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THE WHITE HOUSE
WASHINGTON

02 July 79

Tim Kraft
Arnie Miller

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

Rick Hutcheson

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
	RAFSHOON
	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

THE WHITE HOUSE

WASHINGTON

June 19, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AM*

SUBJECT:

NATIONAL SCIENCE FOUNDATION (NSF)
ASSISTANT DIRECTORS

The National Science Foundation initiates and supports fundamental and applied research in all the scientific disciplines. You have appointed the Director, Richard Atkinson. Two Assistant Directors have submitted resignations: James Krumhansl, the Assistant Director for Mathematical and Physical Sciences (M&PS&E); and John B. Slaughter, the Assistant Director for Astronomical, Atmospheric, Earth, and Ocean Sciences (AAE&OS).

We join Atkinson and Frank Press in recommending the appointments of William Klemperer as Assistant Director for M&PS&E; and Francis S. Johnson as Assistant Director for AAE&OS.

Klemperer is a professor of chemistry at Harvard renowned for his research in molecular spectroscopy. This coupled with his expertise in low energy physics and astronomy provide a broad scientific background in the physical sciences.

Johnson is currently Executive Dean of Graduate Studies and Research at the University of Texas at Dallas. He has performed pioneering research in upper atmospheric phenomena, satellite systems, and space physics at Lockheed. He has had extensive administrative experience in the federal government, private industry, and academia.

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RECOMMENDATION

Nominate William Klemperer, of Massachusetts, as Assistant Director of the National Science Foundation for Mathematical and Physical Sciences and Engineering and Francis S. Johnson, of Texas, as Assistant Director of the National Science Foundation for Astronomical, Atmospheric, Earth, and Ocean Sciences.

_____ ✓ _____ approve _____ disapprove

A handwritten signature, possibly 'J', is written in the center of the page.

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FRANCIS S. JOHNSON
Dallas, Texas

EXPERIENCE

1974 - Present	Cecil H. and Ida M. Green Honors Professor of Natural Sciences, University of Texas
1971 - 1974	Director, Center for Advanced Studies, University of Texas
1968 - 1972	Director, Space Science Center, Southern Methodist University
1969 - 1971	Acting President, University of Texas
1964 - 1969	Director, Earth and Planetary Sciences Laboratory
1962 - 1964	Head, Atmospheric and Space Sciences Division, Southwest Center for Advanced Studies
1955 - 1962	Manager, Space Physics Research, Lockheed Missiles and Space Company
1946 - 1955	Head, High Atmosphere Research Section, U.S. Naval Research Laboratory

EDUCATION

1958	University of California, Los Angeles, Ph.D.
1942	University of California, Los Angeles, M.A.
1940	University of Alberta (Canada), B.S.

ACTIVITIES

Fellow and Past Chairman, American Geophysics Union
Member, American Meteorological Society
Member, American Physical Society
Member, American Astronomical Society

PERSONAL

White Male
Age 61
Democrat

WILLIAM A. KLEMPERER
Watertown, Massachusetts

EXPERIENCE

1965 - Present	Professor of Chemistry, Harvard University
1961 - 1965	Associate Professor of Chemistry, Harvard University
1957 - 1961	Assistant Professor of Chemistry, Harvard University
1954 - 1957	Instructor, Harvard University
1954	Instructor, University of California, Berkeley

EDUCATION

1954	University of California, Berkeley, Ph.D.
1950	Harvard University, A.B.

ACTIVITIES

Fellow, American Physical Society
Member, National Academy of Sciences
Member, American Academy of Arts and Sciences
Member, American Chemical Society
Fellow, The Franklin Institute

PERSONAL

White Male
Age 52
Democrat

THE WHITE HOUSE
WASHINGTON
02 July 79

FOR THE RECORD:

A COPY OF THE ATTACHED WAS
GIVEN TO STU EIZENSTAT.
THE ORIGINAL WAS SENT TO
STRIPPING FOR MAILING.

2840

THE WHITE HOUSE
WASHINGTON

from Eisenhower's
office

h

Susan

Rich

cc
5/24

THE WHITE HOUSE

WASHINGTON

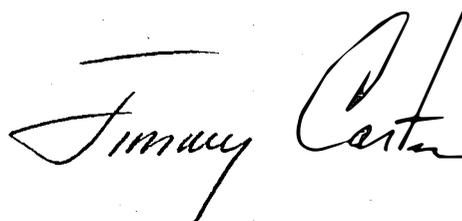
July 2, 1979

To Cliff Garvin

Thank you for your letter of June 4, 1979, and your specific suggestions on ways to deal with our energy problem.

We are implementing many of the recommendations you have made and will carefully study the others.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

Mr. C. C. Garvin, Jr.
Chairman of the Board
Exxon Corporation
1251 Avenue of the Americas
New York, New York 10020

C. C. GARVIN, JR.
Chairman of the Board

June 4, 1979

Send reply from J.C.

*OK
T. Cliff Garvin*

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

My dear Mr. President:

Thank you for leading the meeting last Thursday at which we discussed the current oil situation. I appreciated the opportunity to participate. You are correct that what is needed most of all to deal with our energy problem is for government, industry, and all interested groups to come together in a renewed sense of national unity and will. Differences of view on individual issues, no matter how important they may seem from our individual perspectives, should not hinder our common efforts to deal with this serious national problem. I pledge to do all that I can to contribute to a satisfactory result.

As you requested, attached to this letter is a memorandum setting out both short and long-term actions to improve our energy posture. Also included are comments which may be helpful in your preparations for the economic summit and in the development of our relations with OPEC nations. I would be glad to meet with you at any time to discuss any of these subjects.

Sincerely yours,

C. C. Garvin, Jr.

Attachment

cc: The Honorable James R. Schlesinger

*Thank you for your letter of
June 4, 1979, and your specific
suggestions on ways to
deal with our energy
problem.*

*We are implementing
many of the recommendations
that you ~~are~~ have
made and will
carefully study the
others.*

WJ

NEED FOR A NATIONAL CONSENSUS THAT THE ENERGY PROBLEM IS REAL

Achieving credibility with the public is essential if the Administration, Congress, and the Industry are to work together effectively to provide for the nation's energy future. The basic short and long-range problem is an insufficiency of crude oil. There is not enough oil, known or likely to be discovered, for the world to continue to increase oil consumption as it has in the past and would like to do in the future. In addition, a large share of the available oil is located in a few countries which are outside the major consuming areas.

The United States is increasingly dependent on OPEC oil. However, OPEC governments are not producing as much crude as the world would like to have. The aftermath of the Iranian situation suggests this is likely to be a persistent problem. Even if the current situation is resolved, the time is not far distant when physically available world oil supplies will be constrained. While increasing domestic supplies of gas and oil can help in the interim, consuming nations will soon have to adjust to this reality by holding in check their consumption of oil, and promoting the development of all practicable alternate forms of energy.

IMMEDIATE STEPS CAN BE TAKEN TO ALLEVIATE THE SHORT-TERM SHORTAGE

The immediate oil shortage problem can be moderated by readily available actions, some of which have already been initiated. Demand could be reduced by:

- o Temperature changes in commercial and residential buildings. Even a change of a few degrees could produce noticeable results.
- o A reasonable increase in airline load factors, some of which has been achieved.
- o Strict enforcement of the 55 MPH speed limit.

In addition to these conservation steps, there is a good deal that can be done fairly quickly both to substitute other fuels for oil and to otherwise stretch available supplies. By and large these actions can be implemented by removal of existing regulatory restraints coupled with a little encouragement. These steps include:

- o The further substitution, wherever possible, of indigenous natural gas for oil used by utilities and industry. Such substitution appears to have been largely accomplished already with substantial resulting oil savings.

- o Switching to coal in dual capability utility boilers, and wheeling electricity from coal fired generating utilities to oil using utilities. There would appear to be much more that can be done in this area.
- o Further judicious relaxation of emission restrictions on heavy fuel oil to permit utilities to use more readily available regular sulfur heavy fuel oil.
- o Removal of EPA's accelerated phase down on lead additives and permission to resume using manganese additives in unleaded gasoline. These steps now appear to be underway.

