

7/19/79

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| memo w/att. | From Brzezinski to The President (11 pp.) re: U.N. Conference on Indochinese Refugees/enclosed in Hutcheson to Brzezinski 7/19/79 <i>8 pp. declassified per RAC NLC-126-17-34-2-4 NLC-126-17-34-1-5 10/24/13</i> | 7/18/79 | A |

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FOR ACTION
FYI

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*Send orig to
Stu to attach
to energy memo*



THE WHITE HOUSE
WASHINGTON

7/10

CC's given to
SE (Kitty) &
McI (Eliot)

will be included in
decision memo now underway.

Tee

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THE PRESIDENT'S SCHEDULE

Thursday - June 19, 1979

8:00 Dr. Zbigniew Brzezinski - The Oval Office.

9:00 Mr. Frank Moore and Mr. Hamilton Jordan.
The Oval Office.

10:15 Remarks to State Presidents of the Future
(10 min.) Farmers of America. (Ms. Anne Wexler).
The Rose Garden.

3:00 Drop-By Reception for Americans for SALT.
(10 min.) (Ms. Ann Wexler) - The State Dining Room.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

19 July 1979

TO: THE PRESIDENT
FROM: RICK HUTCHESON
SUBJECT: Memos Not Submitted

R.H.

C

1. BOB LIPSHUTZ MEMO on the Machinists lawsuit against OPEC.

Lipshutz, State, Treasury and Justice agree that the United States should decline the judge's invitation comment on the issues in the case. Hamilton concurs. (No action necessary.)

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

July 19, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *rlj*

RE: Pending lawsuit by the Machinists Union against
all of the OPEC countries

I originally reported to you on June 20 and June 21 concerning the background of this situation. On June 29 I reported to you the results of the initial court hearing and the action which I had taken pursuant to the court's "invitation" to the United States of America, et al. to advise the court concerning the specific legal questions posed by the judge.

The Justice Department Antitrust Division completed its legal analysis. The State Department and Treasury Department continued to monitor the situation relative to the reactions of the various OPEC countries both diplomatically and relative to their financial investments in the United States.

Yesterday I convened a meeting of representatives of the Justice Department, State Department, and Treasury Department.

After discussing at length the various issues, legal and otherwise, a consensus was reached that the United States should decline the court's "invitation" to respond to any of the questions presented by the judge and only continue to monitor the case as a nonparticipant.

Warren Christopher represented the State Department once again in this matter and agreed with me, as he has done throughout the discussions, that we should not participate in this suit. The Justice Department's representatives (led by Assistant Attorney General John Shenefield of the Antitrust Division and Mike Egan) originally recommended that we file a limited response and opinion (the effect of which would have been to support OPEC), as to only three specific legal issues; but as a result of the discussion, Justice changed its position and agreed with the decision not to intervene. The Treasury Department, concerned primarily with the issue of foreign investments in the United States by OPEC countries, reluctantly joined with everyone else in this decision (nevertheless, Treasury seems a little less concerned about this issue now than it did in June when the problem first was presented).

THE WHITE HOUSE
WASHINGTON

19 Jul 79

Stu Eizenstat

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

Rick Hutcheson

RE: ADAMS MEMO RE ENERGY,
MOBILITY AND THE ECONOMY

3029



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Sta-
assess
J

July 6, 1979

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Mobility, Energy and the Economy

Bob Adams

As the relationship between mobility and economic prosperity becomes more apparent every day, I ask that you give serious consideration to five critical policies which will help keep the transportation system and the economy moving in an oil-scarce era.

Policy #1

Reduce fuel consumption of the United States motor vehicle transportation system by 2MBD by 1995 through the application of advanced technology. (see attachment #1)

Actions Required

- A. Introduce a 50 mpg new car fleet average fuel economy standard for 1995.
- B. Include non-petroleum dependent vehicles (e.g., electric cars) in the calculation of corporate fuel economy in order to promote introduction of innovative technology.
- C. Maintain a competitive industry structure through the use of tax and other incentives (suggested list attached).

Policy #2

Maintain mobility now through the maximum use of existing personal and public transportation systems.

Actions Required

- A. Increase carpooling by preferential parking arrangements, federal funding of ridesharing promotion, and guaranteed reserved carpool lanes. More than \$1 billion in urban highway funds are available for these purposes, but are not being used because of state/local conflict.

**Electrostatic Copy Made
for Preservation Purposes**

- B. Increase transit utilization by improved operations/management, fare incentive programs, reserved van and bus lanes, flexible/staggered work hour programs.
- C. Improve in-use auto efficiency through improved driver awareness of need for proper tire pressure, engine maintenance, use of slippery oil.
- D. Purchase from available inventory a large number of vans in connection with an expanded ridesharing/vanpooling program funded by Urban Mass Transit and Federal Highway funds. This program would have the additional benefit of providing a market for mushrooming auto inventories and would protect thousands of jobs in the Detroit and St. Louis areas.

Policy #3

Provide improved transportation crisis management capability.

Actions Required

- A. Co-ordinate federal, state, and local contingency transportation planning.
- B. Provide administrative and institutional framework for emergency carpool and vanpool systems.
- C. Establish rationing system for gasoline and diesel fuels.

Policy #4

Revitalize public transportation systems to achieve more efficient urban land use and transportation patterns.

Actions Required

- A. Increase standby transit capacity through increased funding for urban buses, paratransit vehicles, light rail systems, etc. The key is developing a permanent source of funding such as the Windfall Profits Tax.
- B. Accelerate funding for upgrading selected high density inter-city rail corridors. An additional \$600 million has been cleared by OMB for the Northeast Corridor Project and could be announced by you.

Policy #5

Stimulate an orderly transition to a non-petroleum dependent transportation system for the 21st Century.

Actions Required

- A. Initiate and co-ordinate a synthetic fuels program in parallel with auto industry conversion, cushioning resulting job and economic dislocations. (see attachment #3 for impacts on jobs, regional economics)
- B. Conduct directed basic research program presently being planned by the Secretary of Transportation and the President's Science Advisor to provide knowledge for advanced technology.

ATTACHMENT #1

COMBINED PASSENGER CARS AND LIGHT TRUCKS

| YEAR | BASELINE FUEL- MBD | 40/28 STD. | | | | 50/37 STD. | | | |
|------|-----------------------|---------------------------|------------|--|--|---------------------------|-------------|--|---|
| | | FUEL CONSUMP- TION-MBD | SAVING-MBD | CUMULATIVE SAVINGS- BILLIONS BBL | CASH VALUE* OF SAVINGS BILLIONS \$ | FUEL CONSUMP- TION-MBD | SAVINGS-MBD | CUMULATIVE SAVINGS- BILLIONS BBL | CASH VALUE* OF SAVINGS- BILLIONS \$ |
| 1985 | 6.15 | 6.15 | 0 | 0 | 0 | 6.15 | 0 | 0 | 0 |
| 1990 | 6.01 | 5.61 | .40 | .35 | 9.27 | 5.34 | .67 | .61 | 16.11 |
| 1995 | 6.33 | 5.13 | 1.19 | 1.91 | 36.61 | 4.46 | 1.86 | 3.11 | 59.61 |
| 2000 | 6.76 | 4.97 | 1.80 | 4.81 | 68.19 | 4.03 | 2.74 | 7.56 | 108.55 |
| 2005 | 7.26 | 5.15 | 2.11 | 8.48 | 93.46 | 4.05 | 3.19 | 13.09 | 146.69 |

*Discounted to 1985; 10% rate assuming \$1.00 per gallon.

ATTACHMENT #2

Possible tax incentives for achieving maximum fleet fuel economy.

- A. Tax incentive will be a credit or rebate to company according to its annual improvement in CAFE. Rate of credit will be \$10 per oil mpg improvement per vehicle in sales mix. Base \$10 credit will be indexed to inflation according to appropriate government index (CPI).
- B. Amount of credit/rebate any company can draw in a single year might be limited to \$600 million to favor smaller manufacturers. This ceiling will also be indexed for inflation to an appropriate government index.
- C. Auto manufacturers will be allowed to include the sale of non-petroleum dependent vehicles in their CAFE average. This will provide incentive for innovative technological development.
- D. Consumer incentives to purchase fuel efficient vehicles will be provided by taxing the sale of less-efficient vehicles to subsidize rebates to purchasers of fuel economic vehicles.

OVERALL REGIONAL TRANSITIONS 1979-1995*

| <u>INDUSTRY</u> | <u>EMPLOYMENT IMPACTS</u> | <u>REGIONAL IMPLICATIONS</u> |
|--------------------------------|-------------------------------|---|
| MOTOR VEHICLE MANUFACTURERS | LEVEL | o SOME JOB LOSSES IN INDUSTRIAL URBAN CENTERS OF EAST NORTH CENTRAL STATES OFFSET BY GROWTH IN OTHER NON-URBAN AREAS AND OTHER REGIONS OF COUNTRY AND CANADA. |
| STEEL | DOWN | o UP TO THREE OTHER STEEL MILLS LOCATED IN IN, OH, PA AREA COULD BE IMPACTED IF NO INCREASE IN STEEL DEMAND FROM OTHER SECTORS. |
| IRON FOUNDRIES | DOWN | o SIGNIFICANT REDUCTION IN CAST IRON DEMAND WHICH COULD IMPACT APPROXI- MATELY 150 IRON FOUNDRIES - 20,000- 25,000 JOBS - IN THE MIDWEST AND EASTERN STATES. |
| PRIMARY ALUMINUM | UP | o THE EQUIVALENT OF 11 SMELTERS - 11,000 JOBS - WOULD HAVE TO BE BUILT TO SATISFY ALUMINUM REQUIREMENTS. LOCATED IN SOUTH, PACIFIC NORTH WEST, NORTH EASTERN AND CANADIAN REGIONS. |
| ALUMINUM FOUNDRIES | UP | o THE EQUIVALENT OF 15 FOUNDRIES - 4,600 JOBS - WOULD BE REQUIRED. LOCATED IN MIDWEST, EASTERN, AND MID ATLANTIC STATES AND CANADA. |
| PLASTIC RESIN | UP | o THE EQUIVALENT OF 20 RESIN FACILITIES - 14,200 JOBS - REQUIRED. LOCATED IN SOUTH, WEST AND MIDWEST. |
| PLASTIC PROCESSING | UP | o THE EQUIVALENT OF 78 PROCESSING FACILITIES - 31,000 JOBS - REQUIRED. OFFSET BY SIGNIFICANT LOSSES IN METAL STAMPING INDUSTRY. LOCATED IN MID- WEST AND SOUTH. |
| TIRES | DOWN | o SIGNIFICANT REDUCTION IN TIRE PRODUC- TION EXPECTED. MOST OLDER MIDWEST TIRE FACILITIES ALREADY CLOSED. GROWTH IN SOUTH AND LESS LABOR INTENSIVE. |

* INCLUDES EFFECTS OF CURRENT (PRE-1985) VEHICLE CHANGES.

