
	JORDAN
	EIZENSTAT
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	RAF SHOON
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARONSON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	HARDEN
	HERNANDEZ
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	WARREN
	WEDDINGTON
	WISE
	VOORDE
	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY

*Send to
NSC -
info*

6/27
8:30 pm

Susan

The attached cable
to the President was delivered
to S/S. We had a translation
made. Both original and
translation are attached.

A. Bragg
State Secretary

INFORMAL TRANSLATION

Kind attention: His Excellency Jimmy Carter, U.S. President
U.S. Ambassador Mike Mansfield

Governor Paul Calvo has declared Guam is not opposed to Vietnamese refugee boats landing in the territory and several are expected.

RISCOSSA DEMOCRATICA (name of the movement, roughly equivalent to democratic rearmament) thinks this declaration puts an end to any justification for forcible repatriation of the refugees and frees from restraint all humane initiatives on their behalf. We are ready to cooperate in resettling the refugees in Italy or wherever possible with funds collected in Italy and elsewhere for this purpose. These would also help create a city in Guam for those Vietnamese who, though unwilling to live in their homeland, do not want to leave the geographical area but aim to return in a near future. There appears to be no problem with the local population, consisting mainly of U.S. military forces.

The Vientiane and Phnompenh governments must be made to face their obligations. Anybody wanting to leave the country must be allowed to do so as easily as possible with the certainty of finding a safe haven in Italy, Guam or elsewhere. To this end individuals, organizations, and governments must bear pressure on the UN and other concerned authorities and unceasingly remind the Laotian, Vietnamese and KHMER

powers of the universal declaration of the rights of man and of their own duty to return these countries to more normal living conditions which would allow their citizens to return if they so wish, as painlessly as possible. When this is accomplished, repatriation will be easier, especially for refugees based in Guam. For now, all should welcome the new arrivals anywhere and help build the new Vietnamese city in Guam.

We at "RISCOSSA DIPLOMATICA" are ready to cooperate with the authorities in charge of helping the refugees and would suggest that everybody, including the less affluent, in Italy and elsewhere, sacrifice a meal a month and turn over the equivalent of at least a dollar a month for at least a year to the Vietnamese refugees.

Signed: Most cordially,
Pasquale Lovati, President
Franco Levi, Press Officer

This message has been sent to:

Dublin - the EIRE Foreign Minister, also since July 1st,
president of the European Council of Ministers.

In Israel, to Jerusalem, to the world president of the Jewish
Agency.

In West Germany, to Freiburg, to the president of Caritas
International.

Geneva - to the director of ICEM.

To the UN High Commissioner for Refugees and to his predecessors.

Rome - to the Italian president, two members of Parliament,
the U.S. Ambassador and Caritas International.

Tokyo - the U.S. and Italian ambassadors and, at the Summit
Conference, to the U.S. President and the Italian
representative.

Venice - violinist Mr. Ughi.

The Italian press and the international press.

P.S. All the names are in the original telegram.

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2422118 AMEMB J
334308 LEVIFR I
ALLA CORTESE ATNE

79 JUL 27 15

DELL'ECCELLENTISSIMO PRESIDENTE DELGI USA JIMMY CARTER
E DELL'AMBACCIATORE USA IN GIAPPONE MIKE MANSFIELD

GRAZIE

PER UNA CITTA' INDOCINESE A GUAM

MILANO 27 GIUGNO 1979

IL GOVERNATORE DI GUAM PAUL M CALVO HA DICHIARATO SABATO 23
GIUGNO CHE IL TERRITORIO, STATUNITENSE, NON S'OPPONE A SBARCHI
DI PROFUGHI INDOCINESI: SE NE ASPETTANO MOLTI SULL'ISOLA IN
MEZZO AL PACIFICO, A 4-5 GIORNI DI NAVIGAZIONE DALLE FILIPPINE.