The full application of these conservation and supply augmentation measures would, in our judgment, more than cover the shortage expected for the balance of this year, including the unexpected losses attributable to nuclear shut-downs.

On occasion, the Administration has announced its intention to relax environmental regulations, but the appropriate agency or state authority has not acted. The Administration's ability to achieve prompt, meaningful relaxation actions by Federal agencies and state authorities will continue to be critically important.

CRUDE PRICE DECONTROL NECESSARY TO REDUCE CONSUMPTION AND INCREASE THE NATION'S ENERGY SUPPLIES

We support crude price decontrol. It will encourage U.S. consumers to conserve and will be a clear indication to both producing and consuming nations that this country is serious about solving its energy problems. Decontrol will provide producers with incentives to increase production from existing fields and for finding new reserves; it will provide additional cash flow to facilitate the necessary investments and will remove much of the uncertainty which has plagued them under existing controls.

The proposed "windfall profits" tax is an unnecessary excise tax. The major part of the added revenue from decontrol will flow to government without an added tax. However, if such an added tax is enacted, it should be phased out over a short period of time, lest it hamper our future supply effort by placing a tax on production, the costs of which are unknown.

THE PETROLEUM INDUSTRY CAN DO MORE WITH GREATER ACCESS TO FEDERAL LANDS AND LESS DELAYS DUE TO ENVIRONMENTAL RESTRICTIONS

Too few high potential areas are included in the current Department of the Interior OCS lease schedule, and those that are included are scheduled late in the five-year period. To maximize production potential, emphasis must be placed on adding early sales in the high potential Alaskan basins.

Recent Administration actions have precluded exploration of over 100 million acres of high potential Alaskan lands. The energy potential of these lands should be thoroughly evaluated prior to withdrawal and the best way to do this is through the multiple competitive efforts of the private sector. We specifically recommend that your action withdrawing Alaskan lands should be rescinded at least until their energy potential can be evaluated. This can be done without serious environmental degradation. Also, the Udall bill should not be enacted.

NATIONAL EFFORT NEEDED TO INITIATE A PROGRAM FOR THE DEVELOPMENT OF SYNTHETIC FUELS

We need to initiate promptly a national program to develop synthetic fuels as part of the bridge to the longer term different mix of fuels based more heavily on renewable sources of energy. Shale oil, gas from coal, and further down the road perhaps liquids from coal, are an important part of this transition because the technology is within reach and the raw material base exists in abundance in this country.

A full fledged synthetics industry should be developed in two steps: (1) the construction and operation of "pioneer plants" to prove technologies and provide a base of operating experience with various processes and feedstocks; and (2) full scale commercialization of technically and economically successful processes.

Legislation is probably necessary to clear environmental roadblocks to pioneer plant construction. Special economic incentives are likely to be required because of the large risks involved in these projects. These incentives should be designed to encourage broad competitive private sector participation. With regard to shale oil, Federal lease and acreage limitations should be lifted in order to encourage investment in pioneer plants.

POINTS TO BE CONSIDERED IN INTERGOVERNMENTAL DELIBERATIONS

A key issue again on the international agenda is how to develop further the necessary cooperative relations among consuming countries, and between consuming and producing nations, to deal with the critical energy supply problem with a minimum of economic dislocation and resulting political instability. Some possible initiatives follow:

- IEA governments do not seem to be making adequate progress in achieving the agreed 5% oil demand reduction. A critical review of the adequacy of national plans to achieve this reduction seems desirable. IEA countries should also consider plans to reduce consumption beyond the 5% level and establish credible mechanisms to do this.
- Consuming countries might consider developing under IEA auspices a mechanism for closer, more focused consultation at senior levels on oil and other related energy matters, perhaps involving selected members only and with France as an ad hoc participant. The consultative experience in regard to international monetary policy might be a model. Such a flexible approach would seem well adapted to handling divergent approaches to problems of immediate urgency.
- For at least the next decade, even though they curtail energy consumption and increase domestic energy supplies, IEA countries will remain heavily dependent on OPEC oil--perhaps requiring even more oil than is presently supplied. Saudi Arabia remains the key to increased oil availability, though Iraq and a few other OPEC countries also have potential for increased oil producing capacity. Saudi Arabia's willingness to produce more oil and to moderate price increases depends on several factors: demonstration by industrial countries that they are taking their own steps to curb oil consumption; appropriate recognition of Saudi concerns about the value of their dollar investments; and, perhaps most important, Saudi Arabia's perception of satisfactory progress in Middle East negotiations.
- Improved consultations among the major industrial countries could provide a basis for subsequent issue-oriented exchanges with key OPEC countries, either bilaterally or as part of a small group including perhaps one or two non-OPEC developing nations. Such selective dialogue is more likely to produce results than resumption of broader and more comprehensive North-South talks.

THE WHITE HOUSE
WASHINGTON
02 Jul 79

Jack Watson
Stu Eizenstat

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

Rick Hutcheson

2846



THE WHITE HOUSE
WASHINGTON

ek
J

July 2, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
JACK WATSON *Jack*

SUBJECT: Division of Energy
Responsibility Between Us

We met this morning to discuss how to divide up energy responsibilities between our two task forces. While there are some issues which are clearly either strictly policy or strictly management, there are also overlapping areas. It is also clear that all issues, whether policy or management, impact on each other. We have come up with the following arrangement which we believe is workable and understandable.

Under our agreement, Jack will have responsibility for managing and implementing short-run decisions which relate to the current shortage. However, where implementational or management issues arise which involve a policy question (e.g., Clean Air Act waivers), even if these are short-term questions, they will be referred to Stu's task force for expedited consideration and recommendation. Conversely, Jack's group will be kept apprised of everything Stu's task force is pursuing to ensure that the management implications of each policy issue are considered. Through this arrangement, Jack can identify policy areas which will need to be addressed in order to give him the tools to manage shortage situations, but policy analysis will continue to be done under the aegis of Stu's task force.

We have also agreed that neither of us will send decision memoranda or recommendations to you without have consulted and coordinated with the other. This way we can ensure that both the policy and the management ramifications of each issue are considered before you are asked to make a decision.

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THE WHITE HOUSE
WASHINGTON
02 Jul 79

Tim Kraft
Arnie Miller

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

Two memos attached

THE WHITE HOUSE

WASHINGTON

June 12, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AM*

SUBJECT:

Advisory Board of the Saint Lawrence
Seaway Development Corporation

The Advisory Board of the Saint Lawrence Seaway Development Corporation, one of the operating administrations of the Department of Transportation, is a five member, bipartisan board whose function is to review the general policies of the Saint Lawrence Seaway Development Corporation and advise the Administrator with respect to those policies. Members serve at your pleasure, without pay. Four members of the current board were appointed in 1969, and one in 1966. Three are Republicans and two are Independents.

We did not move to replace the members because the reorganization task force recommended that the board be abolished. However, Congress did not respond favorably to that recommendation.

The following individuals, as a group, have a broad range of experience in seaway matters and each comes from a seaway State.

Morris Katz (Democrat), of Indianapolis, Indiana, was suggested for a seat on the board by Birch Bayh. Katz, a prominent paper products manufacturer who ships on the seaway, has been active in party politics and serves on the executive committee and finance council of the DNC. He is also a member of the Advisory Committee for Trade Negotiations.

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Francis Kornegay (Democrat), of Detroit, Michigan, has been recommended by Coleman Young. Kornegay recently retired after thirty-five years service with the Detroit Urban League, the last eighteen of which were as Executive Director. During that time he was actively involved in getting minorities hired in the maritime industries and unions. He presently serves on the Mayor's Manpower Area Planning Council, and the State's Public Transportation Council.

Patrick S. Sullivan (Democrat), of Buffalo, New York, has been highly recommended by Congressman Nowak. Sullivan has been an active member of the International Longshoreman's Association (AFL-CIO) for thirty-five years. He has served as president of his local, charter member of the Maritime Trades Council for the Port of Buffalo, and as co-chairman of the Buffalo-Erie County Waterfront Advisory Committee.