EFFECT OF WEIGHT REDUCTION PROGRAM ON MOTOR VEHICLE AND SUPPLIER INDUSTRY
1979-1985

| <u>INDUSTRY</u> | <u>CHANGE IN DEMAND</u> | <u>FACILITY IMPACTS</u> | <u>EMPLOYMENT IMPLICATION</u> |
|--------------------|-------------------------|---|-------------------------------|
| STEEL | -2.9M TONS | -1 MILL | -7,000 |
| IRON FOUNDRY | -872,500 TONS | -2 LARGE OR -70 SMALL TO MID-SIZE FOUNDRY RIES | -8,000 TO 11,000 |
| PRIMARY ALUMINUM | 1.4M TONS | +7 SMELTERS | +7,000 |
| ALUMINUM FOUNDRY | 360,000 TONS | +7 FOUNDRIES | +2,100 |
| PLASTIC RESIN | 1.5M METRIC TONS | +6 PLANTS | +4,200 |
| PLASTIC PROCESSING | 912,500 TONS | +18 PLANTS | +7,200* |
| MOTOR VEHICLE | + 2.5M UNITS | NO NET CHANGE -SIGNIFICANT CHANGEOVERS | LEVEL |

*Will be offset by significant job losses in metal stamping facilities.

M = Million

EFFECT OF WEIGHT REDUCTION PROGRAM ON MOTOR VEHICLE AND SUPPLIER INDUSTRY

1986-1995

| <u>INDUSTRY</u> | <u>CHANGE IN DEMAND</u> | <u>FACILITY IMPACTS</u> | <u>EMPLOYMENT IMPLICATION</u> |
|--------------------|-------------------------|---|-------------------------------|
| STEEL | -3.8M TONS | -2 MILLS | -15,000 |
| IRON FOUNDRY | -1.1M TONS | -3 LARGE OR -85 SMALL TO MID- SIZED FOUNDRIES | -12,000 to 15,000 |
| PRIMARY ALUMINUM | +823,000 TONS | +4 SMELTERS | +4,000 |
| ALUMINUM FOUNDRY | +400,000 TONS | +8 FOUNDRIES | +2,500 |
| PLASTIC RESIN | +3.6M METRIC TONS | +14 PLANTS | +10,000 |
| PLASTIC PROCESSING | +2.9M TONS | +60 PLANTS | +24,000* |
| MOTOR VEHICLE | +3.2M UNITS | NO NET CHARGE -SIGNIFICANT CHANGEOVERS | LEVEL |

* Will be offset by significant job losses in metal stamping facilities.

M = MILLION.

ID 792901

THE WHITE HOUSE

WASHINGTON

DATE: 11 JUL 79

FOR ACTION: STU EIZENSTAT

- has original to attach to Eizenstat memo

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

JIM MCINTYRE

SUBJECT: BROCK ADAMS MEMO RE MOBILITY, ENERGY AND THE ECONOMY

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:



URGENT

2901

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

July 10, 1979

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary
FROM: Brock Adams
SUBJECT: Mobility, Energy and the Economy

Once again you are being presented by DOE and the Domestic Policy Staff with options which fail fully to take into account the critical relationship between transportation and energy. Frankly, this confounds me. More than half of the petroleum used by Americans every day is consumed in their transportation -- mostly in their cars and trucks.

Your decision to limit imports is both courageous and correct, and it means that in order to meet a new energy budget, fundamental changes in lifestyle will be necessary. The most traumatic and immediate changes will appear in the transportation system and we have seen our people scrambling to adjust to new limits. The symptoms run all the way from gas lines to trucker strikes and they can be expected to continue on an intermittent basis.

On July 6, I sent you a three-page memorandum recommending five new policies to keep the transportation system and economy moving in an oil-scarce era.

These policies complement energy production efforts in coal, synthetic fuel, or increased oil production. But they cost far less to achieve, and the results are more predictable because we have had longstanding experience with mass transit and with the Automotive Fuel Economy Program.

The program I am recommending has two key features:

- o A Public Transportation program which would save 200,000 barrels per day by 1990 at an additional cost of \$1 billion annually over the next decade.

Most important, geometric energy savings would result from changing urban lifestyle and land use patterns prompted in part by the availability of public transportation.

- o A fuel efficient automobile with a fleet average of 50 mpg by 1995. This would save almost 2 million barrels per day, by far the most effective oil conservation program we could undertake. Economic and employment impacts could be mitigated by the introduction of reasonable tax incentives, and by coordinating the auto conversion program with the synthetic fuels effort.

Attached is a list of transportation initiatives whose total impact would reduce oil demand over what is anticipated by almost 2 million barrels per day by 1990 and at least 3 million barrels per day by 1995.

As your decision-making proceeds, I am prepared to give you whatever additional detailed information you may desire.

Brock Adams

Attachment

- 0 Revitalize public transportation systems. While the automobile will undoubtedly remain a principal feature of our personal transportation system, we will be calling upon our citizens to change their transportation patterns to achieve reductions in energy use for both the long and short term. To do this in ways that maintain the personal mobility that is vital to our national productivity will require a major increase in the alternatives available to the public to replace their single-car, single-occupant habits.

If the public is going to be asked to conserve, they will expect a massive commitment to new transit facilities, on the order of \$1 billion per year. Investment in the expansion and revitalization of public transportation services, along with restraint in the use of autos will make these energy efficient systems more prevalent and they will be part of new choices and life styles required by the Nation's new energy reality. By expanding the current capacity of our transit systems, we estimate that by 1990 we could save directly up to 200,000 barrels a day by permitting the accommodation of an additional 7 to 14 million peak hour journey-to-work trips which otherwise would have been made by auto. Indirect savings will be much higher as we stop urban sprawl and limit unnecessary incidental trips. The direct home to work savings from the \$1 billion per year would cost \$14.00 to \$27.00 per barrel of oil depending on the type of mass transportation system used.

- 0 Reduce fuel consumption of the motor vehicle transportation system through the application of advanced technology. By increasing automotive fuel economy during the post-1985 period and progressing toward a 50 mpg auto by 1995, additional savings of up to 670,000 barrels per day could be achieved over the present projected savings by 1990. This could be achieved at a cost of approximately \$70 billion over the period. The savings associated with this measure would cost \$12.00 per barrel.

- 0 Conserve energy but maintain mobility through better use of existing personal and public transportation systems.

- Increased incentives for ridesharing. The most immediate way to begin to conserve energy used in the automotive sector is by increasing the present occupancy of vehicles, particularly those going to and from work. By 1990 we could be saving 265,000 barrels a day, and all costs for this would be borne by a program of \$25 million per year from within existing Highway Trust Fund resources. This program would cost \$.40 per barrel.

-2-

- Enforcement of 55 mph. By providing the States with monies to enforce the 55 mph speed limit we could save an additional 80,000 barrels per day. This could be achieved with approximately \$50 million per year. This cost would be \$1.70 per barrel.
- Conservation through better practices in the present fleet. If drivers could be encouraged to keep their vehicles at top running efficiency, learn to drive more efficiently, and keep their tires inflated, about 288,000 barrels a day could be saved. This would cost drivers about \$1.5 billion annually and could be achieved at a cost of \$14.50 per barrel.
- Fuel Conservation In Truck and Bus Use. A voluntary program among truck and bus operators has been underway for several years and without a crisis atmosphere, has reduced fuel consumption by 50,000 barrels per day. With Government help of about \$5 million annually, we estimate this program could save 150,000 to 300,000 barrels per day. The cost of this program would cost about \$.10 per barrel.
- Transportation System Management Program. Increase efficiency of the urban transportation system by better management techniques, such as preferential transit and high occupancy vehicle lanes, freeway ramp metering, intersection improvements, transit transfer facilities, and improved traffic signal systems. The cost of this effort would be approximately \$800 million per year from within existing Highway Trust Fund resources and would save approximately 200,000 barrels per day by 1990. This program would cost \$11.00 for each barrel saved.
- I have attached a copy of a gasoline white market allocation plan. I thought you may be interested in what we suggested in 1975 as a rationing plan. I am simply enclosing this if you have any interest in it.

SUMMARY TABLE

| <u>ACTION</u> | <u>SAVINGS IN BARRELS PER DAY (1990)</u> | <u>COST IN DOLLARS PER BARREL SAVED (1990)</u> |
|---|--|--|
| 0 Transit revitalization | 100,000- 200,000 | \$14.00- \$27.00 |
| 0 Increased automotive fuel economy | 400,000- 670,000 | \$12.00- \$20.35 |
| 0 More effective use of existing systems | | |
| • Ridesharing | 265,000 | \$.40 |
| • 55 mph | 80,000 | \$ 1.70 |
| • Automobile fleet | 288,000 | \$14.50 |
| • Truck and bus fleet | 150,000- 300,000 | \$.05- \$.10 |
| • Transportation system management | 200,000 | \$11.00 |

CONGRESSIONAL RECORD—HOUSE

March 3, 1975

THE GASOLINE CONSERVATION ACT

(Mr. ADAMS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ADAMS. Mr. Speaker, I am introducing today the Gasoline Conservation Act of 1975. This legislation provides for a two-tier allocation program utilizing transferable entitlement stamps with a penalty fee on the gasoline used in excess of the amount allocated by stamps.

This bill will assure every driver of a fair share of gasoline at a fair price, with the option to purchase additional gasoline by paying a penalty "user fee" of up to 50 cents per gallon. It establishes a conservation goal of a 5.5-percent decrease over 1974 gas consumption by the end of 1975 and a 16-percent decrease by the end of 1977. Such a decrease in gasoline consumption would cut overall U.S. consumption of crude oil by approximately 350,000 barrels per day by the end of 1975 and 1,050,000 by the end of 1977. Both the size of the allotment and the amount of the user fee are adjustable and could be varied to meet these conservation goals.