+RISCOSSA DEMOCRATICA+RITIENE L'INTERVENTO DI CALVO TOLGA OGNI
GIUSTIFICABILITA' A PRETESE DI RIMPATRIO FORZATO, A BLOCCHI
D'EMIGRANTI, A FRENI PER LE INIZIATIVE UMANITARIE FINALMENTE IN
ATTO. QUESTO MOVIMENTO E' PRUNTO A COLLABORARE AFFINCHE'
S'INTENSIFICHINO OGNI AZIONE MIRANTE A ACCOGLIERE I FUGGIASCHI
IN ITALIA E OVUNQUE POSSIBILE. CON UNA PARTE DEI FONDI RACCOLTI
IN ITALIA E ALTROVE SI POTRA' CREARE A GUAM UNA VERA CITTA'
PER QUEGLI INDOCINESI CHE, PUR NON RESISTENDO IN PATRIA,
DESIDERINO PERO' RESTARE NELLA +REGIONE+, PER TORNARE A CASA
MAGARI PRESTO. NESSUN PROBLEMA PER LA +POPOLAZIONE INDIGENA+,
QUASI SOLO DI MILITARI USA.

I GOVERNI DI HANOI PHNOMPENH E VIENTIANE VANNO POSTI OGNI
ATTIMO DAVANTI AI LORO DOVERI: CHI ORA VUOL FUGGIRE DEVE
PUTERLO FARE, SENZA RISCHI O DISAGI, TROVANDO SUBITO ACCOGLIENZA
A GUAM, IN ITALIA O ALTROVE. MA F' NECESSARIO CHE CITTADINI, ENTI,
GOVERNI PREMANO, AFFINCHE' LE NAZIONI UNITE E ALTRE ISTANZE
INTERNAZIONALI RICORDINO UGN' Istante AI CAPI LAO, VIET, KHMER
LA DICHIARAZIONE UNIVERSALE DEI DIRITTI UMANI, I DOVERI DI FAR
TORNARE I RISPETTIVI PAESI A SISTEMI VIVIBILI, DI CONSENTIRE IL
RIMPATRIO, SENZA RISCHI O DISAGI, AI CITTADINI CHE LO VORRANNO.

ALLORA SARA' PIU' FACILE RIMPATRIARE PROPRIO PER LE PERSONE
INTANTO RIMASTE A GUAM. ORA TUTTI DEBBONO ACCOGLIERE I NUOVI
OSPITI OVUNQUE E AIUTARE LA COSTRUZIONE DELLA
CITTA' INDOCINESE A GUAM.

PER QUESTO +RISCOSSA DEMOCRATICA+E'
A DISPOSIZIONE DI CHI COORDINA GLI AIUTI, E RACCOMANDA ANCHE AI
MENO ABBIENTI, IN ITALIA E OVUNQUE, DI SALTARE UN PASTO AL MESE.,
E DI VERSARE AI PROFUGHI D'INDOCINA IL VALORE DI ALMENO UN
DOLLARO AL MESE PER ALMENO UN ANNO.

===

===

QUESTO MESSAGGIO E' ORA TRASMESSO
A DUBLINO AL MINISTRO DEGLI ESTERI DELL'IRE, MICHAEL O'KENNEDY
DAL 1 LUGLIO PRESIDENTE DEL CONSIGLIO EUROPEO DEI MINISTRI
IN ISRAELE A GERUSALEMME A ARIEH DULZIN PRESIDENTE MONDIALE
DELL'AGENZIA EBRAICA
NELLA RFT A FRIBURGO A MONSIGNOR GIORGIO HUESSLER
PRESIDENTE DELLA CARITAS INTERNAZIONALE
A GINEVRA
A JAMES CARLIN, DIRETTORE DELL'ICEM (INTERGOVERNMENTAL COMMITTEE
FOR EUROPEAN MIGRATION)
A POUL HARTLING UNHCR, ALTO COMMISSARIO DELLE NAZIONI UNITE PER
I PROFUGHI E AI SUOI PREDECESSORI AUGUSTE LINDT
FELIX SCHNYDER E PRINCIPE SADRUDDIN AGA KHAN
A ROMA AL PRESIDENTE SANDRO PERTINI, AGLI ON GIUSEPPE ZAMBERLETTI
E ARNALDO FORLANI, ALL'AMBASCIATORE USA RICHARD GARDNER E ALLA
CARITAS INTERNAZIONALE
A TOKIO
AGLI AMBASCIATORI USA E ITALIANO, MIKE MANSFIELD E VINCENZO
TORNETTA E, AL +SUMMIT+, AI PRESIDENTI JIMMY CARTER E GIULIO
ANDREOTTI
A VENEZIA AL VIOLINISTA UTO UGHI
ALLA STAMPA ITALIANA E INTERNAZIONALE
===

===

List of Measures we have taken to meet our 1-million barrel per day reduction in imports: This will take us from a projected 1979 daily import level of 9.5 million barrels to approximately 8.5 million barrels.