Conrad M. Fredin (Independent), of Duluth, Minnesota, has the support of Congressman Oberstar, Chairman of the Conference of Great Lakes Congressmen. Fredin, a practicing attorney, is the President-Elect of the Minnesota State Bar Association and has been a member and President of the Board of Commissioners - Seaway Port Authority of Duluth.

Jacob Bernheim (Independent), of Wisconsin, the present Chairman and a member of the board since 1966, has an excellent reputation for the work he has done in that capacity. As a practicing attorney, he has been labor relations counsel to the Milwaukee Marine Terminal and Stevedore Operators since 1958. His retention is supported by Senator Nelson and Congressman Zablocki.

RECOMMENDATION

Nominate Morris Katz, Francis Kornegay, Patrick S. Sullivan, and Conrad M. Fredin as Members of the Advisory Board of the Saint Lawrence Seaway Development Corporation. Reappoint Jacob Bernheim as a Member and Chairman.

✓
_____ approve

_____ disapprove

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MORRIS KATZ
Indianapolis, Indiana

EXPERIENCE

1928 - Present	President, (1950-Present), Katz Bag Company
1969 - 1971	President, International Trade Organization: Textile Bag Processors Association, Inc.
1968	Vice President, International Trade Organization: Textile Bag Processors Association, Inc.

EDUCATION

1933	Shortridge High School, Indian- apolis, Indiana
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ACTIVITIES

Industry Sector Advisory Committee for Trade Negotiations
(ISAC 8) to Ambassadoe Strauss and Secretary Kreps
National Flexible Packaging Association
Textile Bag Manufacturers Association
Democratic National Committee - Executive Committee
National Finance Council
Finance Chairperson, State of Indiana to the DNC/NFC
Democratic State Committee

PERSONAL

White Male
Age 64
Democrat

FRANCIS A. KORNEGAY
Detroit, Michigan

EXPERIENCE

1944 - 1978	President, (1960-1978), Detroit Urban League
1937 - 1944	Commandant of Boys and Head of Science, Downington Industrial School

EDUCATION

1973	University of Michigan, Ph.D.
1941	University of Michigan, MA.
1935	North Carolina Central University, B.A.

ACTIVITIES

Chairman, Whitney M. Young, Jr. permanent Memorial Lecture
Series, Wayne State University
Chairman, Board of Directors of Home Federal Savings and
Loan Association
Member, Board of Trustees of Virginia University and
Florida Memorial College
Life member, NAACP

PERSONAL

Black Male
Age 66
Democrat

PATRICK J. SULLIVAN
Buffalo, New York

EXPERIENCE

1943 - Present	Member, International Longshoremen's Association, AFL-CIO
1951 - 1978	President, Local 1622, International Longshoremen's Association
1953 - 1978	Secretary-Treasurer, Buffalo Joint Council, ILA
1956 - 1978	Secretary-Treasurer, Great Lakes District, ILA
1958 - 1978	Charter Member Maritime Trades Council, Port of Buffalo
1959 - 1975	Chairman, Auditing Committee at each quadriennial convention ILA
1960 - 1971	Permanent Secretary of Canadian-United States ILA Policy Conference
1959 - 1962	Co-Chairman, Auditing Committee Quadriennial ILA convention

EDUCATION

Cornell University	Cornell University School of Industrial Relations
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ACTIVITIES

Member, Great Lakes Commission, Seaway Commerce Navigation
Chairman, Board of Trustees, Corn Exchange of Buffalo
Pension Plan
Member, Industrial Relations Research Association

PERSONAL

White Male
Age 52
Democrat

CONRAD M. FREDIN
Duluth, Minnesota

EXPERIENCE

1975 - Present	Director and Vice President, Johnson, Fredin, Killen, Thibodeau and Seiler
1967 - 1974	Reavill, Neimeyer, Johnson, Fredin and Killen
1951 - 1966	Butchart and Fredin
1949 - 1951	Jenswold, Butchart and Dahl

EDUCATION

1948	University of Minnesota, LL.B.
1942	

ACTIVITIES

President, Minnesota State Bar Association
Fellow, American Bar Foundation
Member and Past President, Board of Commissioners,
Seaway Port Authority of Duluth

PERSONAL

White Male
Age 57
Independent

JACOB BERNHEIM
Milwaukee, Wisconsin

EXPERIENCE

1958 - Present	Labor relations Counsel, Milwaukee Marine Terminal and Stevedore Operators
1953 - Present	Partner, Michael, Best and Friedrich Law Firm

EDUCATION

1949	University of Wisconsin, LL.B.
1948	University of Wisconsin, B.A.

ACTIVITIES

Member, Saint Lawrence Seaway Development Corporation
Advisory Board
Member, Wisconsin State Bar

PERSONAL

White Male
Age 60
Independent



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

June 25, 1979

MEMORANDUM FOR: The President

Subject: Recommendation of Ronald P. Laurent for Nomination to be President of the Government National Mortgage Association

I am pleased to recommend to you Ronald P. Laurent for nomination to the position of President of the Government National Mortgage Association (GNMA). This position was vacated in March 1979 by John H. Dalton who resigned to join the Carter-Mondale Presidential Committee.

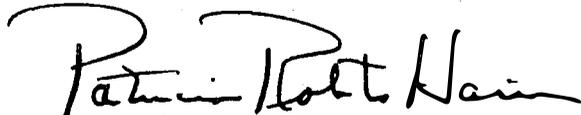
I have conducted an extensive search for a replacement for Mr. Dalton and have interviewed several highly-qualified individuals. Mr. Laurent stood out from among this group as being perfect for the job. In addition, he has responded with real enthusiasm to my inquiry concerning his willingness to serve in this capacity.

Mr. Laurent served as Senior Vice President (1970-1972) and as Vice President (1969-1970) of the McElvain-Reynolds Company, Chicago, Illinois, in charge of multi-family government insured loans. From 1963 to 1968, he was Assistant Vice President of the Percy Wilson Mortgage and Finance Corporation, Chicago, Illinois; and from 1963 to 1968 a Loan Officer for the Salk, Ward and Salk, Inc. in Chicago.

Mr. Laurent has had extensive experience in various aspects of real estate finance including appraisals, financial analysis, etc. He comes from Chicago, Illinois, and has impressive financial affiliations--President of the Council of Past Presidents of the Illinois Mortgage Bankers Association (MBA); 1978 President and former Vice President of the Illinois MBA; former Secretary/Treasurer of the Chicago MBA; Past Chairman of the Chicago MBA and FHA Multi-Family Committee (1975-1976); Member of the MBA of America Insured Project Loan Committee and Legislation Committee; and Member of the Chicago Central Area Finance

Committee. He also served as a member of the 1977 HUD Task Force on the Future Role of FHA. He received his Bachelor of Arts Degree from Fisk University, Nashville, Tennessee, in 1960.

I am convinced that Mr. Laurent has the qualifications required for the position of President, GNMA. I urge that you concur and forward the nomination of Mr. Laurent to the Senate at an early date.


Patricia Roberts Harris

REAL ESTATE BUSINESS RESUME

Name: Ronald P. Laurent Office: (312) 977-1850

Address: 7316 South Clyde
Chicago, Illinois 60649

Date of Birth: May 11, 1937 Marital Status: Married
Age: 41 Children: Three

Experience:

Present: Sr. Vice President
McElvain-Reynolds Co.
55 East Monroe Street
Chicago, Illinois 60603

Primary Responsibilities: Full charge of multi-family government insured loan division; conventional lending included. Responsibilities include loan origination, processing, arrangement of interim lending and placement of permanent loans. Member of the Board of Directors and Executive Committee.

Prior: Vice President 1970-1972
McElvain-Reynolds Co.
111 West Washington Street
Chicago, Illinois 60602

Primary Responsibilities: Multi-family government insured loan division.