There are several advantages to the plan I am suggesting. It guarantees every driver a certain minimum amount of gasoline at a fair price. It minimizes interference with individual action because the "white market" in coupons would allow all drivers to both buy and sell entitlement stamps according to their own driving needs. It allows the user to decide how to use his allotted amount of gasoline, and if and when additional consumption is worth the additional cost. Most importantly, this bill both imposes a penalty gradually, and it is imposed on the area of consumption—gasoline—most easily cut without damaging our economy.

This legislation is far preferable to the program advanced by the President, in which a free market is assumed, but where none exists. By proposing arbitrary increases in the price of crude oil, the President is adding a regressive tax to the already inflated prices fixed by the international oil companies and the oil producing nations. In the process, he is threatening to further depress the economy and to work a serious hardship on low- and middle-income groups. The President's plan, if implemented, would increase the cost of such essentials as home heating fuel, electricity, transportation and fertilizer. These increased costs would in turn be reflected by increased costs for all goods and services available. For example, the impact of the President's energy program on transportation will be severe. If the price of diesel fuel goes up 10 cents a gallon, it will cost the class I railroad \$405 million in fuel charges annually. This increase would cost the truck owners nearly \$980 million a year for diesel fuel alone. The airlines would have to pay nearly \$900 million more for their jet fuel. It makes no sense to me to increase the cost of public transportation, when we are trying to encourage people to use their cars less.

Our Nation has become needlessly dependent on the automobile, and it is here that our economies must start. What was once a luxury item has now become a necessity—a necessity that we must learn again to live without. Excessive use of the private automobile has almost destroyed our mass transit systems, which we must rebuild and expand. It uses 35 percent of our petroleum products in an inefficient way. It has become an economic millstone around our necks.

We cannot do away with the automobile, as our present transit system is unable to handle the 85 percent of our transportation requirements now met by the car. We must, however, make a beginning.

My two-tier allocation plan is just a beginning. Its adoption will only be one step in the overall effort to solve our energy problems equitably, and without unfairly penalizing people by increasing the disastrous rate of inflation. This plan must be coupled with intensive short- and long-term programs to make permanent reductions in our use of fossil fuels; to find new energy sources that we, ourselves, control; and then to make the necessary adjustments in our business and private lives to accept the realities of our limited energy supplies of the future.

I am attaching a copy of my letter to the President dated January 3, 1975, in which I outlined this plan to him.

JANUARY 3, 1975.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: It is my understanding from the press reports that you intend to submit to Congress both an economic program and proposals for dealing with the energy crisis. As a member of the House Budget Committee and the House Commerce Committee, I have spent a great deal of time in the last year dealing with both problems of the economy and the energy crisis.

I am certain you remember the struggle last year, first in the Interstate and Foreign Commerce Committee, and later on the floors of both the House and Senate, to pass an energy bill. Without trying to place the blame on any side, it is enough to say that conflicting forces in the Congress and Administration prevented any meaningful energy allocation and conservation program from being enacted.

As a member of the Interstate and Foreign Commerce Committee, I was present at hearings and mark-up sessions on these bills, and when matters were finally reaching an impasse, I discussed possible compromise positions with Senator Henry Jackson, Chairman of the Interior Committee, Representative Torbert Macdonald, Chairman of the Communications and Power Subcommittee, and many other members of Congress, in an effort to resolve the situation. This was unsuccessful, and as a result, it was finally decided that all that could be accomplished was an extension of the Emergency Petroleum Allocation Act to August 31, 1975.

In light of this experience, I have been very disappointed that the various proposals for dealing with the energy crisis, as reported in the public press, have taken the same conflicting positions: either rationing gas or increasing taxes on it, or doing nothing. These are the same positions which basically caused the energy bills to fail in the last Session.

In an effort to break this deadlock, I am sending a copy of this letter which outlines my compromise proposal to Representative Jim Wright of Texas, who heads the House Democratic Steering and Policy Committee Legislative Task Force, and to Representative Torbert Macdonald and Senator Henry Jackson.

A primary advantage of my proposal is that it creates a process rather than a rigid system of rationing or taxation.

Another key element is that this proposal would provide an overall national policy with the flexibility to meet future contingencies and at the same time would move the United States away from outdated, ineffective voluntary conservation programs.

I am proposing that the Federal Government, using the State Motor Vehicle Departments, issue to each registered driver the already printed ration books. The Federal Government would then establish on a nationwide basis, the average consumption rate of gasoline and allocate a percentage of this national average to the ration bookholders. I would suggest 90 percent of present usage, but the percentage should be flexible and left to the discretion of the Executive Branch based on importation levels and other factors. The coupon books would authorize each driver to obtain the allocated amount of gasoline at the market price. (I would not contemplate at this time trying to fix a price at the pump, but this could be an option in the future). The remaining percentage of gasoline stocks would be available for use by vehicle owners, but this would be subject to a Federal penalty tax to dampen consumption. I believe that again the amount of tax should be left to the discretion of the Executive Branch, but I would suggest a tax of approximately 10 cents per gallon in the initial stages of the program. Any driver who had used his allocation of ration coupons would be required to pay to the retail outlet the additional Federal penalty tax above the market price.

The ration stamps could be given away by the individual motorist or sold without penalty (the so-called "white market"), but in gaining control over national gasoline consumption. The price of these ration stamps would be limited by the amount of tax paid per gallon since there would be no incentive to buy another motorist's stamps if they were more expensive than the market price plus the tax.

The result of this process is to leave untouched the basic marketing system in the United States and to give all motorists an assured supply of gasoline at equitable prices. The system also penalizes cars that guzzle gasoline or those motorists who wish to engage in frivolous driving. Over a period of time, long-distance commuters will begin to use public transportation and carpools to stretch their coupons, and the goal of modifying driving habits will have been accomplished with minimal hardship.

On the national level, the Federal Government will be equipped to influence overall consumption of gasoline by raising or lowering the penalty tax or the number of gallons allocated to the ration holders. It is only logical that controlled domestic oil costs should be divided equally among all users first and that those who are requiring the importation of higher priced foreign oil should pay a higher price for it.

I am well aware that the American economy is inextricably intertwined with the automobile industry, and its suppliers ranging all the way from petroleum products to steel. However, this proposal will allow us to control our consumption of petroleum products as a matter of national policy and give the auto industry a chance to reorganize itself, with the least disruption to our national economy.

If you are interested in this proposal, I would be happy to work with members of the Administration in drafting appropriate legislation.

Respectfully yours,

BROCK ADAMS,
Member of Congress.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

July 6, 1979

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues for the Week of July 2, 1979

Mobility, Energy and the Economy - I have included with this report a separate memorandum suggesting five critical policies that will help keep the transportation system and the economy moving in an oil scarce era.

Energy Situation Center - The Energy Situation Center in DOT continues in operation on a 24-hour basis for the trucking energy emergency. To date it has received 580 telephone calls, mostly from truckers interested in safe routes to prevent violence, and to give reports on government actions on costs and fuel availability. On Tuesday, Wednesday, and Thursday of this week, both violence associated with the emergency and the number of telephone calls to the Center have declined -- 118 on Monday, July 2, 47 on Tuesday, and 20 on Wednesday. On this basis, we expect to cut back soon to an eight to ten-hour operation.

Semi-weekly situation reports on the energy crisis are given to Jack Watson as Chairman of the White House Management Task Force on Energy Shortages. These are based on daily Department of Transportation field office reports and inputs from the Departments of Energy, Justice, Agriculture, and the Interstate Commerce Commission.

Suit Challenging Section 504 (Handicapped) Regulations - The American Public Transit Association (APTA) and twelve transit agencies sued both DOT and HEW seeking to overturn DOT's recently issued regulations on nondiscrimination against handicapped persons in Federally-funded transportation facilities and services. The suit charges that DOT acted arbitrarily and capriciously in requiring what the plaintiffs claim are unreliable lift mechanisms to be installed on new transit buses, and in emphasizing accessibility to mainline transit systems rather than giving localities more discretion in deciding how to implement Section 504. APTA also claims that DOT exceeded its authority in issuing the regulations based on APTA's view of a recent Supreme Court decision involving Section 504's applicability to a nurse's training

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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

C
/

July 19, 1979

The President
The White House
Washington, D. C.

Dear Mr. President:

In accord with our conversation yesterday afternoon, I hereby formally tender my resignation as Secretary of Health, Education, and Welfare.

For me, it has been a deeply enjoyable and satisfying experience to administer so many of the programs enacted into law under President Lyndon Johnson.

I have called HEW the Department of the people because its programs touch the lives of so many Americans each day. The Department reflects the compassion of the American people. It tends to the needs of the old and the young, of the poor, the ill, and the handicapped. It exists to protect the health of all Americans, to assure equal educational opportunity for all citizens, and to guarantee the individual rights of victims of discrimination of all kinds. It administers Social Security and the other basic income maintenance programs of our nation.

My goal as Secretary has been to demonstrate that Government can do all these things, not only with compassion, but with competence. Achieving that goal is urgently necessary because there are still in this nation millions of people whose needs can be met only by Government--and they are the most vulnerable among us.

To do this job effectively, I needed the authority to run this Department and the freedom to decide and speak out on controversial public issues. You have given me that authority and freedom, and I appreciate it.

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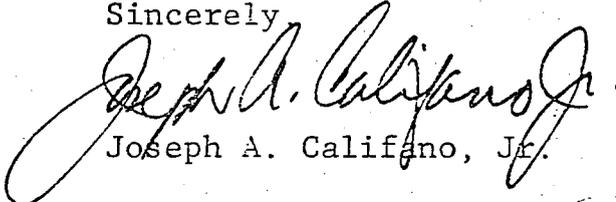
The President
July 19, 1979
Page 2

Whenever the laws that the Congress charges the Secretary of HEW to execute are administered with vigor, there will be controversy. I have tried to execute these laws vigorously.

I appreciate the opportunity you have given me to serve our nation and you.

I wish you well as you continue striving to fulfill the enormous responsibilities of your office, and to build upon your achievements, of which you can be justly proud.

Sincerely

A handwritten signature in cursive script, reading "Joseph A. Califano, Jr.", written in dark ink. The signature is fluid and somewhat stylized, with a large initial 'J' and a long, sweeping underline.

Joseph A. Califano, Jr.

THE WHITE HOUSE

WASHINGTON

19 July 1979

To Secretary Joe Califano

I accept your resignation with a genuine feeling of appreciation and of recognition for your notable accomplishments as Secretary of Health, Education and Welfare.

You have, indeed, demonstrated that major public service can exemplify both competence and compassion.

My desire is that you continue to serve

with my confidence and
support until your suc-
cessor assumes the office.