1. Switching from oil to natural gas -- 200,000 barrels per day.
2. Use of coal rather than oil in electricity generation -- 100,000 barrels per day
3. Gasoline conservation -- more 200,000 barrels per day.
4. Mandatory building temperature controls (to be implemented in July or early August) -- 200,000 barrels per day.
5. Expansion of capacity of Trans-Alaskan Pipeline (in November) -- 150,000 barrels per day.
6. Expanded production from Elk Hills Naval Petroleum Reserve -- 20,000 barrels per day.
7. Increased production resulting from decontrol of oil prices -- 60 to 80,000 barrels per day.

(This is simply the first step in what we will end up getting by end of 1979....by 1985, we expect to get from conservation and increased production that results from decontrol nearly 1 million barrels per day.)

-- Energy use in the United States has increased only .37 percent for every one percent increase in gross domestic production (similar to GNP) following 1973 -- compared to 1.05 percent between 1960 and 1973.

-- Second Quarter 1979 U.S. oil consumption is likely to fall over 1 million barrels per day below originally projected levels for 1979 (17.5 million barrels per day as compared to 18.6 million barrels per day), and some 500,000 barrels per day below actual levels for Second Quarter 1978.

*Typed by SSC - as dictated
by Elton Cutler -- information
requested by President*



ABOARD AIR FORCE ONE

Susan - 6/23

These are the talking points for the Diet reception. They need to be inserted at appropriate place in P's briefing book -

Thanks
fran

SUGGESTED THEMES FOR THE PRESIDENT'S MEETING WITH
MEMBERS OF THE JAPANESE DIET

-- I have made a special point of meeting with you because the Diet, like our Congress, is a symbol of the ties that bind us together so deeply. I also wanted to thank the members of this body who welcomed me so warmly when I visited Japan in 1975.

--We share a firm commitment to democracy, to the protection of human rights, of the right of the people to know and to participate in the decisions that affect their lives. We share the conviction that extensive trade can benefit both nations, strengthen the economies of both, improve the lives of the people of both nations.

--We also share a deep concern about the needs of developing nations and about the dependence of our own nations on imported oil. We share most of all a commitment to a just and permanent peace, to a world where nations do not settle their differences with bloodshed and destruction, but work together to build a better world.

--The strength of our ties prove that strong nations can compete amicably. We can consider the special needs of their citizens who have problems without erecting barriers that can erode the relationships between nations.

--Much of the credit for Japan's achievements in

recent years...your unprecedented economic growth, your emergence as a leader among nations, your growing role as a force for stability and peace in Asia is due to the superb leaders this body has nurtured and trained and given your nation as Prime Ministers.

--Our Congress and your Diet share much in common. But I understand that unlike in the United States, your Prime Ministers must receive the informal approval of the Diet to leave your country. If the Congress had that power I would not worry too much about receiving permission to leave. Coming back is another matter.

--The relationship between the United States and Japan is crucial to the vital interests of both our countries and to the maintenance of peace and stability in Asia. The full participation of our legislatures is necessary to assuring its continued strength.

--During the last two years, our countries have successfully negotiated a number of very difficult economic issues. Some were specific such as beef and citrus and telecommunications equipment. Some were more general such as standards and testing procedures for imports and current account balances.

-- At times, voices in both the United States and Japan

spoke out strongly in opposition to the course of the negotiations. Many in America felt Japan was seeking to keep its markets closed while taking advantage of our openness. And many in Japan felt we were unremitting -- and unreasonable -- in our pressure, raising new problems as soon as old ones had been resolved.

--The issues involved are basic, and it is not surprising that feelings should be strong on both sides. What is important is that despite these strong feelings, we were able to come to mutually satisfactory agreements on many issues, or at least to set in motion procedures which will lead to solutions.

--I am very pleased with the approach Prime Minister Ohira and I were able to agree upon in May in the joint communique we issued. Implementation will require constant and determined follow-through. But we have created a framework for approaching our problems constructively and cooperatively, as is appropriate to two such close and friendly nations as ours.