Prior: Assistant Vice President 1969-1970
Percy Wilson Mortgage and Finance Corp.
221 North LaSalle Street
Chicago, Illinois 60601

Primary Responsibilities: In charge of loan originations, interim and permanent, and placements for the multi-family government insured loan division.

Prior: Loan Officer 1963-1968
Salk, Ward & Salk, Inc.
11 South LaSalle Street
Chicago, Illinois 60603

Primary Responsibilities: Multi-family government insured loan division. Loan processing; interim and permanent financing.

Professional
Affiliations:

Member of the Bright New City 1979 Committee.

President of the Council of Past Presidents of the Illinois Mortgage Bankers Association.

1978 President of the Illinois Mortgage Bankers Association.

Former Vice President of the Illinois Mortgage Bankers Association.

Former Secretary/Treasurer of the Chicago Mortgage Bankers Association.

Past Chairman of the Chicago Mortgage Bankers Association 1975 and 1976 FHA Multi-Family Committee.

Member of the Mortgage Bankers Association of America Insured Project Loan Committee and Legislation Committee.

Former lecturer at the MBA School of Financing.

Member of the Board of Directors of Catholic Charities.

Member of the Chicago Central Area Finance Committee.

Former member of the Board of Directors of the Home Builders Association of Chicagoland -- Multi-Family Association of Illinois.

Former member of the 1977 HUD Task Force on the Future Role of FHA.

Former member of the Board of Directors of the Chicago Committee on Urban Opportunity.

Former panel moderator of the Chicago-Midwest Credit Management Association's Construction Industry Seminar.

Former panel member of the Community Revitalization Clinic sponsored by the Illinois League of Savings and Loan Associations.

Seminar speaker for the Chicago Association of Commerce and Industry on (1) the financing of office buildings in the Central Business District and (2) rebuilding our cities neighborhoods.

Education:

1956-1960 Fisk University
Nashville, Tennessee
Bachelor of Arts Degree

I have taken over 100 hours of post graduate courses and seminars on various aspects of real estate finance including appraisal, financial analysis, etc.

Personal
References:

Mr. Robert H. Wilson
President
Percy Wilson Mortgage and Finance Corp.
221 North LaSalle Street
Chicago, Illinois 60601 (312) 855-6700

Mr. Howard A. Morton
Assistant Regional Vice President
Federal National Mortgage Association
150 South Wacker Drive
Chicago, Illinois 60606 (312) 641-0740

Mr. John C. Opperman
Chairman
United California Mortgage Company
One Embarcadero Center
Suite 2401
San Francisco, California 94111
(1978 MBA President) (415) 544-5900

Mr. James W. Rouse
Chairman of the Board
The Rouse Company
Columbia, Maryland 21044 (301) 992-6100

LAURENT

Comments of Robert Wilson

(President, Percy Wilson Mortgage & Finance Corp.)

Laurent worked for Wilson 1969-70. Wilson has known him since then. Sees him regularly through MBA involvement.

Laurent did a good job as Illinois MBA President. He is well-regarded. Handled MBA well, kept things going. Managed it through a difficult period.

Has good leadership qualities and good personality, articulate, treats people well, listens to all sides of issues.

Only weakness may be lack of daily familiarity with GNMA Programs.

Would work well in government. Does not "lose his cool." Would work well with HUD people. Would be fair, open-minded.

LAURENT

Comments of Clark Stamen
(Sr. VP, First National Bank of Chicago
Past President Ill. MBA)

Has known Laurent for 4-5 years. First met him through MBA.
Laurent was first Black elected as President of Illinois MBA.

Stamen thinks highly of Laurent. He is honest, has great
integrity. Has good judgment, is genuinely enthusiastic.
Excellent choice.

Only familiarity as manager through Presidency of MBA. Handled
it well.

Would handle switch to government well. Is flexible. Has good
temperment. Could work with banking community and HUD people.
Is no "patsy" - works things out.

Greatest strength is honesty, integrity. May be weak in operations
of GNMA.

Would not accept job unless he was sure he could handle it.

LAURENT

Comments of John Opperman

(Chairman, United California Mortgage Co.
Past President, Mortgage Bankers Assn.)

Knows Laurent through MBA. Has spent much time working with him. Laurent just elected to Board of Directors, MBA.

Has excellent reputation. Hard worker. Is concerned with cities, urban revitalization. Expert in HUD loans, insurance. Very dedicated. Good organizational skills shown in MBA. Expresses himself well. Articulate.

Flexible, not high strung. Has reserve, strength. Would feel comfortable with him in GNMA. Would be well-received.

LAURENT

Comments of Howard Morton

(Assistant Regional VP, FNMA)

Has known Laurent for 6-7 years. Laurent is FHA originator, puts multifamily projects together.

Laurent is personally striking. A leader in Chicago Black community. Has a lot of contacts. One of leading mortgage men in Chicago. Is articulate. Knows nothing adverse about Laurent.

Morton has no knowledge of his management skills. Has seen him mediate - does well at it.

Strength is knowledge of FHA multifamily origination process; knowledge of HUD, Illinois Housing Authority, GNMA, FNMA processes. Is personable.

Is a salesman. Has not seen Laurent in a decision-making role. Would take job seriously. Speaks his mind. Would study the issues - not a brilliant person or an "egghead." Takes a practical common sense approach.

Would follow housing policy, convey it to industry. Relates well to consumers. Has been on the firing line.

Has always made an effort to participate. Not shy or overbearing.

THE WHITE HOUSE
WASHINGTON

02 Jul 79

The First Lady

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

Rick Hutcheson

2839

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

RAFSHOON

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

May 17, 1979

cc
Les
J

Mr. William "Sonny" Walker
Regional Director
Community Services Administration
101 Marietta Towers
Atlanta, Georgia 30323

Dear Mr. Walker

Control #32955

A brief note thanking you for your kind letter of March 12 regarding my sister Mrs. Lynda Watson. I was greatly comforted to know that you could direct attention to her needs and assist her after the devastating fire. As you can imagine, it is difficult to orchestrate the response to her needs from Cheyenne.

I have been encouraged and frankly amazed that a sensitive response could filter through the bureaucracy to reach this one in need. I appreciate your attention and am grateful to Mrs. Carter and her staff for directing Lynda's case to your hands.

Mostly I am thankful for the kind of spirit in Mrs. Carter that made me know I could call on her in our hour of great need. Praise the Lord!

Sincerely,

Gail Attas

Mrs. Gail Attas
Box 134 Meriden Route
Cheyenne, Wyoming 82001

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON
02 July 79

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

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

Rick Hutcheson

EYES ONLY

ADMINISTRATIVELY
CONFIDENTIAL

ADMINISTRATIVELY
CONFIDENTIAL

2838

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
	RAFSHOON
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
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	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



THE SECRETARY OF THE INTERIOR
WASHINGTON

June 29, 1979

cc Tim
C
/

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of June 25

The Maine Indian issue is heating up again. They are on the brink of repudiating the "Hathaway Proposal" and filing suit against all landowners to force an increased settlement. All things being equal I would suggest that we hold firm on our proposal, but all things are not equal. Boston is the media center for all of New England and we don't need any more controversy in the northeast. We will have one more meeting next week with all parties and I will advise you as to the proceedings.

I talked to Governor Hammond as you requested. For many reasons he is not happy with our activities in Alaska, but I do have him quieted down on the OCS schedule.

I still feel that now is not the time to give an environmental message. The political timing is all wrong. Many more minuses than pluses.

We have a vacancy at CEQ, and I would recommend filling it with someone with environmental credentials but with a resource background. William S. Huey, head of the Department of Natural Resources in New Mexico, has been recommended by the National Wildlife Federation and Jerry Apadoca. I support his appointment.