Your pledge of a smooth,
harmonious and orderly
transition is typical of
your attitude and per-
formance.

You have my personal
best wishes and friendship.

Sincerely,
Jimmy Carter

THE WHITE HOUSE
WASHINGTON

19 Jul 79

Frank Moore

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

Rick Hutcheson

RE: MENDEL DAVIS

3078



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

ACTION
FYI

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| VICE PRESIDENT |
| EIZENSTAT |
| JORDAN |
| KRAFT |
| LIPSHUTZ |
| MOORE |
| POWELL |
| WATSON |
| WEXLER |
| BRZEZINSKI |
| MCINTYRE |
| SCHULTZE |

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| ARAGON |
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| H. CARTER |
| CLOUGH |
| COSTANZA |
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| GAMMILL |
| HARDEN |
| HUTCHESON |
| JAGODA |
| LINDER |
| MITCHELL |
| MOE |
| PETERSON |
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| PRESS |
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| BLUMENTHAL |
| BROWN |
| CALIFANO |
| HARRIS |
| KREPS |
| MARSHALL |
| SCHLESINGER |
| STRAUSS |
| VANCE |

THE WHITE HOUSE

WASHINGTON

July 18, 1979

*Talked
personally
J*

CONGRESSIONAL TELEPHONE REQUEST

TO: Congressman Mendel Davis (D-South Carolina)

DATE: Wednesday, July 18, 1979

BACKGROUND: Congressman Davis called today requesting that he be able to talk with you by phone. You were earlier scheduled to meet with Davis but it was necessary to postpone this meeting.

Congressman Davis has announced that he will not run for re-election and has been more receptive to our calls for assistance since that time.

He will probably offer to help in '80.

SUBMITTED

BY:

Frank Moore

F.M./pd

DATE

OF

SUBMISSION

July 18, 1979

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THE SECRETARY OF STATE
WASHINGTON

July 18, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM : Cyrus Vance ✓
SUBJECT : United States Initiatives at the
United Nations Geneva Conference
on Indochinese Refugees

As you know Secretary General Waldheim has called a conference in Geneva July 20-21. In addition to Fritz our delegation will include eight members from the Congress, Dick Clark and the Governors of New Jersey and Iowa. Bold new initiatives from the international community are clearly needed to reverse the crisis in the region. Below are major United States initiatives which we recommend the Vice President present at this conference to respond to the crisis and stimulate a greater international effort. We have discussed these initiatives with OMB and they have agreed that, in light of the urgency, I should communicate them directly to you.

INITIATIVE #1 INCREASED ASSISTANCE FOR CARE AND MAINTENANCE

Estimates of the cost of the FY-1980 care and maintenance program of the UNHCR in Southeast Asia exceed \$350 million. In light of the Japanese pledge at Tokyo to pick up 50 per cent of UNHCR Indochinese program costs, we recommend that the United States reduce its planned contribution from 50 per cent of the total to 30 per cent. Even at 30 per cent, however, we are still faced with a requirement to contribute \$105 million in FY 1980 or \$64 million more than our current request. No other nation is likely to contribute this \$64 million. This item has been discussed with interested members of Congress who are supportive.

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GDS 7/18/85

DECLASSIFIED

Per, Rac Project

ESDN: NRC-126-17-34-1-5

BY K9 NARA DATE 10/21/83

~~CONFIDENTIAL~~

- 2 -

Recommendation

That \$64 million be added to the State Department FY-1980 Budget Amendment to increase its planned contribution to the UNHCR for care and maintenance for Indo-chinese refugees for FY-1980 to \$105 million.

Approved _____ ✓ _____

Disapproved _____ J _____

INITIATIVE #2 SUPPORT THE ESTABLISHMENT OF REFUGEE PROCESSING CENTERS IN SOUTHEAST ASIA

A central requirement for success at Geneva is to find an interim way to deal with the excess of refugees fleeing Indochina over the current rate of permanent resettlements worldwide. Our best present hope is to persuade Indonesia to provide a site for a holding center of 100,000 or more. We have also approached the PRC for such a center in China. These centers would admit refugees cleared by the United States and other resettlement nations but for whom there is no place in the current year's quota. They would serve, therefore, as a way to extend guarantees to the first asylum states beyond immediate resettlement and to place the refugees in a holding status. They also have the advantage to first-asylum states of being located in isolated areas where there is less friction with the local populace. The construction of such camps for up to 250,000 population and intra-regional transportation costs would cost an estimated \$200 million. While \$20 million might get this initiative started, based on the strong recommendation of Dick Clark from Geneva who believes it is essential to its final success, we believe the United States should be prepared to commit \$30 million in order to get the initiative moving. This figure also includes the major portion of the costs of temporarily opening Fort Chafee as a receiving center in this country (\$8.5 million) listed in Initiative #6. This item has been discussed with interested members of Congress who are supportive.

Recommendation

That \$30 million be added to the State Department FY-1980 Budget Amendment as a United States contribution to the UNHCR for the construction of Refugee Processing Centers.

Approved _____ ✓ _____

Disapproved _____

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 3 -

INITIATIVE #3 MOVEMENT OF 100,000 REFUGEES TO A
REFUGEE PROCESSING CENTER USING US
MILITARY SEALIFT COMMAND RESOURCES

As Refugee Processing Centers are identified and construction progresses, it will become urgent to move refugees quickly out of impacted first asylum areas to the centers. We propose to use civilian ships chartered by the United States Military Sea Lift Command for this purpose. The estimated cost of the transfer of 100,000 refugees from the main first asylum camps to a possible Indonesian site in West Irian would be \$14.0 million.

Recommendation

That you approve the use of Military Sea Lift Command charters to move refugees to new refugee centers and that \$14.0 million be added to the State Department FY-1980 budget to fund this activity.

Approved _____ ✓ _____ Disapproved _____

INITIATIVE #4 RESCUE AT SEA

The desperate situation of refugees in small boats in the South China Sea has led to strong calls for a more active involvement of United States naval forces in rescue at sea. While, in some respects this is highly desirable, it does raise serious problems because of the expectations which such increased activity can raise, leading to increased United States involvement and obligation in an almost unending continuum. The options;

Option 1. Continue current policy calling for United States naval vessels to provide resupply and repair assistance and pick up refugees only if they are in a life-threatening situation.

Option 2. Have the Secretary of Defense reinforce existing orders to United States naval units and adjust their steaming routes and frequencies so as to provide more frequent and responsive assistance to refugees, including the pick-up of any in distress. The four

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- 4 -

ships being chartered by the United States Navy to help transport refugees to Refugee Processing Centers would significantly augment our naval presence in the refugee sea zones in providing succor and picking up refugees. The total number of refugees picked up under this option would probably not be more than several hundred a month. It would place us on a level of overall response to the problems of refugees at sea slightly ahead of other countries. It would not require any increase in the appropriation request to Congress, or in the total number of parole numbers above the 14,000 per month level. Nor would it create significant new pulls upon refugees to leave Vietnam in hopes of being picked up.

Option 3. Same as Option 2 but with the addition of a half squadron of reconnaissance aircraft dedicated to search for refugee vessels in distress in refugee frequented sea areas. When such boats are sighted in distress, any United States vessels in the area would alter course as necessary to render assistance. Reports of refugee boats in distress will also be made available to ships of other nations in the area. These aircraft would be available initially for a four-month period, though it may prove necessary to extend this operation for several months to carry it through the monsoon season. The cost of these air operations for four months would be \$2.0 million; for six months \$3.0.

Option 4. Dedicate specific elements, such as the four Military Sea Lift Command vessels, to seek out and pick up refugees found at sea. This would provide a very dramatic instance of United States leadership. However, the numbers involved would likely be very large, especially as the mission of the ships became known, and could quite possibly exceed our current program of 14,000 a month if vigorously implemented, even without taking refugees, as presently planned, from the ASEAN states and Hong Kong. It seems likely to have a substantial magnet effect both in departures from Vietnam and in the pushing off of boats from first asylum states as they see much of our program shift to rescue at sea. Any refugees picked up by United States Military chartered vessels would almost certainly be landed only if they receive a resettlement guarantee from the United States, with short term resettlement required which would put such refugees ahead of the

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~~CONFIDENTIAL~~

- 5 -

370,000 now in camps. The monetary costs for naval and sea operations would still be about \$19 million for a four-month period. The refugee costs above the presently authorized 14,000 monthly would still be about \$3.5 million per thousand refugees for the first year.

Option 5. Negotiate with the SRV to take refugees directly from Vietnam. This, of course, is the best remedy against drowning at sea but involves accepting numbers of refugees far beyond those that have been considered to date. It is also an open ended invitation to Vietnam to expel additional hundreds of thousands of people.

Recommendation

That you approve Option 3 and an addition of \$3.0 million to State's FY 1980 budget to provide the necessary reimbursement to DOD.

Approved _____



Disapproved _____



INITIATIVE #5

INTERNATIONAL FUND FOR REFUGEE
RESETTLEMENT

There is an urgent need to establish an International Fund for Refugee Resettlement under the United Nations High Commissioner for Refugees to promote and expedite refugee resettlement in developing countries. Many developing countries could absorb large numbers of refugees but are not able to place a priority on refugee resettlement at the cost of programs for their own population.

The Fund, to be capitalized at \$200 million over three years, would result in substantial savings to the United States. We would only pay for part of the costs of resettling refugees while reducing pressures for the United States to increase still further the number of refugees it accepts for resettlement.

If this were followed, it would require a 30 per cent contribution to the Fund, or \$60 million over three years. If other nations respond with significant offers we would plan to request our first tranche of \$20 million in the January supplemental and add \$20 million each in our budget for FY-1981 and FY-1982. If other nations do not contribute adequately, our contribution would be scaled down or the Fund would not be pursued.

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~~CONFIDENTIAL~~

- 6 -

Recommendation

That you authorize the Vice President to propose the establishment of an International Fund for Refugee Resettlement and, if justified by international response, indicate that the Administration will request \$20 million in a January supplemental budget request and for the two years following.

Approve

First year only as commitment - be sure of match.

Disapprove

INITIATIVE #6 ACCELERATED MOVEMENT OF 20,000 REFUGEES TO THE UNITED STATES USING A U.S. MILITARY INSTALLATION TEMPORARILY AS A TRANSIT CENTER

We are pressing hard to increase our regular processing flow direct from Asian camp to United States sponsor to meet the goal of 14,000 a month announced by you in Tokyo. We expect to admit 12,000 in July, 13,000 in August and 14,000 in September. Numbers for this movement are supplied through previous parole authorizations and funding is available from the refugee account and the refugee emergency fund.