--I have worked with our Congress to gain support for progress within that framework, and I believe we have achieved that. I would also ask that you work to assure that we find equitable solutions, based on reciprocity,

to any problems which are yet to be resolved or which may arise in the future.

--Our partnership is a model for all nations. We are not only working to benefit our own peoples; our partnership is a force for prosperity and peace throughout the Asian region, and the rest of the world.

#

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June 28, 1979

C

MEMORANDUM TO THE PRESIDENT

FROM: Jody Powell

RE: Refugees

I understand you may be addressing this issue at lunch today and you have not yet made decision on U.S. action. I hope you will decide on a maximum (14,000 per month) response. We must not under any circumstances appear to be pinching pennies on this matter. The American people will respond to a maximum effort on their part. They will not respond to a middle of the road decision.

If you decide on the 14,000 per month option, we should announce that decision this afternoon whatever the other nations decide to do. You may wish to inform your partners of this intention at the luncheon to push them toward meaningful joint commitments. If you decide to go for any specific number, we could do the appropriate Congressional-basetouching within an hour and a half if you let us know.

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AK-KREPS 6-29

URGENT

DURHAM, N.C. (UPI) -- DR. CLIFTON H. KREPS, HUSBAND OF COMMERCE SECRETARY JUANITA K. KREPS, UNDERWENT EMERGENCY SURGERY FRIDAY NIGHT FOR WHAT POLICE SAID WAS APPARENTLY A SELF-INFLICTED GUNSHOT WOUND TO THE HEAD.

KREPS, 59, WAS LISTED IN STABLE CONDITION AT DUKE UNIVERSITY MEDICAL CENTER, SPOKESMAN BOB WILSON SAID.

HE SAID KREPS WAS ADMITTED TO THE EMERGENCY ROOM AT 6:30 P.M. AND UNDERWENT SURGERY AT 9 P.M. MRS. KREPS WAS REPORTED EN ROUTE TO DURHAM.

POLICE SAID KREPS' SON, CLIFTON H. KREPS III, FOUND HIS FATHER IN THE STUDY OF THE FAMILY HOME IN DURHAM AFTER HE ENTERED THE ROOM TO INVESTIGATE A NOISE.

KREPS IS A PROFESSOR AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL.

UPI 06-29 10:47 PED

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" "

TOAST FOR THE PRIME MINISTERS LUNCH

Mr. Prime Minister, Distinguished Japanese Guests, and Friends:

--I am delighted to be in your country and to enjoy first-hand the special hospitality and warmth for which the Japanese people are known all over the world.

--Less than two months ago, Rosalynn and I had the ~~great~~ privilege of welcoming Prime Minister Ohira and his lovely wife, ~~Mrs. Ohira~~, to the White House. We were especially honored that this was the Prime Minister's first trip abroad ~~since~~ ^{after} assuming office, ^{and} In the same spirit of friendship and common purpose, I am ~~very~~ pleased that my first ^{trip} trip to East Asia ~~as President~~ is to Japan.

--During our discussions in May, Prime Minister Ohira and I became not just working partners, but also friends and mutual ~~students~~ ^{students} admirers. We discovered that in addition to the massive briefing papers prepared by our staffs, each of us had also read the other's autobiography. (That effort and sacrifice, alone, -- at least in the Prime Minister's case -- is a true mark of friendship.) I learned that ^{we are both} ~~he like I, was a~~ farmer, and that he, ^{and both come} like I, came from the southern part of his ~~own~~ ^{our} country. (I have developed a theory that great statesmanship and birth in the South are often compatible.)

MR. PRIME MINISTER, DISTINGUISHED JAPANESE GUESTS, AND FRIENDS:

-- I AM DELIGHTED TO BE IN YOUR COUNTRY AND TO ENJOY FIRSTHAND THE SPECIAL HOSPITALITY AND WARMTH FOR WHICH THE JAPANESE PEOPLE ARE KNOWN ALL OVER THE WORLD.

-- LESS THAN TWO MONTHS AGO, ROSALYNN AND I HAD THE PRIVILEGE OF WELCOMING PRIME MINISTER OHIRA AND HIS LOVELY WIFE TO THE WHITE HOUSE. WE WERE HONORED THAT THIS WAS THE PRIME MINISTER'S FIRST TRIP ABROAD AFTER ASSUMING OFFICE; AND IN THE SAME SPIRIT OF FRIENDSHIP AND COMMON PURPOSE, I AM PLEASED THAT MY FIRST OFFICIAL TRIP TO EAST ASIA IS TO JAPAN.