Tim

Cecil
CECIL D. ANDRUS

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for Preservation Purposes**



Administrator

9/1

June 19, 1979

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

Survey of GSA-Controlled Activities for Possible Excess Fuel Supplies

Our Regional Administrator in Denver reported to me on May 22 that we had six tank cars filled with approximately 57,000 gallons of Number 2 fuel oil, which was excess to our needs due to a changeover of the Denver Federal Center Heating Plant to Coal. Based on this report, I conducted a survey of other GSA Regions to determine if additional excess fuel supplies exist which are under GSA control. As a result of that survey, I discovered an excess supply of 2,000 gallons of Number 4 heating oil at the U.S. Custom House in Boston. All of this excess fuel has been reported to The Secretary of Energy, with a request for guidance on its disposal.

I realize that this amount of fuel is not substantial in terms of the overall energy problem our nation is currently encountering; however, a nationwide survey by all federal agencies of the type we conducted in GSA may reveal a more significant amount of excess fuel.


PAUL E. GOULDING
Acting Administrator

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VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420
June 28, 1979

C
/

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

VA Presidential Update

Energy Conservation - VA is very much on track in maintaining "zero energy growth" in its 172 hospitals. We have had "zero energy growth" in our hospital system since FY 1975, & I have intensified the conservation program since I became Administrator. Even though our track record of excellence will make it tougher to meet the 20% and 45% energy reductions by 1985 specified in your Executive Order, we will meet the goals.

In addition to employing rigid standard conservation measures, we have pioneered in technological development. Latest breakthrough: A just completed test of a unique "heat extractor" device at our Albany, N. Y., hospital portends a fuel reduction of 110,000 gallons of oil per year at an annual savings of \$55,000 at that station alone.

VA researched 4 different methods to determine the best way to use solar energy to heat water in hospitals, & our findings are now assisting other agencies. We are now using solar to heat water in 3 VA hospitals, & the process will be extended to about 37 other hospitals. We developed a solar "energy bank" at our Wilmington, Dela., research project, which is heating & cooling a 60 bed VA nursing home. At two of our hospitals we are burning garbage to fuel heating systems.

For new hospital construction, we now use computer programming to develop our own "energy impact statements." The computer can evaluate 30 different air conditioning systems & select the one most energy efficient for climatic conditions at any given hospital.

**Electrostatic Copy Made
for Preservation Purposes**

Community WASHINGTON, D.C. 20506
Services Administration



2
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June 29, 1979

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson
Staff Secretary

FROM: Graciela (Grace) Olivarez
Director
Community Services Administration

SUBJECT: Weekly Report of Significant Agency
Activities (June 25 - June 29, 1979)

Inspector & Auditor General

I accompanied Frankie Muse Freeman, your nominee for this Agency's Inspector and Auditor General, when she met this week with Senator Harrison Williams (D-N.J.), Chairman of the Senate Labor and Human Resources Committee.

**Electrostatic Copy Made
for Preservation Purposes**

FEDERAL EMERGENCY MANAGEMENT AGENCY
WASHINGTON, D.C. 20472

051103

RL

JUN 27 1979

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

Dear Mr. President:

This biweekly report covers activities to consolidate emergency functions under your Reorganization Plan No. 3:

A proposed Executive Order, which completes the consolidation of agencies and functions of the Federal Emergency Management Agency, has cleared the Justice Department and is being forwarded to you. July 1, 1979, is the target date to bring into FEMA the Defense Civil Preparedness Agency from DoD, the Federal Disaster Assistance Administration from HUD and the Federal Preparedness Agency from GSA. Executive Order 12127, of April 1, 1979, established FEMA with the consolidation of the Federal Insurance Administration from HUD and the U.S. Fire Administration from DOC.

GSA is giving priority on obtaining office space to permit consolidation of the component FEMA agencies in the ten Federal regional cities. Executive headquarters space has been obtained in downtown Washington for occupancy in early fall, with emphasis on minimizing the amount of staff in the Washington area.

Dale Milford has been appointed FEMA Regional Director of Region 6 in Dallas and Neale V. Chaney has been appointed Regional Director of Region 10 in Seattle.

Respectfully,


Gordon Vickery
Acting Director

*(expected 7/3).

**Electrostatic Copy Made
for Preservation Purposes**

Community WASHINGTON, D.C. 20506
Services Administration



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MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson
Staff Secretary

FROM: Graciela (Grace) Olivarez
Director
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities
(June 11 - 15, 1979)

Congressional Hearings on Food Stamps

On Tuesday, June 12, 1979, I testified about the food stamp program before the House Subcommittee on Domestic Marketing, Consumer Relations and Nutrition. I urged the Subcommittee to remove the spending ceiling imposed on the program two years ago, pointing out that the only alternative is to cut benefits. If the benefits are cut, the poor people Congress sought to serve by adopting new eligibility guidelines and benefit structures would be relegated to renewed hunger. I told the Subcommittee, "To legislate program changes, and then hope that people fail to show up to claim their benefits, is a cruel hoax on the people we serve." You can be assured that this Agency will continue to utilize the skills and expertise of our grantees to make food programs function properly in communities across the nation.

A Thank you Note for Mrs. Carter

I believe Mrs. Carter might appreciate seeing the attached expression of gratitude for her efforts.

Attachment

**Electrostatic Copy Made
for Preservation Purposes**



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

Q
/

June 29, 1979

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

**Electrostatic Copy Made
for Preservation Purposes**

SUBJECT: Weekly Report

CPI. The all food component of the Consumer Price Index rose 0.7 percent in May on a seasonally adjusted basis, the smallest increase since October 1978. Grocery store prices rose 0.5 percent, the smallest rise since last August.

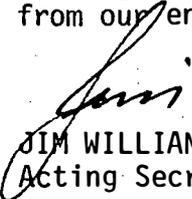
U.S. PLANTINGS. Based on June 1 acreage, farmers planted a record 71.7 million acres to soybeans, up 4 percent from April 1 intentions and 12 percent above 1978. Acreage planted to cotton declined from April 1 intentions due to cool, wet weather in the Delta, up 4 percent from last year. Feed grain acreage was about the same as April 1 intentions, all wheat acreage was slightly higher as more acres were planted to spring wheat.

CHIEF. Chief John McGuire of Forest Service is retiring. He will be replaced by Deputy Chief Max Peterson. Doug Leisz will continue as associate chief.

LAND AND RESOURCE MANAGEMENT. The deadline for public comment on the draft land and resource management regulations required by the National Forest Management Act is July 3.

TIMBER. Plywood futures continued to work lower, but last week current weekly index rebounded upward over \$10 per thousand square feet. National Association of Homebuilders is now forecasting acceleration in decline of housing market, with prediction it will bottom out in about 15 months. Inflation is called fundamental reason for drop in housing starts.

TRANSPORTATION AND ENERGY. Transportation and Energy offices' staff are meeting regularly with Jack Watson regarding independent truckers. Staff from our energy office and I are working with Stu Eizenstat on energy.


JIM WILLIAMS
Acting Secretary

P.S. Secretary Bergland will be relaxing and fishing next week at his home in Roseau.



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FYI

June 29, 1979

REPORT TO THE PRESIDENT

The U.S. trade deficit widened further in May, to \$2.5 billion, from \$2.2 billion in April despite a decline* in the value of petroleum imports during the month. Exports declined marginally to \$13.9 billion, reflecting lower sales of agricultural products and a sharp drop in exports of aircraft from near-record levels in April. Imports rose to a new record of \$16.4 billion, with large increases in imports of steel, chemicals, and natural gas.

A particularly disturbing element of the May trade figures is the return to deficit of the manufactured goods trade balance following surpluses in the previous three months. Despite the setbacks of the past two months, however, the overall trade balance in 1979 is improved from a year ago because exports have grown at twice the rate of imports.

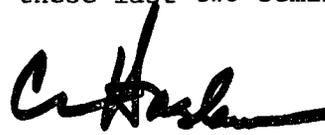
We are currently reassessing the trade outlook for the remainder of the year in light of the recent OPEC price increases and other changes in economic conditions both here and abroad. Increased oil prices will certainly be a negative factor, but this is likely to be largely offset by the dampening affects the U.S. economic slowdown will have on overall imports. We still expect this year's deficit to be lower than the \$28.5 billion level reached in 1978.