While greatly appreciating this increase in the United States program, the Indonesians have indicated that an additional dramatic United States gesture to ease the burden in camps could be decisive in their agreeing to a holding center for 100,000 refugees. Additionally, the Malaysians have been pressing hard for some sort of camp in the United States, acknowledging it could have only symbolic, short-term impact. Thus, we would plan to accelerate movement under the new 14,000 monthly parole by moving 20,000 refugees of the 168,000 refugees authorized and funded in FY 1980 immediately to a camp on a United States military installation (Fort Chafee). This would mean the actual admission of a total of 59,000 refugees in the last three months of FY 1979. This would be a temporary measure and we would expect to have all these refugees out of the camp by November. The voluntary agencies have long pressed us for such a move and we believe they can handle the task in this time frame. Movement, from October on, through normal processing direct to United States sponsor without an interim camp would continue at the rate of 12,400 monthly to average 14,000 per month for FY-1980.

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The estimated cost of this proposal to State is \$13.5 million. Since the UNHCR would bear an indirect portion of these costs because of the reduction of our planned contribution, the net additional to the Department of State is only \$5.1 million. However, HEW costs will increase by approximately \$7 million since the refugee arrival rate for Fiscal Year 1980 will be disproportionately heavy in the first two months of FY-1980.

Recommendation

That you approve the accelerated admission of 20,000 Indochinese refugees to be processed through the use of a United States military installation and the funding necessary to support this initiative.

Approved _____ Disapproved _____ ✓

The total additional funding involved in these initiatives for FY 1979-80, under my recommendations, is thus \$143 million. Consultations with Congress show a readiness to support the funding required for such an initiative in Geneva.

I prefer to avoid this. 14,000 per month can be accommodated, I believe, without a "refugee camp" in our country which would have limited practical value.

~~CONFIDENTIAL~~



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 19 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *J. T. McIntyre, Jr.*
SUBJECT: U.S. Refugee Initiatives at Geneva

You have for decision a memo from Secretary Vance proposing six initiatives for announcement at Geneva on Friday by the Vice President.

I am in agreement with Cy on Initiatives 1, 3, and 4. These require an FY 80 supplemental for an additional \$81 million beyond your previous initiatives involving increased refugee flows to the U.S.

In Initiative 2, Cy asks for \$30M for a U.S. contribution to a new UN refugee processing center in Southeast Asia. He goes on to say that \$20M of this amount could get this initiative started, and the \$8.5M of the \$30M total would fund a U.S. center (Ft. Chafee) proposed in his Initiative #6. I recommend you approve only the \$20M in Initiative #2.

In Initiative #5, State proposes a \$20 million contribution in 1980, 1981 and 1982, for an International Fund for Refugee Resettlement. This would be announced now but not sought until next January's budget after details are worked out with other donors, recipients, and the World Bank. I do not support Cy's tactic here. I believe we need to secure much more cooperation from others at Geneva, and tabling this plan without reciprocal commitments could simply up our ante. I believe your Tokyo initiatives plus the others noted above are evidence enough of U.S. commitment and leadership, and that we should not make Initiative #5's three year \$60M (\$20M annually) pledge without first securing funding support from the other potential donors.

Finally, I am concerned about Initiative #6, the proposal to establish a temporary holding center in the U.S. to enable accelerated departure to the U.S. of 20,000 refugees. The only reason for such an initiative appears to be pressures from the Indonesian and Malaysian governments for a dramatic American gesture. These governments apparently argue that, since we are pressuring them for camps, we too should have camps. This expensive, temporary response appears to me to be of very marginal usefulness.

DECLASSIFIED

Per, Rac Project

ESON: 126-17-34-2-4

BY 125 MAR. DATE 1-21-83

~~CONFIDENTIAL~~

GDS 7/19/85

10:15 AM

THE WHITE HOUSE

WASHINGTON

July 18, 1979

9
/

BRIEF REMARKS TO STATE PRESIDENTS OF FUTURE FARMERS OF AMERICA

Thursday, July 19, 1979

10:15 a.m. (10 minutes)

The Rose Garden

FROM: ANNE WEXLER RW

I. PURPOSE

To Greet the 1979 State Officers of the Future Farmers of America

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: This meeting will be the highlight of the Future Farmers of America State Presidents' Washington Conference. This is the 12th Annual State Presidents' Conference. FFA membership is currently 507,000 in 50 states and Puerto Rico. The average age of the young men and women FFA members is 18.

B. Participants: See Tab A

C. Press Plan: Open Press Coverage - White House Photographer

III. TALKING POINTS

To be provided by Bob Maddox

IV. SCENARIO

The group of approximately 150 will be assembled in The Rose Garden at 10:00 A.M. Standing immediately behind you on the steps will be the 6 National Officers of FFA, the National Advisor, Byron Rawls and the Chairman of the FFA Foundation, Bob Lund of General Motors.

Immediately before your remarks, National President Mark Sanborn of East Orwell, Ohio, will present you with a plaque in recognition of your term as Secretary of the Plains, Georgia FFA.

**Electrostatic Copy Made
for Preservation Purposes**

THANK YOU FOR THIS PLAQUE. IT MEANS A GREAT DEAL TO ME. AS YOU HAVE NOTED, MY FIRST ELECTIVE OFFICE WAS AS SECRETARY OF THE PLAINS FFA. THE FIRST ORGANIZATION I JOINED WAS THE BAPTIST CHURCH. THE SECOND WAS FFA.

IT IS NO SECRET AROUND THE NATION -- FFA IS ONE OF MY FAVORITE ORGANIZATIONS. I LOOK FORWARD EACH YEAR TO HAVING THIS TIME WITH STATE PRESIDENTS, YOUR ADVISERS AND GUESTS.

YOU HAVE ADOPTED A BOLD THEME FOR THE YEAR: "FFA -- PREPARING FOR PROGRESS". PROGRESS DOES NOT JUST HAPPEN. REAL PROGRESS COMES ONLY AS THE RESULT OF DISCIPLINE, PLANNING, AND MUCH HARD WORK. {Insert?}

(=OVER=) (YOUNG LEADERS, I WANT YOU TO.....)

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Sumit

OUR NATION FACES DIFFICULT CHALLENGES IN
THE YEARS AHEAD. YOUR GOVERNMENT MUST BE
PREPARED TO MEET THESE CHALLENGES. I AM NOW
INVOLVED IN AN INTENSE AND SERIOUS PERIOD OF
REVIEW AND EVALUATION. I WILL MAKE THE
DECISIONS NECESSARY TO ENSURE THAT I AND MY
ADMINISTRATION CAN PROVIDE THE LEADERSHIP THIS
COUNTRY NEEDS.

(End of Sumit) (only page 2)

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for Preservation Purposes**

YOUNG LEADERS, I WANT YOU TO LISTEN CLOSELY NOW. FOOD AND FUEL ARE THE QUESTIONS FOR THE REMAINDER OF THIS CENTURY AND INTO THE NEXT. HOW TO PROVIDE MORE FOOD FOR A GROWING WORLD POPULATION WHILE WE USE LESS ENERGY IS OUR DIFFICULT TASK.

OUR NATION MUST BE WELL-FED, AND WE MUST HAVE AN INCREASING QUANTITY OF AGRICULTURAL PRODUCTS FOR EXPORT.

HOW TO DO ALL THAT ON LESS ENERGY IS THE PROBLEM. YOU MUST CAREFULLY STUDY EXISTING AGRICULTURAL PRACTICES, MAKE CHANGES, AND CREATE NEW CONCEPTS WHEN NECESSARY. IN SHORT, YOU WILL BE CALLED ON TO TRANSFORM AMERICAN AGRICULTURE.

I HAVE EVERY CONFIDENCE THAT YOU MEN AND WOMEN IN FFA CAN TAKE UP THE GAUNTLET AND MEET OUR NEW DAY WITH IMAGINATION AND VIGOR.

(=NEW CARD=) (NOW, ARE YOU READY FOR.....)

**Electrostatic Copy Made
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Now, ARE YOU READY FOR AN ALL TOGETHER UNIQUE CALL -- ONE TAILORED ESPECIALLY FOR FFA?

SINCE FFA IS SO VERY IMPORTANT TO ME, I, TODAY, ASK YOU TO LINK HANDS AND HEARTS WITH ME IN THE ENERGY BATTLE WE NOW FACE. I ASK YOU TO TAKE THE LEAD AMONG YOUTH GROUPS IN OUR WAR FOR ENERGY SECURITY.

TO THAT END, IN CONSULTATION WITH YOUR LEADERS, I SET BEFORE YOU THIS EXTRAORDINARY CHALLENGE: I AM ASKING EVERY FFA CHAPTER IN THE COUNTRY TO GET INVOLVED IN ENERGY -- IN CONSERVING IT, AND IN FINDING NEW WAYS TO USE IT MORE EFFICIENTLY.

IT HAS TO COME FROM YOU -- I CANNOT DO IT FOR YOU. BUT I WILL GIVE PRESIDENTIAL RECOGNITION TO THE ONE FFA CHAPTER IN THE NATION THAT YOU DECIDE HAS CONSTRUCTED AND CARRIED OUT THE BEST RESPONSE TO THE ENERGY CRISIS.
(=OVER=) (WILL YOU ACCEPT THE.....)

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WILL YOU ACCEPT THE CHALLENGE? CAN I COUNT ON FFA TO LEAD THE WAY
IN ENERGY CONSERVATION? WILL YOU PAY THE PERSONAL PRICES NECESSARY TO
GUARANTEE THE FREEDOM OF THIS NATION? I KNOW YOU WILL!

A QUALITY FUTURE IS BUILT ON A STRONG TODAY. MANY THINGS CHANGE
RAPIDLY IN OUR WORLD OF NEW ENERGY REALITIES AND ADVANCED TECHNOLOGY.

THE FUNDAMENTALS, HOWEVER, DO NOT CHANGE -- LOVE WITHIN A FAMILY,
HONESTY, FRIENDSHIP AMONG PEOPLE, A DESIRE FOR PEACE, A RESPECT FOR ONE
ANOTHER, THE BEAUTY OF NATURE, GENUINE PATRIOTISM BASED ON CONFIDENCE IN
OUR NATION.

AS THESE UNCHANGEABLE VALUES BECOME DEEPLY INGRAINED IN OUR LIVES
TODAY, THE FUTURE GROWS EVEN BRIGHTER.