(=OVER=) (DURING OUR DISCUSSIONS IN.....)

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DURING OUR DISCUSSIONS IN MAY, PRIME MINISTER OHIRA AND I BECAME NOT JUST WORKING PARTNERS, BUT ALSO FRIENDS AND MUTUAL STUDENTS.

IN ADDITION TO THE MASSIVE BRIEFING PAPERS PREPARED BY OUR STAFFS, EACH OF US HAD ALSO READ THE OTHER'S AUTOBIOGRAPHY. I LEARNED THAT WE ARE BOTH FARMERS, AND BOTH COME FROM THE SOUTHERN PART OF OUR COUNTRY. (I HAVE DEVELOPED A THEORY THAT GREAT STATESMANSHIP AND BIRTH IN THE SOUTH ARE ~~OFTEN~~ ^{NOT} COMPATIBLE.)

-- I COME FOR OUR OFFICIAL BILATERAL DISCUSSIONS IN A SPIRIT OF FRIENDSHIP AND AFFECTION, WITH ~~WARM~~ MEMORIES OF MY LAST VISIT TO JAPAN, AND EVEN WARMER EXPECTATIONS FOR THIS ONE. I BRING ~~WITH ME~~ ^{TO YOU} THE GOODWILL AND THE RESPECT OF THE AMERICAN PEOPLE.

(=NEW CARD=) (--IN THE LONG HISTORY.....)

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-- IN THE LONG HISTORY OF RELATIONS AMONG NATIONS, I DOUBT THAT THERE HAS EVER BEEN TWO NATIONS AND TWO PEOPLES ~~WHO ARE~~ SO DIFFERENT -- IN HISTORY, GEOGRAPHY, CULTURE, TRADITIONS, AND LANGUAGE -- WHO HAVE JOINED TOGETHER IN A CLOSER, MORE PRODUCTIVE, MORE FAR-REACHING, OR WARMER RELATIONSHIP THAN THAT WHICH UNITES THE JAPANESE AND THE AMERICAN PEOPLES TODAY.

-- YOURS IS AN ANCIENT NATION. OURS IS RELATIVELY NEW. YOURS IS A HOMOGENOUS SOCIETY WHERE PEOPLE CAN COMMUNICATE ALMOST WITHOUT SPEAKING BECAUSE SO MUCH IS SHARED IN HISTORY, TRADITIONS, AND CULTURE. OURS IS A NATION OF IMMIGRANTS, SPEAKING DIFFERENT LANGUAGES, RECALLING OUR DIFFERENT HERITAGE, SEARCHING FOR WAYS TO ACCOMMODATE ONE ANOTHER TO FURTHER THE GOALS WE SHARE.

(=OVER=) (--YET OUR TWO NATIONS.....)

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--YET OUR TWO NATIONS AND OUR TWO PEOPLES ARE UNITED BY SHARED IDEALS AND A SENSE OF COMMON PURPOSE THAT TRANSCEND ALL THESE DIFFERENCES.

--WE SHARE AN OVER-RIDING BELIEF IN FREEDOM, IN DEMOCRACY, IN THE RIGHT OF PEOPLE TO HEAR THE TRUTH, TO HAVE OPEN DEBATE, TO EXPRESS OURSELVES WITHOUT CONSTRAINT, TO ENJOY A FREE PRESS, AND TO PARTICIPATE IN THE POLITICAL PROCESS.

WE BELIEVE THAT THE GREATEST SOURCE OF ENERGY AND CREATIVITY IS THE IMAGINATION AND INITIATIVE DERIVED FROM THIS FREEDOM. WE SHARE WITH YOU AN ABIDING COMMITMENT TO BUILD A WORLD IN WHICH ALL PEOPLES CAN LIVE IN PEACE. WE JOIN TOGETHER IN THE URGENT EFFORT TO HALT THE SPREAD OF NUCLEAR WEAPONS.

(=NEW CARD=) (--OUR RELATIONSHIP TODAY.....)