Commerce participated actively in the semiannual Directors meeting of the U.S.-USSR Trade and Economic Council, in which 70 American corporate leaders took part. Secretary Kreps spoke to the Joint U.S.-USSR group at dinner and assured them of our continuing commitment to remove impediments to trade between our two countries. Allowing for the uncertainty about the prospects of MFN for the Soviet Union, the meeting was very cordial and served usefully to impress upon these American business leaders the importance of the ratification of SALT.

As part of our ongoing outreach program to the business community, the Department has held two very successful meetings in June. First, Secretary Kreps chaired an informal session with representatives of the small business community in conjunction with the National Federation of Independent Business Conferences. She reviewed the Administration's achievements in regulatory reform, paperwork reduction, tax policies on capital formation, product liability, trade with Japan, and the MTN. Her remarks were well received and I believe they rebutted effectively other comments made during the three-day session. Secondly, this week senior officials of the Department met with 60 presidents of major trade associations. Again, Secretary Kreps reviewed the accomplishments of the Administration on a series of domestic and international issues including regulatory reform, China, the MTN, and SALT II. The audience reaction was generally positive and supportive of these initiatives.

**Electrostatic Copy Made
for Preservation Purposes**

The Administration was represented ably at the National Governors' Association Regional Trade Seminar on June 20 in Cedar Rapids, the second in the series of three seminars. The conference went quite well with hard questions but with none of the hostility that was encountered in Seattle. Secretary Kreps is attending the third seminar in New York today. Upon her return, she will report to you in detail on the results of these last two seminars.

A handwritten signature in black ink, appearing to read "C. L. Haslam". The signature is fluid and cursive, with a prominent initial "C" and a long, sweeping underline.

C. L. Haslam
Acting Secretary



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

June 29, 1979

2
1

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

SUBJECT: Weekly Report of Major Departmental Activities

HUD Ends Soul City New Community Experiment Begun in 1972. HUD will acquire the assets of Soul City, a new community in North Carolina. Even if Soul City's substantial debt were reduced to zero, there would be insufficient funds from sources other than the Federal Government to pay operating expenses or to amortize any new debt. Since Soul City was approved as a New Community Project in 1972, only 40 lots have been sold and 31 new homes constructed. The developer is Floyd McKissick, a nationally known attorney and civil rights activist.

Condominium Legislation. HUD Under Secretary Jay Janis represented the Administration yesterday before the Senate Housing Subcommittee in support of the proposed Condominium Act of 1979. The proposed bill, which was drafted by the Department at the request of the President, would provide minimum consumer protection for condominium owners and would offer relief not available at the state level for owners in Florida suffering from the effects of unconscionable recreation leases with escalator clauses. Senator Chiles and Stone and Congressmen Pepper and Lehman also testified in support of the proposed bill.

House Approves HUD FY 1980 Appropriation Bill. By a vote of 359-53, the House passed the HUD-Independent Agencies appropriations bill for FY 1980, providing funding slightly under the Department's request. Following a point of order based on the inavailability of an enacted authorization, \$275 million of the \$675 million request for the Urban Development Action Grant program was struck. However, because the cut occurred on a procedural motion rather than on the merits of the program, the Department is optimistic that the full amount will be approved in conference and is working to restore the full \$675 million in the Senate Appropriations Committee.

Jay Janis for
Patricia Roberts Harris

**Electrostatic Copy Made
for Preservation Purposes**



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

9
/

June 29, 1979

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM : Brock Adams

A large, handwritten signature in black ink, which appears to be "Brock Adams", is written over the "THROUGH" and "FROM" lines of the memorandum.

SUBJECT: Significant Issues for the Week of June 25

Energy Emergency Center - The Department of Transportation has activated an Energy Situation Center in response to a request from Jack Watson's White House Management Task Force on Energy Shortages. In addition to the Department of Transportation personnel, the Energy Situation Center is staffed by Department of Energy, Department of Justice, Department of Agriculture and the Interstate Commerce Commission. The Center is presently operating on a 24-hour per day, 7 day-a-week basis, using 800-424-7996 as the nationwide telephone number. I talked to Jack Watson and the Vice President in your absence and the White House is coordinating the public announcements on the system.

Getting the trucks moving again is the first priority. The Governors are being requested to cooperate in establishing "specific priority corridors" and maintaining their safety, either by law enforcement presence or by escorting convoys. The Center will coordinate with the Governors' points of contact, provide information to truckers on the corridors, and coordinate contingency status information for the White House. We will issue situation reports daily and a summary for the White House on Tuesday and Friday.

Fuel Economy Standards - The Department has received calls from the industry indicating that the White House staff is meeting with the auto executives on this subject. As per your wishes, I have not made any comment about our upcoming discussion.

DC-10 Investigation Update - Last week member states of the European Civil Aviation Conference met in Switzerland to discuss inspection procedures they would use for technically considering restoration of the certificates of airworthiness of non-U.S. registered DC-10 aircraft. Since that time the following states have begun restoration of the certificates of airworthiness of DC-10's on their registry: United Kingdom, Belgium, Switzerland, Spain, Netherlands, Sweden, Norway, Denmark, France, Singapore, New Zealand, Finland, Italy, Germany, Philippines, Brazil, and Indonesia.

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for Preservation Purposes

At present, the following states have not taken action to restore the certificates of airworthiness for DC-10's on their registry: Canada, Japan, Turkey, Yugoslavia, Malaysia, Ivory Coast, South Korea, Mexico, Pakistan, Thailand, Venezuela, Zaire, Nigeria, and Barbados. Those foreign carriers who have had the certificate of airworthiness on their DC-10's restored, continue to respect the FAA regulation that prohibits operation of the DC-10 in U.S. airspace.

I have instructed FAA Administrator Bond to conclude the FAA investigation into the design and maintenance of the DC-10 as soon as possible within proper investigation techniques.

Truck Regulatory Reform - On June 26, I testified before the Senate Commerce Committee with Fred Kahn and Charlie Schultze on the Trucking Competition and Safety Act of 1979. To-date no hearings have been scheduled in the House, but the White House Task Force chaired by Deputy Secretary Alan Butchman will push for hearings in the House before the August recess. The Task Force is planning to generate further grass roots and media support for the bill and will continue to work on consumer protection legislation for shipment of household goods and legislation to permit intermodal ownership of transportation companies.

~~CONFIDENTIAL~~

Disaster Relief for Jamaica - In mid-June the U.S. Coast Guard provided the first critical response via aircraft airlifts to the Jamaica flood emergency, at the request of Ambassador Lawrence. One senior Jamaican official remarked: "It is certainly interesting that despite all the new friends Jamaica had made in the world during the last year or two (Cuba and Soviets), the U.S. Coast Guard was the first to respond to our needs."

Milwaukee Road Update - The entire Milwaukee Railroad's cash situation in June has been stable. A \$20 million capital assistance grant approved by the Reorganization Court will be issued in early July. Based on present Court order, the railroad's Trustee is due to file a plan for reorganization of the entire system by August 9.

The Department's Federal Railroad Administration had begun a series of meetings to discuss the potential transfer of Milwaukee Road lines serving the State of Iowa to other privately owned railroads. In this particular effort, we are attempting to assist the State of Iowa in developing a series of sales of rail lines to privately owned railroads in a manner that will maintain rail service to as many Milwaukee Road shippers as possible.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

June 29, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

RAY MARSHALL 

SUBJECT: Major Departmental Activities
June 25-29

The Department has no significant
activities to report for this past week.

Community WASHINGTON, D.C. 20506
Services Administration



22 JUN 1979

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson
Staff Secretary

FROM: Graciela (Grace) Olivarez
Director
Community Services Administration

Go/learn

SUBJECT: Weekly Report of Significant Agency Activities
(June 18-22, 1979)

The Community Services Administration has nothing of significance to report this week.