(=NEW CARD=) (ON MY RECENT TRIP TO.....)

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ON MY RECENT TRIP TO JAPAN I LEARNED THAT AT THE BEGINNING OF EACH YEAR, THE EMPEROR OF JAPAN PLANTS A TINY RICE SEEDLING AS A SYMBOL OF ABUNDANCE AND HOPE FOR HIS PEOPLE.

YOU YOUNG PEOPLE WHO LIVE SO CLOSE TO THE EARTH ARE THAT SYMBOL OF ABUNDANCE AND HOPE FOR ME.

PLANT YOUR LIVES CAREFULLY. WORK HARD. LOVE DEEPLY.
COMMIT FAITHFULLY. BLOOM AND GROW.

WITH THESE PERSONAL TRAITS AND BELIEFS IN YOUR LIVES, OUR NATION DESPERATELY NEEDS YOU.

- - -

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C
/

July 18, 1979

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Lyle E. Gramley *LEG*

Subject: Real GNP in the Second Quarter, and Personal
Income in June

Tomorrow (Thursday, July 19) at 10:30 a. m., the Commerce Department will release figures on personal income in June. On Friday, July 20, at 10:00 a. m., figures for second quarter GNP will be released.

Real GNP in the Second Quarter

Real GNP last quarter is estimated to have declined at an annual rate of 3.3 percent. This is a somewhat larger fall than the unpublished 2.4 percent figure that Commerce had projected a month ago.

Personal consumption expenditures, in real terms, fell at an annual rate of 3.6 percent in the second quarter, a very steep decline. In part, this reflects a drop in real after-tax income because of inflation and slower growth of employment. The personal saving rate also rose, however, from 5.0 percent in the first quarter to 5.4 percent in the second. This increase in the saving rate probably reflects the effects of long gas lines on consumer spending.

Declines also occurred in real business fixed investment (due largely to reduced sales to businesses of autos and trucks), net exports, and Federal purchases of goods and services. The rate of inventory accumulation rose, as it usually does when there is a substantial decline in consumer spending and other categories of final sales.

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The GNP implicit price deflator rose at a 9.9 percent annual rate in the second quarter, compared with 9.3 percent in the first quarter. The rise in food prices slowed substantially in the second quarter, but the energy price rise accelerated. For consumers, energy prices last quarter rose at a 50 percent annual rate.

These are quite gloomy numbers. However, they should occasion relatively little surprise in the press. The estimate of a 2.4 percent decline in real GNP that Commerce circulated within government a month ago leaked and was widely publicized; since then, incoming data (particularly weak retail sales in June) have pointed to a deeper decline.

Along with the second quarter figures, the Commerce Department will release revised estimates of GNP going back three years, as they do every July. We have only a few details at this point. Growth of real GNP in the first quarter was revised up a little, from an 0.8 percent to a 1.1 percent annual rate. The level of real GNP in the first quarter, which incorporates revisions that go back three years, was revised up by 0.9 percent. This may mean somewhat more productivity growth in the past couple of years than earlier figures had indicated. However, we will have to obtain the full set of statistics to be sure.

These statistics do not change our view of probable developments over the remainder of 1979. A recession appears to be underway, and we still expect it to be mild -- with real GNP falling altogether by 1-1/4 to 1-1/2 percent before turning up in the spring of 1980. The principal risks, however, are for a larger decline, not a smaller one.

Personal Income in June

The rise in personal income slowed somewhat in June to 0.5 percent, from 0.7 percent in May. These rates of increase are well below the rise in prices, so the squeeze on real personal income continues. The small increase of personal income last month stems from slow growth of payroll employment at nonfarm businesses, a relatively small increase in average wage rates, and a moderate decline in farm income (due to declining prices of livestock). The level of farm income, however, has been revised up substantially along with the three-year revision of GNP. In April and May, farm income is now estimated to be at an annual rate of over \$34 billion, 13 percent higher than earlier estimates and higher also than the peak level of \$32 billion in 1973.

REMARKS AT STATE PRESIDENTS OF FUTURE FARMERS OF
AMERICA, 7/19/79

Thank you for this plaque. It means a great deal to me. As you have noted my first elective office was as secretary of the Plains FFA. The first organization I joined was the Baptist church. The second was FFA.

It is no secret around the White House -- FFA is one of my favorite organizations. I look forward each year to having this time with you State Presidents, your advisers and guests.

You have adopted a bold theme for the year:
FFA -- Preparing for Progress.  Progress does not just happen. Real progress comes only as the

result of discipline, planning and much hard

work.

Our nation faces difficult challenges in the years ahead. Your spirit must be prepared to meet these challenges.

Young people, I want you to listen closely. I am now involved in an intense

now. Food and fuel are the questions for the

and serious period of review and evaluation.
remainder of this century and into the next. How

I will make the decisions necessary
to provide more food for a growing world population

to ensure that I and my administration
on less energy is the task. Our nation must be

can provide the leadership this country
well-fed. We must have agricultural products *needed in the*

to be at the head
for export. How to do all that on less energy

is the problem. You must carefully study existing

agricultural practices, change and create anew

when necessary. In short, you will be called

on to reinvent American agriculture.

I have every confidence that you men and women

in FFA can take up the gauntlet and meet our new

day with imagination and vigor.

Now, are you ready for an all together unique call; one tailored especially for FFA?

Since FFA is so very important to me, I, today, ask you to link hearts and will with me in the energy battle we now face. I ask you to take the lead among youth groups in our WAR FOR ENERGY SECURITY.

*The
HEART
OF
SPEECH*

To that end, in consultation with your leaders, I set before you this extraordinary challenge. I am asking every FFA chapter in the country to get involved in energy -- in conserving it and in finding new ways to use it more efficiently. It has to come from you -- I cannot do it for you. But I will give Presidential recognition to the one FFA chapter in the nation that you decide has constructed and carried out the best response to the energy crisis.

Will you accept the challenge? Can I count on FFA to lead the way in energy conservation? Will you pay whatever prices are necessary to guarantee the freedom of this nation? I know you will!

A quality future is built on a strong today. 

Many things change in our world of new energy realities and advanced technology. The fundamentals, however, do not change -- love in a family, honesty, friendship among people, a desire for peace, a respect for one another, the beauty of nature.

As these unchangeable values become deeply ingrained in our lives today, the future grows even brighter.

On my recent trip to Japan I learned that at the beginning of each year, the Emperor of Japan plants a tiny rice seedling as a symbol of abundance and hope for his people.

You young people who live so close to the earth
are that symbol of abundance and hope for me.

Plant your lives carefully. Work hard. Love
deeply. Commit faithfully. Bloom and grow.

We desperately need you.

Pon 10:15

7/17/79
B. Maddox
1st Draft

REMARKS AT STATE PRESIDENTS OF FUTURE FARMERS OF
AMERICA, 7/19/79

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result of discipline, planning and much hard work.

leaders
Young ~~people~~, I want you to listen closely now. Food and fuel are the questions for the remainder of this century and into the next. How to provide more food for a growing world population *while we use* ~~on~~ less energy is *our difficult* ~~the~~ task. Our nation must be well-fed, *and* ~~we~~ *an increasing quantity of* must have agricultural products for export. How to do all that on less energy is the problem. You must carefully study existing agricultural practices, *make* ~~and~~ create *new new* ~~new~~ *concepts* when necessary. In short, you will be called *transform* on to ~~reinvent~~ American agriculture.

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genuine patriotism based on confidence in our nation.
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in our lives today, the future grows even brighter.

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the beginning of each year, the Emperor of Japan plants
a tiny rice seedling as a symbol of abundance and
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Plant your lives carefully. Work hard. Love
deeply. Commit faithfully. Bloom and grow.

Our nation
we desperately needs you *with* *and* these personal
traits and beliefs in your lives, our

THE WHITE HOUSE
WASHINGTON

7/19/79

Stu Eizenstat

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

Rick Hutcheson

ENERGY MOBILIZATION BOARD

3027

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INFORMATION ONLY

THE WHITE HOUSE

WASHINGTON

July 18, 1979

ok
J

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Clearance of Specifications for
the Energy Mobilization Board

We have cleared detailed legislative specifications on the Energy Mobilization Board (EMB) for submission to Congressional committees tomorrow. (Senator Jackson's markup will begin then; Representative Udall's subcommittee has already begun work). There is only one issue about which I thought I should inform you, on an information basis.

As you know, you decided (on the recommendation of the majority of agencies) that EMB should be empowered to waive the EIS requirements of NEPA along with other procedural requirements. The majority of agencies have formulated an approach under which Federal, State, or local EIS requirements could be waived or modified only where the Board (a) finds that it is necessary to the orderly completion of a critical energy project, and (b) establishes alternative procedures for the assessment of the environmental impacts of the facility.

CEQ, EPA, and Interior argue for a formulation which would differ from the above by requiring (a) application of EIS requirements "to the maximum extent possible," and (b) permitting waiver by the EMB only where it is not "possible" to prepare an EIS within the timetables set by the EMB for the overall permitting process. The trouble with this approach is that it subjects EMB rulings to a difficult test in court and encourages the frequent litigation we are seeking to avoid. Each time EMB waives or modifies NEPA it must prove a negative that the EIS project could not possibly be completed in time. And each time an EIS is done, it would be subjected to at least one -- and perhaps more than one -- challenge to its adequacy. The majority of the agencies, including DPS, Justice, DOE, and OMB, strongly believe that adopting the CEQ/EPA/Interior approach would substantially weaken EMB's expediting powers and would publicly be seen as so doing.

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We strongly advise submitting a relatively strong EMB to Congress and then entering into necessary compromises. Note that even in the form we have recommended, the EMB will be criticized as having inadequate power to preempt substantive requirements (such as the Clean Air Act).

Unless you disagree with the approach formulated by the majority of agencies, no further action is necessary on your part.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

July 18, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Gus Speth, Acting Chairman



SUBJECT: Energy Mobilization Board

I wish to bring to your attention an urgent matter of great importance.

The Administration's specifications for the Energy Mobilization Board (EMB) are due in Congress tomorrow morning. The latest draft provides for essentially unconstrained EMB waivers of federal and state environmental impact statement requirements. (Under federal law EIS's are required by Section 102 of the National Environmental Policy Act.) The draft also states that the number of critical energy facilities subject to EMB jurisdiction can be as large as 75 at any one time. In effect, the Administration is on the verge of proposing to Congress that the EMB be permitted to eliminate NEPA and the EIS requirement for essentially every significant non-nuclear energy facility to be built in the U.S. in the next decade.