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-- OUR RELATIONSHIP TODAY ~~IS MORE THAN ONE BETWEEN GOVERNMENTS OR NATIONS. IT~~ IS MORE LIKE THE RELATIONSHIP BETWEEN MEMBERS OF A LARGE EXTENDED FAMILY. ~~WE CAN HARDLY KEEP TRACK OF ALL THE CONTACTS THAT GO ON BETWEEN US OUTSIDE OF ANY GOVERNMENT SPONSORSHIP.~~

-- MORE THAN 1 MILLION JAPANESE AND AMERICANS VISIT BACK AND FORTH BETWEEN OUR TWO COUNTRIES EVERY YEAR. WE MEET IN BOARD ROOMS, GOVERNMENT CONFERENCES, FACTORIES, CONCERT HALLS, SCIENCE LABS, UNIVERSITIES, FARM LANDS, AND ON SPORTS FIELDS.

MORE MEMBERS OF THE DIET AND THE U.S. CONGRESS MEET TO EXCHANGE IDEAS AND LEARN FROM ONE ANOTHER EVERY YEAR THAN DO THE LEGISLATORS OF ANY OTHER NATIONS ON EARTH.

(=OVER=) (THAT SPECIAL CLOSENESS.....)

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THAT SPECIAL CLOSENESS TOUCHES MY OWN FAMILY. MY DAUGHTER AMY STUDIES VIOLIN UNDER THE SUZUKI METHOD PIONEERED IN YOUR COUNTRY. AMY IS VERY EXCITED ABOUT HAVING THE CHANCE TO TAKE A LESSON HERE WITH MR. SUZUKI'S NIECE.

-- WE HAVE MUCH TO LEARN FROM YOU. WE ADMIRE YOUR VIGOR, YOUR THIRST FOR KNOWLEDGE, YOUR SENSE OF SELF-DISCIPLINE, YOUR COMMITMENT TO HARD WORK. WE RESPECT THE STRENGTH OF YOUR FAMILY BONDS, YOUR SENSE OF COMMUNITY, AND THE SPECIAL JAPANESE GRACE AND DELICACY, THE SENSE OF HARMONY AND BEAUTY THAT YOU HAVE PRESERVED DESPITE THE PRESSURES AND COMPLEXITIES OF MODERN SOCIETY. WE ADMIRE YOUR ENORMOUS ACHIEVEMENTS IN HARNESSING TECHNOLOGY, PRODUCTIVITY, INDUSTRY, AND TRADE TO BUILD YOUR NATION INTO A GREAT WORLD POWER.

(=NEW CARD=) (OUR PEOPLE DERIVE GREAT.....)

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-- OUR PEOPLE DERIVE GREAT BENEFITS FROM OUR GOOD RELATIONSHIP.
TOTAL TRADE BETWEEN OUR TWO NATIONS IS NEARLY \$40 BILLION EVERY YEAR.
THAT IS MORE THAN THE TOTAL GROSS NATIONAL PRODUCT OF 134 NATIONS IN THE
WORLD.

-- BUT NONE OF US CAN BE COMPLACENT ABOUT OUR PAST ACHIEVEMENTS.
YOUR GREAT NAVAL HERO OF 1904, ADMIRAL TOGO, SAID, "AFTER VICTORY, TIGHTEN
THE STRAPS OF YOUR HELMET." IT IS INEVITABLE THAT AS OUR RELATIONS BECOME
LARGER AND BUSIER, DEMANDS FOR MORE EQUALITY FOR ACCESS TO MARKETS WILL BE
HEARD. POSSIBILITIES FOR DIFFERENCES WILL ARISE. BUT I AM CONFIDENT THAT
WE CAN RESOLVE THEM AS FRIENDS AND PARTNERS.

-- WE ARE VERY PLEASED AT THE PROGRESS WE MADE TOGETHER IN MAY AND THE
SUCCESSES WE HAVE GAINED IN RESOLVING OUR CONCERNS ABOUT TRADE AND
ECONOMIC ISSUES.

(=OVER=) (MY MEETING THEN WITH.....)

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~~MY MEETING THEN WITH PRIME MINISTER OHIRA, FOREIGN MINISTER SONODA, AND THEIR COLLEAGUES WAS ONE OF THE MOST PRODUCTIVE IN MY DIPLOMATIC LIFE. IT LAID THE BASIS FOR FURTHER GROWTH IN OUR PRODUCTIVE PARTNERSHIP.~~
WE LOOK FORWARD TO EQUAL SUCCESS IN ADDRESSING OUR LONG-TERM PROBLEMS.