THE WHITE HOUSE
WASHINGTON
02 Jul 79

Jack Watson

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

Rick Hutcheson

The Vice President
Hamilton Jordan
Stu Eizenstat
Jody Powell

2837

FOR ACTION
FYI

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<input type="checkbox"/>	CONFIDENTIAL
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<input type="checkbox"/>	EYES ONLY

top page only

Call Tack's office

THE WHITE HOUSE

WASHINGTON

July 1, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON

SUBJECT: Management of Energy Shortages;
Status Report

*Jack - Good -
a) Home heating promise
must be met -
b) re p 10 are there
?'s between you &
Stu which need my
decision? Let me know
J*

Activities of the Task Force

The White House Management Task Force on Energy Shortages met for the first time last Monday, June 25 to assess the problems associated with the independent truckers' strike and to begin focusing on gasoline and other shortage problems.

We immediately established at DoT an information center for both gathering and disseminating relevant data. The Departments of Justice, Agriculture and Energy all have representatives at the center, helping to organize and integrate information relating to law enforcement, truck movements, and agricultural commodity and fuel availability problems from all over the country. That system has been functioning well, and I receive daily reports that profile the situation in each of those areas.

Late last week, I sent a telegram to all 50 Governors describing the purpose of the DoT center and publishing the toll-free number to be used for the center. I also informed them of our establishment of major interstate corridors, both east/west and north/south, which needed to be kept clear and safe for interstate truck movements. We worked out arrangements with state police directors throughout the country to provide state police escorts where necessary and to coordinate the movement of truck convoys across state lines. The toll-free telephone number for the information center was also widely distributed to truckers so that they could call in either for information or escort help, whenever necessary.

The Vice President attended the second meeting of the Task Force on Wednesday, and we subsequently issued a press release summarizing the steps being taken to deal with the strike by the independent owner-operators. On Thursday and Friday,

intensive negotiations were held in the Roosevelt Room between federal representatives (headed by Gene Eidenberg) and the leadership of most of the independent truckers' associations. By Friday noon the steps that the Administration had already taken, or was prepared to take, had been negotiated and clearly articulated. (These are summarized below.) On Friday afternoon, the Vice President met briefly with several truckers to confirm the federal positions we had negotiated and called upon the independent owner-operators to go back to work. About a dozen independent truckers' organizations agreed to submit the six-point package to their membership.

Although the next several days will tell the story, our assessment is that the strike has been broken, and that a great majority of the independents will be back on the road by mid-week, thus averting serious food and other commodity shortages.

The following provides a very summary description of the middle distillate and gasoline situation, and, for those energy shortage problems already or soon to be upon us, summarizes actions which recently have been taken, or which might be taken in the near-term future.

Middle Distillates

Current Supplies and Future Outlook

Middle distillate stocks were substantially below acceptable levels during the winter months. Although modest build-up occurred during the intervening months, middle distillate inventories stood at 128.5 million barrels on June 15 -- approximately 25 million barrels lower than they were at the same time last year. To reach the publically stated target of 240 million barrels of distillate stock by early October (last year's October 1 stock was 221 million barrels), we will need to build inventories at approximately 906,000 barrels/day, a level which represents an approximately 33 percent increase in the per day build-up over last year. (An average build-up of approximately 833,000 barrels/day would be required to reach a stock level of 230 million barrels by early October.)

DoE estimates that the necessary build-up is achievable, but we will have to monitor key parameters (e.g., level of demand, crude production and imports, crude runs, distillate production and imports) very carefully at regular and frequent intervals, and make adjustments or corrective measures if minimum levels of these critical variables are not being met. DoE is exercising this monitoring capability and, as discussed below under "Home Heating Fuel," several options exist for taking remedial actions, if necessary.

The largest single use of middle distillate (44% of the total) is for the heating of more than 16 million U. S. homes. Other uses include diesel fuel for trucks and buses (22%), boats and railroads (11%), industrial and oil production (10%), electric utilities (6%), and off-highway agricultural use (5%). Although some of these demands are seasonal and time-sensitive, all are vitally important and can result in serious economic dislocation and personal hardship if supplies are disrupted for extended periods.

The following is a brief discussion of the impacts of recent shortages and a brief description of the steps which have been, or might be, taken to deal with them.

A. Trucking

The diversion of already scarce supplies of diesel fuel to farmers under Special Rule 9 (and subsequently to mass transit and oil and gas producers under the amendment to Rule 9) created serious problems for truckers. Frustrated by the scarcity and rapidly escalating prices of diesel fuel, many of the nation's independent truckers had quit hauling by the end of the first week in June. In an effort to stop other truckers and to dramatize their dilemma, strikers organized traffic slowdowns on highways and blockades at truck stops, supply terminals, and food distribution centers. Some 200 incidents of shooting, 121 incidents of property damage, and 35 incidents of personal injury were reported by Justice during the period June 9 - 28.

Representatives of numerous state and national independent trucker associations (no single group represents all or even a majority of independent owner-operators) came to Washington to plead their case. Although numerous meetings were held over a several-week period with the ICC, Members of Congress, and the agencies, it was not until this past week that meetings were held between top Administration officials and the leaders

of the associations as a group to address the full range of independent trucker grievances. The "package" publically confirmed by the Vice President last Friday includes the following items:

- o Continuation of the ICC surcharge (now 7% of total freight charges) which represents 100% reimbursement of increased diesel fuel prices;
- o Commitment by the Administration to support legislation which would establish uniform national weight and length standards during a fuel emergency;
- o Repeal of Special Rule 9, together with a pledge of continuing oversight to ensure equitable deliveries to independent truckers;
- o Full cooperation of federal law enforcement agencies with state and local agencies, including a special effort to provide escort upon request for long-distance hauling by caravans on interstate highways;
- o Formation, under the Management Task Force, of a working group with federal, state and trucker representation to work out solutions to other long-standing problems; and
- o Weekly publication and broad dissemination of an index of prices charged for hauling exempt commodities to provide a basis for negotiations between brokers and exempt haulers to ensure fair prices, together with a specific effort by the working group to focus on the special problems of exempt haulers.

We will continue to monitor truck movements and the agricultural commodity situation on a daily basis. Based on reports so far, it appears that the bulk of the strike has been broken. We will know one way or the other by the middle of this coming week.

B. Agriculture

As you know, Special Rule 9 was instituted on May 9 for the primary purpose of enabling farmers to obtain needed diesel fuel to complete plantings which, as a result of bad weather,

were seriously behind schedule in many areas of the country. Since Rule 9 served this purpose well -- farmers are now working an estimated 375 million acres (1.9% more than last year) with only soybeans and grain sorghum plantings yet to be completed -- and since serious supply problems were occurring in the trucking industry and elsewhere, we rescinded Rule 9 on June 22. In announcing this action, Secretary Bergland emphasized that diesel fuel requirements for irrigation, harvesting and transportation of crops to market would be carefully monitored, and that appropriate steps would be taken to deal with any supply problems that might develop.

Fuel impacts in agriculture have not been severe and are not expected to become so:

- o Irrigation: Although limited spot shortages are likely to occur, general or widespread fuel shortages for irrigation are not anticipated.
- o Harvesting: No fuel shortages associated with harvesting have been reported. As of June 22, 15% of the 42.8 million acre winter crop of wheat had been harvested, a better than normal percentage.
- o Perishable Commodities: Shipments of meat, poultry, and fresh fruits and vegetables were only slightly less than normal as of June 27, with only isolated reports of crops going to waste in specific locales. Since trucks are beginning to roll again and more locally grown produce is coming to market as the season progresses, no significant fresh food shortages are currently anticipated at the grocer.
- o Grain Transportation: Although the shortage of covered hopper cars is the principal problem in the transport of grains, fuel shortages for rail, trucks, and barge movement could also restrict U. S. ability to meet the strong demand in world markets. As county elevators reach capacity and new grain crops are harvested, special measures may need to be instituted by USDA and ICC to alleviate the rail car problem and prevent losses.