For 10 years, NEPA has been the environmental community's principal means of participating in federal decisions affecting the environment. NEPA has been the concerned public's means of becoming informed and involved. For agency officials and the public, it is the vehicle for considering alternative sites and routes, for identifying preferable alternatives and new environmental impacts that need further work, and for taking a comprehensive view of overall effects on land, water, air, resources and health.

The EMB would be empowered to waive these functions where they are needed most: in addressing a new generation of energy facilities many of which have never been attempted on a commercial scale and many of which will for decades directly and indirectly affect the environment of a large segment of the public.

We do not oppose tight deadlines for completion of EIS requirements and any subsequent judicial review. Nor do we oppose provision for occasional waivers in exceptional circumstances where the nation's best interests require it. But we are very concerned about the currently

proposed approach. We believe it will badly alienate your most loyal constituents, who view NEPA as their Constituion. It may also lead Senator Jackson and Congressmen Udall and Dingell away from their more moderate approaches. And, if adopted, it would lead to inadequate scrutiny of environmental factors by federal, state and local governments.

I recommend you meet with Stu, Jim McIntyre and me early tomorrow morning to discuss this issue.

THE WHITE HOUSE
WASHINGTON
19 Jul 79

Frank Moore

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

The signed original has been
given to Ev Small for delivery.

Rick Hutcheson

Stu Eizenstat
Ev Small

RE: LETTER TO JDM CORMAN



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THE WHITE HOUSE

WASHINGTON

July 18, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

Jim Corman sent you a note attaching a letter he wrote to sponsors of the Health Security bill explaining why he is supporting your national health plan. I recommend that you respond to his note personally. A draft is attached.

Attachment

THE WHITE HOUSE

WASHINGTON

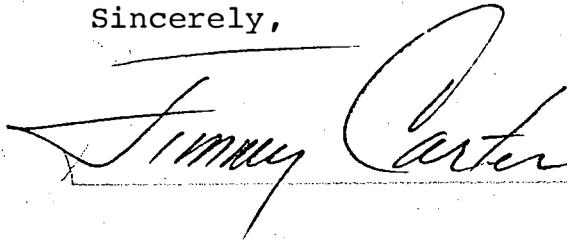
To Congressman Jim Corman

Thank you for your note on national health insurance.

Your letter to the Health Security sponsors forcefully describes the advantages of the Administration's approach to a national health plan. The letter and, more importantly, your continued assistance and support will help us to pass a good national health program this year.

I look forward to working with you to secure the improvements in our health care system which have eluded us for so long.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable James C. Corman
House of Representatives
Washington, D.C. 20515

ps Congratulations on welfare!
J

THE WHITE HOUSE

WASHINGTON

To Speaker Tip O'Neill

While I was in Tokyo, I received the good news that the Rhodesia compromise legislation had passed with a resounding margin. ~~I regret that my absence at Camp David delayed my letter to you.~~ I am well aware that we could not have had such a victory without your leadership and support. I appreciate your help.

As you know, I met with Bishop Muzorewa on July 11. In a frank exchange of views, I emphasized my sincere desire to see an end to the bitterness and bloodshed in Zimbabwe-Rhodesia. I reiterated the position of the United States that it would not be appropriate or helpful to a long-term and lasting solution to lift sanctions at this time.

I look forward to working with you on this and many other issues of mutual concern.

Sincerely,

The Honorable Thomas P. O'Neill, Jr.
Speaker
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE
WASHINGTON

7/19/79

Mr. President:

CL has strong reservations about Presidential involvement at this time. They feel that your involvement at this time is "inconsistent with your new approach to leading the country; Members of Congress do not expect to see you involved with minor issues such as this."

In addition, CL is concerned of a possible adverse effect on selling SALT and that no regional political analysis has been done.

DPS feels that you should issue the (attached) statement -- but not strongly and note that congressional passage is not likely. They add that you have personally reviewed this matter and "it is good policy."

Rick/Bill



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 18 1979

Q
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MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre 
SUBJECT: Military Retirement Reform

Defense and OMB have resolved the last issues in the legislative proposal on military retirement reform, and it is ready for transmittal to the Congress. Secretary Brown will announce the proposal at a press conference on Thursday, July 19.

As you will recall, these are the important features of the reform:

- Improves equity by providing deferred income to a larger portion of the force by requiring a shorter term of service for minimum benefits.
- Enhances force management by increasing the attractiveness of service beyond the initial commitment and beyond twenty years for careerists.
- Reduces retirement costs, after a prolonged transition period, by about 25% annually.
- Increases retirement costs during the transition period by about \$500 to \$600 million per year due to the provision which enables mid-career access to a part of ultimate retirement benefits.

I have attached a draft of a statement for you to release when Secretary Brown announces the proposal.

Attachment

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for Preservation Purposes**

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THE WHITE HOUSE
WASHINGTON

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2/19/79.

STATEMENT BY THE PRESIDENT

Secretary of Defense Harold Brown is today transmitting to Congress my proposals to reform the military retirement system. These proposals are embodied in the Uniformed Services Retirement Benefits Act and are the culmination of many years of research and discussion on military compensation, including the work of the President's Commission on Military Compensation. They address well-documented problems with the rising costs and diminishing management effectiveness of the military retirement system.

When I took office, I recognized that many studies of military compensation had been conducted over the years and that there were many conflicting recommendations. I, therefore, appointed a Presidential Commission on Military Compensation chaired by Charles Zwick, a former Director of the Budget, and composed of leading citizens with appropriate backgrounds including two retired military generals.

In April 1978, this Commission reported to me that there were serious shortcomings in the current military compensation system and made specific recommendations to correct these shortcomings. The most important recommendation was to restructure the military retirement system to provide some benefits to those serving 10 but less than 20 years, to reduce the amount paid to retirees before they reach old age and to provide more flexibility to military members as to when and how they would receive their pre-old age benefits.

The Administration has reviewed the Commission's proposals. The Military Services participated in that review. A number of particulars in the Commission's recommendations have been modified to better meet the management needs of the Department of Defense, but the proposed legislation is consistent with the Commission's intent and is fully supported by Mr. Zwick. When completely implemented it will reduce annual military retirement costs by 25%. In terms of today's military retirement costs that would be about \$2.5 billion per year.

In fairness to those who are serving in the armed forces, they will be allowed to choose either to continue under the present system or to shift to the new system. While the new system will have lower pre-old age benefit levels, it will provide vesting at 10 rather than 20 years of service and will permit sizable early withdrawals after 10 years of service that probably will be attractive to many of the first-term and mid-career members of the military. Thus, the proposed system is fair to both the military members and to the taxpayers.

It is fair to the military members because both current and future members will be offered the system in effect at the time they join the military.

It is fair to the taxpayer because it will eventually reduce military retirement outlays by about 25% and will immediately reduce the rise in retirement obligations now being incurred by the Federal government. At the same time, I expect the new retirement system to help attract and retain the qualified and experienced personnel needed for our military forces.

The proposed legislation has been carefully formulated to provide the best overall military retirement program for the Nation. I urge Congress to give it serious and prompt consideration.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 19, 1979

TO: Bill Simon

FROM: Jim Copeland

SUBJECT: Military Retirement Reform

CL has strong reservations about Presidential involvement in this announcement at this time. CL feels that involvement at this time is inconsistent with your new approach to leading the country; Members of Congress do not expect to see you involved with minor issues such as this.

Other concerns:

- Possible adverse effect on selling SALT - retired
- No regional political analysis has been done

THE WHITE HOUSE
WASHINGTON

7/18

Hold -

Les & John White will
discuss at Thurs & Aug
mtg.

T Bay

7/19 -

continue to hold
on Conrad

THE WHITE HOUSE
WASHINGTON

You have personally
reviewed this
matter
if they feel that before
strongly & it is
good policy



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 7/18/79

TO: Bob Linder

FROM: Ruth Greenstein

As discussed, attached is the Director's memo to the President and a draft Presidential Statement. Please let me know (x 6992) if you want to change the statement.

DOD will be sending up the legislation early tomorrow morning and Brown has a press conference scheduled for 11:30 at which he would like to use the Statement. Would therefore very much appreciate whatever you can do to get in approved by then.

PRESIDENTIAL STATEMENT

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incurred by the Federal Government. At the same time, I expect the new retirement system to help attract and retain the qualified and experienced personnel needed for our military forces.

The proposed legislation has been carefully formulated to provide the best overall military retirement program for the nation. I urge Congress to give it serious and prompt consideration.



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

July 19, 1979

Dear Mr. President:

This is to confirm to you that I have decided to resign as Secretary of the Treasury. I would like this resignation to be effective as early as possible and, in any case, as soon as my successor is available. I hope that this can be accomplished by the time Congress leaves for the August recess, thus ensuring a smooth transition.

As we discussed, I feel strongly that the time has come for me to return to private life and that someone else should carry on as Secretary of the Treasury in my place. I appreciate your agreeing with this assessment and am delighted to learn that you intend to nominate Bill Miller, Chairman of the Federal Reserve Board, to succeed me. You have made an excellent choice and I am fully confident that Bill Miller will serve you and the country well.

Most importantly, I am certain that he will give you maximum and effective support in your continuing fight for sound economic policies in general and in the pursuit of your anti-inflationary policies in particular. I am convinced that Bill is as dedicated as you and I have been in our efforts to maintain a strong dollar and responsible fiscal and monetary policies.

It has been a privilege to serve as your Secretary of the Treasury for the last 2-1/2 years. I am proud to have had that opportunity and appreciate your offering me the chance to serve.

The assignment has not always been easy. The national and international economic scene has been beset by difficulties for which there is no quick solution. As you know, I think it is vital that you continue to pursue economic policies designed to deal with these problems over the longer run. First and foremost is the issue of inflation, which I hope will remain the major preoccupation of your economic policy. A tight fiscal policy, strict controls on Government spending, efforts to bring the Federal budget under better control, and to reduce Government regulations wherever possible will be the key to success -- as will continuing policies to expand the enormous productive potential of the American free enterprise system. As the same time, we must continue to defend the integrity and

strength of the dollar and to play a constructive leadership role for a free and open international economic system.

I have every confidence that, with the help of your new Secretary of the Treasury, you will continue to pursue these policies. They are the best guarantees that we will win the fight against inflation while expanding rapidly our domestic energy resources, so as to reduce the intolerable dependence of the U.S. economy on imported oil.