THAT SAME SPIRIT, I AM CONFIDENT, WILL LEAD TO SUCCESS AMONG THE INDUSTRIALIZED NATIONS WHEN WE MEET IN OUR UPCOMING SUMMIT TO DEAL WITH OUR COMMON CHALLENGES IN ENERGY, INFLATION, FOOD, ALLEVIATING THE PLIGHT OF REFUGEES, AND MEETING THE NEEDS OF THE DEVELOPING NATIONS.

-- IT IS A TRIBUTE TO JAPANESE LEADERSHIP AND TO THE ENORMOUS ACHIEVEMENT AND PERFORMANCE OF JAPAN THAT YOUR COUNTRY IS THE FIRST ASIAN NATION TO HOST A SUMMIT MEETING OF THE MAJOR INDUSTRIALIZED DEMOCRACIES.

(=NEW CARD=) (THIS CONFERENCE IS.....)

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THIS CONFERENCE IS WELCOME EVIDENCE OF JAPAN'S GROWING LEADERSHIP ROLE AS A FORCE FOR COOPERATION AMONG NATIONS, FOR ECONOMIC JUSTICE, FOR STABILITY AND PEACE, AND FOR GREATER SHARED PROSPERITY AMONG THE PEOPLES OF THE WORLD.

-- ASIA IS THE FASTEST GROWING ECONOMIC REGION IN THE WORLD, A REGION OF RAPID CHANGE. WE ARE CERTAINLY MOVING INTO A NEW ERA IN THE LIFE OF OUR PACIFIC COMMUNITY. THE UNITED STATES IS A PACIFIC NATION BY HISTORY, GEOGRAPHY, AND INTERESTS,...AND THE PARTNERSHIP BETWEEN JAPAN AND THE UNITED STATES IS THE CORNERSTONE OF OUR FOREIGN POLICY IN THIS REGION.

(=OVER=) (ASIA IS MADE MORE STABLE.....)

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ASIA IS MADE MORE STABLE BY JAPAN'S WILLINGNESS TO PLAY AN INCREASINGLY ACTIVE POLITICAL ROLE HERE; BY THE STRENGTH AND STABILITY OF SECURITY RELATIONS BETWEEN OUR TWO COUNTRIES; AND BY THE RECENT IMPROVEMENTS THAT HAVE BEEN ACHIEVED IN BOTH OUR RELATIONSHIPS WITH CHINA.

TOGETHER, I AM CONFIDENT THAT WE CAN BE A FORCE FOR HOPE, STABILITY, PROSPERITY, AND PEACE IN WHICH ALL THE WORLD'S PEOPLE CAN SHARE.

-- I PROPOSE A TOAST: TO THE HEALTH OF PRIME MINISTER OHIRA AND MRS. OHIRA, ... TO THE DEEP FRIENDSHIP AND AFFECTION BETWEEN THE JAPANESE AND AMERICAN PEOPLES, ... AND TO THE BRIGHT FUTURE WE WILL SHARE TOGETHER.

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To Japan
--It is a tribute to the leadership of Prime Minister Ohira, his predecessors, and to the enormous achievement and performance of Japan that your country is the first Asian nation to host an ^a ~~Economic Summit~~ ^{meeting} of the major industrialized democracies. Your ~~initiative~~ ⁱⁿ calling ~~this~~ ^{the} conference is welcome evidence that ~~Japan~~ ^{of Japan's} is committed to playing a growing leadership role as a force for cooperation among nations, for economic justice, for stability and peace, and for greater shared prosperity among the peoples of the world.

for our official bilateral relations
--I come ⁱⁿ a spirit of friendship and affection, with warm memories of my last visit to Japan, and even warmer expectations for this one. I bring with me the good will, ^{and} the respect, ~~and the love~~ of the American people.

--In the long history of relations among nations, I doubt that there has ever been an instance where two nations and two peoples who are so different -- in history, geography, culture, traditions, and language -- ^{who} have joined together in a closer, more productive, more far-reaching, or warmer relationship than the ~~friendship~~ ^{which} that ^{unites} the Japanese and the American peoples today.