C. Home Heating Fuel

Since U. S. demand for middle distillate is highest in the winter (home heating fuel constitutes approximately 44% of all distillate use), and since refineries cannot produce enough distillate during the heating season to meet peak demand, the nation's refineries must build adequate stocks during the warm weather months. Last year, primary stocks of distillate were built to 221 million barrels by October 1. This volume, which grew to 233 million barrels by the end of November, proved to be only marginally adequate to meet last winter's demand. Consequently, DOE has requested refiners to rebuild their distillate stocks to acceptable levels by early October, establishing 240 million barrels as the national target. Toward this end, DOE met individually with 32 of the largest refiners in April to share information and encourage production plans consistent with needed build up rates.

Notwithstanding recent deficits, the 240 million barrel target is realistic and achievable because:

- DOE is now monitoring and has the capability to provide early warning for failure to meet minimum levels for key variables related to stock build up in real time (e.g., crude production and imports, crude runs, distillate production and imports, level of demand);
- Achievement of the minimum levels for these key variables is (barring unexpected events) anticipated; and,
- If needed, options for corrective or additional action exist and can be quickly implemented by the Department of Energy.

Top priority should be given to developing standby plans for implementing corrective measures immediately, if needed, including:

- Fuel oil switching: The successful effort begun in January to switch large utility, industrial, and commercial users from oil to natural gas can be accelerated, utilizing mandatory measures if necessary. (In March, DOE/ERA estimated that 360,000 barrels/day of fuel oil had already been displaced by switching, of which 70,000 barrels/day was distillate);
- Electric energy transfers: Utilities generating power from coal or hydro sources could be encouraged and, if necessary, ordered to transfer electricity to utilities which are primarily dependent on oil;

- Clean Air Act waivers: Temporary (four month) waivers of Section 110(f) of the Clean Air Act could be granted to allow the burning of high sulfur residual fuel rather than distillate;
- Distillate allocations to utilities: To reduce distillate in combustion turbines during peak periods to encourage switching to gas, voluntary conservation, purchasing of power, and/or temporary load shedding, regional allocations based on a historic base (1977 or 1978) could be imposed;
- Refinery yield orders: Under the authority of Section 14 of EPAA as amended, DOE could require refineries to increase distillate yields. (A 1% gasoline to distillate shift at a 14.6 million barrel/day crude run level could make available 146,000 barrels/day of distillate for inventory build up);
- Oil to coal switching: Air quality standards could be temporarily relaxed, if necessary, to facilitate the conversion of powerplants to coal or coal/oil mixtures (EPA recently announced the conversion of a New England plant which will save approximately 35,000 barrels of oil/day, about 17 percent of New England's total requirement);
- Crude oil stock drawdown: Between now and October 5th, existing stocks of 331 million barrels could be drawn down at a rate of 295,000 barrels/day, resulting in a crude oil stock of 300 million barrels on October 5th (the minimum safe stock level). This could result in an additional 61,000-68,000 barrels/day of middle distillate; and
- Reimposition of middle distillate allocation controls: Authority could be exercised by DOE under the Standby Middle Distillate Allocation Regulations to ensure a higher level of distribution of supplies to home heating oil distributors.

D. Surface Mass Transit

Surface mass transit was included as an additional priority use when Special Rule 9 was amended and is the only sector for which a guaranteed supply did not lapse when Rule 9 was rescinded for agricultural production, oil and gas production, and the transport of perishable commodities. Price rather than fuel availability is consequently now the major concern of mass transit operators. For example, Lexington, Kentucky has curtailed mass transit because of high fuel prices.

E. Rail

Fuel shortages have begun to cut into rail operations. The Santa Fe and the Chicago and Northwestern inventories are now both one-third of normal. The Burlington line has asked for special permission to curtail service, and ICC has recently ruled on priorities for transport when such curtailments become necessary.

F. Waterways

There are no reports that service cuts had been made by barge operators because of fuel shortages as of June 26th, although some barges were experiencing delays of a day or two.

G. Construction

Some construction slowdowns as a result of fuel shortages are being reported. A number of states are requesting an increase in the state set-aside from 4% to 6% to enable willing states (participation is voluntary) to manage such intra-state shortage problems more effectively.

Gasoline

Current Situation

Assuming the target of maintaining gasoline inventories at 95% of last year's supply level -- approximately 224 million barrels through early October -- close attention must also be given to monitoring critical parameters affecting stocks, emphasizing conservation measures to control demand, and developing standby plans for augmenting supplies or otherwise taking corrective action if stock building assumptions do not hold up.

Because domestic crude production lagged in 1978 and the 1978 drawdown on crude and product inventories was great, the fundamental cause of the current shortage is that imports of crude since January have not been adequate to meet demand. Although imports for February-May averaged 3.32 higher than this four-month period a year ago, a figure close to 14% was needed just to provide total U. S. supplies at the 1978 level.

The Administration has taken a variety of steps to alleviate the gasoline shortage, including:

- ° urging refiners to increase runs (refine at capacity);
- ° directing federal agencies to reduce gasoline by 10%, and working with states and the private sector to conserve gasoline;

- delegating to the governors the authority to implement actions to prevent or reduce gasoline lines, including minimum purchase requirements, staggered station hours, and odd/even day sales; and
- administering and seeking to improve the gasoline allocation system to minimize inequities and hardships.

The effective implementation of these and other potential actions, and their coordination with measures taken to deal with the middle distillate problem, will require oversight and skillful handling. Over the next week, I will organize our forces within the Management Task Force to provide this oversight capability.

Threatened Strike by Retail Service Station Operators

Last week retail service station operators in several states were threatening to strike over certain features of DOE's allocation rules and pricing rules determining profit margins. We were able to avert strikes in Pennsylvania and New Jersey (at least for the moment) by promising to shorten the rule making process already underway to deal with each of those issues. I met with a delegation of retail station operators from Pennsylvania and had a conference call with Brendan Byrne and the New Jersey operators' representatives. The Management Task Force will continue to monitor this situation.

Gas Lines and Service Station Closures

Needless to say, gas lines and service station closings have enormously damaging political consequences. Although the "blame" will be attributed broadly -- to OPEC, DOE's allocation rules, the big oil companies, jobbers, and local service stations -- in the final analysis, you will be held primarily responsible. One of the highest priorities of the Management Task Force must be to prevent or minimize this political liability.

Management Needs and Strategies

Since your creation of the Management Task Force eight days ago, the critical need for and usefulness of such a mechanism has been fully demonstrated. Not only did it provide an internal fulcrum for the Federal government to deal with various immediate and short-term management crises and issues caused by the energy shortage (e.g., the truckers' strike; the threatened retail service station operators' shutdown; severe State-by-State and other localized gasoline shortages and gas lines; coordinated handling of critical public information, etc.), it also, I think, began to project to the public a sense

of focus and command structure in the government for dealing with those problems.

In order to do what needs to be done over the next several months in this area (and to fulfil what I understand to be your charge to me), it is crucial for us to establish reasonable lines of responsibility and authority between Stu's continuing focus on the longer-range policy issues and my work in managing the immediate and short-range problems of energy shortage. There is, of course, as there always is, an overlap between the two at the margin, but I believe that we can draw some lines that would be extremely helpful to Stu and me, as well as to the Departments.

For example, I suggest that the Management Task Force, in order to deal effectively with the immediate and short-range energy shortage problems of gas lines, diesel fuel supply and middle distillate reserve build-up for home heating fuel, must focus on such issues as the gasoline allocation formula; Clean Air Act waivers; refinery yield orders; and oil-to-coal switching. All of those issues -- and others like them -- directly affect the immediate and short-range supply situation and, therefore, are essential ingredients to effective management of those problems. On the other hand, issues such as formulation of a new gasoline rationing plan; a plan for the development of synthetic fuels; possible creation of a national energy mobilization board; allocation of the funds raised by the windfall profits tax, etc. are ones that Stu should continue to be primarily responsible for. It goes without saying that Stu and I must constantly interchange and consult with each other because none of these issues can, or should, be decided in some artificial division between management and policy. For management purposes, however (as I have tried to analyze how to achieve what you want done), I am simply trying to propose a rationale by which we can operate as effectively as possible. For many reasons, that need no explanation, we cannot afford to do anything less than that.

cc: The Vice President
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