You have my best wishes as you continue to lead our nation and to deal with the many difficult problems we face. I am sure you will have a strong ally in Bill Miller in the future shaping of your economic policy.

As I return to private life, you can count on my wholehearted support in your efforts to achieve these goals.

With best wishes.

Sincerely,

A handwritten signature in black ink that reads "Mike Blumenthal". The signature is written in a cursive, slightly slanted style.

W. Michael Blumenthal

The President
The White House
Washington, D.C.

THE WHITE HOUSE

WASHINGTON

July 19, 1979

To Secretary Mike Blumenthal.

I accept your resignation with great appreciation for the excellent service you have rendered at the Treasury, both for me and for the country.

The policies you have helped me mold and implement, to orient our efforts toward the fight against inflation, to maintain the strength and stability of the dollar, to assure the economic strength of our nation, to protect the integrity of the budget -- have all been right and necessary for the wellbeing of the United States and our place in the

world economy. These policies will be pursued with consistency and vigor.

You have served the nation well during a difficult period. I admire the strength and steadfastness with which you have presented your views, and I look forward to your continuing help and counsel. Your willingness to serve until your successor takes office will help to assure the smooth continuity in the making of economic decisions.

Mike, you have been a leading example of the readiness of prominent Americans from the private sector to render service in the public interest. As you return to private life, you have my personal best wishes for the future and my thanks for your distinguished service.

Sincerely,
Jimmy Carter

3:00 PM

THE WHITE HOUSE

WASHINGTON

July 18, 1979

GREETING OF GRASSROOTS ORGANIZERS, AMERICANS FOR SALT

Thursday, July 19, 1979
3:00 P.M. to 3:15 P.M.
The East Room

FROM: ANNE WEXLER *[Signature]*

I. PURPOSE

To greet persons from 24 states who have come to Washington, under the auspices of Americans for SALT, to attend a full day of briefings and workshops on SALT and grassroots organizing.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background

1. The principal outside group organizing in support of SALT is Americans for SALT, which is co-chaired by Marge Benton, Clark Clifford, Ted Hesburgh, Townsend Hoopes, Henry Cabot Lodge, and Charles Yost. This group has placed a high priority on developing grassroots field organizations in each of 24 key states (list attached). In order to begin the organizing process, Americans for SALT has invited four to five top-notch organizers from each state to attend an all-day conference in Washington on July 19. These persons are all in favor of SALT and interested in developing state grassroots organizations.

The 100 or so participants will begin their day at the Mayflower Hotel with a substantive briefing by Zbig, followed by a question-and-answer period with an ACDA representative. They will then have a panel discussion on resources available (materials, speakers, etc.) and break into state delegation groups for detailed discussions of how to organize each state (the discussion leaders are knowledgeable organizers who understand politics and the Hill). After these individual state meetings, the group will come over to the White House.

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2. When you arrive, the group will be seated in the East Room. No one other than you will speak to them. You should enter, make brief remarks, and take a few questions. After you depart, the group will move into the Cross Hall for a reception.

B. Participants: About 100-120 attendees are expected, representing 24 states (list attached). In addition, Marge Benton, Townsend Hoopes, Clark Clifford, and some Americans for SALT staff members will attend.

C. Press Plan: No press coverage. White House photographer only.

III. TALKING POINTS

Talking points on the substance of SALT are attached. In addition, you should make the following points regarding this group:

-- I'm very pleased to see so many persons, from all over the country, who have come to Washington at your own expense to work on organizing in support of SALT.

-- Grassroots organizing is critical to every campaign, whether for a candidate or an issue. And there is no foreign relations issue more critical to our nation than SALT.

-- The success of SALT in the Senate may very much depend on the work you do. You can be a catalyst for SALT support, finding all of the current supporters and looking for possible new ones.

-- I hope that, when you go home, you will take an active role in public education. You should not only talk to friends and co-workers; you should also actively seek out opportunities to discuss SALT with newspapers and television and radio stations, at club meetings, at conventions, and anywhere else you can find an audience.

-- The role of people like you can make all of the difference as to whether SALT is ultimately ratified by the United States Senate. We are counting on you to educate the public -- which supports arms control by overwhelming majorities -- and to organize those supporters for the work that must be done.

-- Thank you all for your help. We have a big job to do, but together I'm sure we can be successful.

1. Alabama
2. Arizona
3. Arkansas
4. California
5. Connecticut
6. Delaware
7. Florida
8. Indiana
9. Kansas
10. Kentucky
11. Louisiana
12. Maine
13. Minnesota
14. Montana
15. Nebraska
16. North Dakota
17. Oklahoma
18. Oregon
19. Pennsylvania
20. South Carolina
21. Texas
22. Virginia
23. Washington
24. Wyoming

PRESIDENT'S TALKING POINTS FOR BRIEFING ON SALT

1. The SALT II treaty was hammered out by the sustained work of three Administrations: President Nixon's, President Ford's, and yours. It builds on the work of every American President since the end of World War II.
2. SALT must be examined realistically. It is not a panacea. It will not end the arms race. It is a supplement -- not a substitute -- for a strong national defense. But it is a major step in the long, historic process of bringing nuclear weapons under rational control.
3. SALT II is based on self-interest, ours and the Soviet Union's. Although the competition between us will continue as far into the future as anyone can see, we share a mutual interest in survival and in steering our competition away from its most dangerous element, an uncontrolled strategic nuclear arms race.
4. SALT II is not based on trust. The treaty will be adequately verifiable by our own national technical means of verification. In addition, it is in the interest of the Soviet Union to abide by this treaty. Despite predictions to the contrary, the Soviets have observed the terms of the SALT I treaty.
5. Whether or not the treaty is ratified, we must be able to make accurate assessments of Soviet capabilities. But SALT II will make this task much easier -- not only because the treaty forbids concealment measures and interference with means of verification, but also because the treaty gives us basic standards with which we can compare the information we derive independently from our satellites and other methods.
6. The details of ICBMs and SLBMs, throwweight and yield and all the rest are important. It was largely because of these details that the treaty took seven years to negotiate. But these details should not blind us to the real significance of the treaty as a contribution to stability, security and peace.

7. The treaty must be judged on its merits, but we must consider the consequences of rejection:
 - radical departure from the process of arms control that began with the atmospheric test ban and SALT I and will continue with SALT III and a comprehensive test ban;
 - heightened possibility of confrontation in each local crisis;
 - triggering an expensive, dangerous race for a nuclear superiority that each side has the means and will to prevent the other from attaining, with a loss of security for both;
 - calling into question our ability to manage a stable East-West relationship, thus undermining our leadership of the Western alliance;
 - implications for nuclear proliferation;
 - gravely compromising our Nation's position as a leader in the search for peace.
8. Importance of the coming debate; solicitation of support.

- ✓ O'Neill
- ✓ Byrd
- ✓ Rhodes
- ✓ Baker
- ✓ Reuss
- ✓ Proxmire
- ✓ Ullman
- ✓ Long
- ✓ Kennedy - wants a job!

telephone calls
7/19/79
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of Econ
Coordinator

Mike / Bill
Blumenthal / Miller one
 smart
 mother

✓ Griffin / Ben
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- ✓ O'Neill
- ✓ Byrd
- ✓ Rhodes
- ✓ Baker
- ✓ Leuss
- ✓ Proxmire
- ✓ Ullman
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 mother

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THE WHITE HOUSE

WASHINGTON

July 19, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *Jm/pe*

RE:

CONGRESSIONAL NOTIFICATION CALLS

I recommend that you make the following calls regarding today's announcement. Those that you do not have time to make, I or Pat Harris will make if you have Susan call me.

- Senator Robert Byrd ✓ - *Andy*
- Senator Howard Baker ✓ - *Thanks! - come to movie*
- Senator William Proxmire ✓ - *concerned re HUD "top team"*
- Senator Russell Long ✓ - *will pass w/ fall tax = Preposit*
- The Speaker ✓ - *Be sure next section is part of team*
- Cong. Charles Rangel ✓ - *Disappointed - don't criticize Joe*
- Cong. Henry Reuss ✓ - *Good! move fast on all.*
- Cong. Peter Rodino ✓ - *I recommend that you also should have*
tell Chairman Rodino about *consulted*
Ben Civiletti *him on Joe*

- *Jim Corman*

Pat Harris
Califano

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THE WHITE HOUSE

WASHINGTON

July 19, 1979

*Sta -
Discuss Curtis
with Duncan
J*

I would like to recommend strongly that you appoint Charles Curtis, now Chairman of FERC, to be Under Secretary of Energy. For the following reasons I believe he would be an ideal Under Secretary and a perfect counterbalance with the Secretary:

1. Charlie is universally respected in energy circles, particularly in Congress. That respect comes from the fact that Charlie has been involved at the center of energy policy for the last eight years and has handled every job he has been given with great skill:
 - o As Chief Counsel of the House Commerce Committee for five years, Charlie wrote and negotiated all of the major energy legislation from 1972 to 1977; in doing so he earned praise from both Democrats and Republicans, from Senate and House Members and from all of the diverse energy groups;
 - o During the transition he provided vital assistance to us; and he helped draft, early in the Administration, the original energy proposals that you made;
 - o As Chairman of FERC, he has made enormous strides in eliminating the backlog at that Agency and has worked hard to implement the complicated Natural Gas Act.
2. As Charlie's background indicates, he is a policy expert. He probably knows as much about energy legislation as anyone in the town. That reservoir of knowledge would be invaluable to the Secretary. But, of equal importance, his experience at FERC demonstrated that he is also a superb administrator.

3. Because of his skill and wide contacts, he could hit the ground running and would ensure a smooth transition. He could pave the way for improved relations with the Hill, other departments and the White House - all places where he has earned an outstanding reputation.

As you may recall, Charlie was once offered this position, at the beginning of the Administration. At that time, because of family pressures, he decided to practice law instead. After doing that for a few months and missing the challenge of government, he accepted your offer of Chairman of FERC (then FPC.) He is now interested in leaving that job. He has indicated to you in a letter an intention to do so at the beginning of October. He has, however, indicated some interest in remaining in government.

While Charlie's reasons for wishing to leave are entirely family-related (he would like to spend more time with his family), and he has no overwhelming desire to abandon his current plans and become Under Secretary, I believe he would do so if you personally indicated a strong desire to him to serve in this position. I recommend that you meet with him and ask him to take the job.

I think it would be useful to announce the Secretary and Under Secretary simultaneously.

As I have indicated to you before, if Charlie is not available, I would recommend Eliot Cutler for Under Secretary and, again, a simultaneous announcement.