--Yours is an ancient nation. Ours is relatively new. Yours is a homogenous society where people can communicate almost without speaking because so much is shared in history,

traditions, and culture. Ours is a nation of immigrants, speaking different languages, recalling ^{our} different heritages, searching for a way to accommodate one another to further the goals we share.

--Yet our two nations and our two peoples are united by shared ideals and a sense of common purpose that transcend all these differences.

--We share an over-riding belief in freedom, ~~[We believe]~~ in democracy, in the right of ~~[individual]~~ people to hear the truth, to have open debate, to express themselves without constraint, to enjoy a free press, and to participate in the political process. We believe that the greatest source of energy and creativity is the imagination and initiative ~~and will~~ ^{derived from this freedom} of a free people in a free society. We share ^{with you} ~~a~~ deep, abiding commitment to building a world in which all peoples can live in peace. ^{we join together} ~~[Japan has long been a leader]~~ in the urgent effort to halt the spread of nuclear weapons, ~~and to search for peaceful cooperation among nations.~~

--Our relationship today is more than one between governments or nations. It is more like the relationship between members of a large extended family. I ^{think} ~~think~~ both our governments can hardly keep track of all the contacts that go on between us outside of any government sponsorship.

--More than 1 million Japanese and Americans visit back and forth between our two countries every year. We meet in board rooms, government conferences, factories, concert halls, science labs, universities, farm lands, and on sports fields. More members of the Diet and the U.S. Congress meet to exchange ideas and learn from one another every year than do the legislators of any other nations on earth. That special closeness touches my own family. My daughter Amy studies violin under the Suzuki method pioneered in your country. Amy is very excited about having the chance to take a lesson here with ^{Mr.} Suzuki's niece.

--We have much to learn from you. We admire your vigor, your thirst for knowledge, your sense of self-discipline, your commitment to hard work. We respect the strength of your family bonds, your sense of community, and the special Japanese grace and delicacy, the sense of harmony and beauty that you have preserved despite the pressures and complexities of modern society. We admire your enormous achievements in harnessing technology, productivity, industry, and trade to build your nation into a great ^{world} economic power.

--I recently read what a Japanese nobleman, Lord Hotta, wrote about the possibilities of trade with our nation at the time of Commodore Perry's first visit to Tokyo. He said: "If we allow foreigners to engage in trade with Japan, this country will become impoverished". (I think that prediction was about as accurate as the polls I read about my chances when I first

announced for President.) Total trade of farm products and manufactured goods between our two nations is nearly \$40 billion every year. That is more than the total gross national products of 134 nations in the world.

But
None of us can be complacent about our past achievements.

Your great Naval hero of 1904, Admiral Togo said, "After victory, tighten the straps of your helmet". It is in-

evitable that as our relations become larger and busier, *demands for more trade, for access to markets and services,* possibilities for differences will arise. But I am confident that we can resolve them as friends and partners.

--We are very pleased at the progress we made together in May and the successes we have gained since then in resolving our concerns about trade and economic issues. My meeting with Prime Minister Ohira, Foreign Minister Sonoda, and their colleagues in May was one of the most productive days in my diplomatic life. *At laid the basis for further growth in our productive partnership.* We look forward to equal success in addressing our long-term problems. That same spirit, I am confident, will lead to success among the industrialized nations when we meet in our upcoming summit to deal with our common challenges in energy, inflation, food, *allocating the plight of refugees* and meeting the needs of the developing nations.

--Asia is the fastest growing economic region in the world, a region of rapid change. We are *certainly* moving into a new era *in the Pacific* of a Pacific Community, today. The United States is a Pacific

nation by history, geography, and interests, ^{and} The partnership between Japan and the United States is the cornerstone of our foreign policy in this region. ^{JP} Asia is made more stable by Japan's willingness to play an increasingly active political role here; by the ~~growing~~ ^{growing} strength ^{and stability} of security relations between our two countries; and by the recent improvements that have been achieved in both our relationships with China. Together, I am confident ^{that} we can be a force for hope, stability, prosperity, and peace in which all the world's people can share.

--I propose a toast ^{to} to the health of Prime Minister Ohira and Mrs. Ohira, to the deep friendship and affection between the Japanese and American peoples, and to the bright future we will share. ^{together}

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