

10/29/79 [2]

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THE WHITE HOUSE
WASHINGTON

Nell -

Told Bob Slaughter
(Koyas staff) that we
could not fit it on
the P's schedule -

Phil

9:30 drop-by

THE WHITE HOUSE
WASHINGTON

Mr. President:

Hamilton and Tim
recommend you approving
a drop-by at a reception
after the swearing-in.
Good political and finan-
cial people from Texas
would be present.

- approve
- disapprove

Phil

DEPARTMENT OF STATE
AMBASSADOR AT LARGE
WASHINGTON

J

October 29, 1979

The Honorable Jimmy Carter
President of the United States
1600 Pennsylvania Avenue
Washington, D.C. 20500

**Electrostatic Copy Made
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Dear Mr. President:

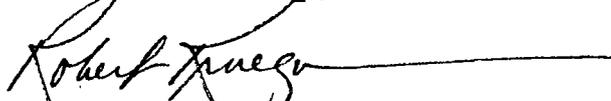
As you know, on October 21 the Senate acted favorably on my nomination to the post of Ambassador-at-Large and U.S. Coordinator for Mexican Affairs.

I am now planning a swearing-in ceremony on Tuesday, November 6 at 4:30 p.m., to be followed at 6:00 p.m. by a reception at the Washington Hilton. Ambassador Robert Strauss will perform the swearing-in ceremonies at the 4:30 gathering, to which I am inviting Texas Hispanic leaders and others who have taken an active interest in my Congressional and political career.

ok if → I realize that your schedule is extremely busy, but I would like to invite you to stop by a few moments after the ceremony to meet some of the political leaders there present. Of course, these people already know of your fine record in support of better relations with Mexico, and of your many actions to promote greater respect at home for the civil rights of minority groups. Your presence would, however, further emphasize your special concern and many good works in this area to a number of people who are community leaders in my home state of Texas. If your schedule allows you to stop by, we would schedule the ceremony in a room at the White House to facilitate further your attendance.

Thank you for considering this request, and, of course, for the honor you have shown me by appointing me to the Ambassador-at-Large position.

Yours sincerely,


Robert Krueger

THE WHITE HOUSE
WASHINGTON

Phil has
Seen

THE WHITE HOUSE
WASHINGTON

Mr. President:

Do you want to hold
a signing ceremony for
gas rationing?

yes no

Phil

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THE WHITE HOUSE
WASHINGTON

BR -
FYI, then return
to pd
Thanks
PL
10/24

CONGRESSIONAL SCHEDULING REQUEST

11:45 am Fri

EVENT: Bill Signing Ceremony - S.1030 Gas Rationing
LENGTH: 15 Minutes
DATE: Before November 6, final day for action
is midnight November 5
EVENT
DETAILS: Location: Cabinet Room
Participants: to be decided
Press: Full press coverage

Submitted by Frank Moore

F.m.

Date of Submission October 26, 1979

I don't think
we need this
ceremony - J

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THE WHITE HOUSE
WASHINGTON
29 Oct 79

Al McDonald

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

Rick Hutcheson

4768

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

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

ACTION
FYI

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIZENSTAT
✓	MCDONALD
	MOORE
	POWELL
	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

ok -
Then check to me
J

THE WHITE HOUSE
WASHINGTON
October 27, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: AL MCDONALD *AM*

SUBJECT: Crime/Law Enforcement Seminar

In line with your suggestion, I talked with the Attorney General this week about the possibility for a Crime/Law Enforcement Seminar here for late November or early December. I indicated your feeling following seeing the movie "Onion Field" that this will really stir up the public, and that there would a wide acclaim for some supporting action for our law enforcement agencies.

The Attorney General thought it was a fine idea and said he believed the local law enforcement officers would readily jump at the possibility to participate in such a seminar here. He is assigning a team at Justice to layout a proposal and I will talk with him before the end of the week to see that this moves on into a specific set of plans.

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THE WHITE HOUSE
WASHINGTON

Mr. President:

Hamilton said he would
call you today or wait
and talk tomorrow.

have Hamilton call
today

wait until tomorrow

Phil

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C

October 24, 1979

EYES ONLY

TO: THE PRESIDENT
FROM: HEDLEY DONOVAN

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I am concerned about attitudes toward the press, yours and your staff's.

I speak from some knowledge -- as an outsider, but a fairly close-in outsider, of how the Johnson White House and Nixon White House attitudes toward the press developed. In the case of the Nixon White House, it became a state of paranoia. A special case perhaps. But the danger sign is a reflex that blames the press first, and then asks only later -- or maybe never -- was there some Administration mistake here, and is there something that needs correcting here.

You were complaining at the Cabinet meeting this morning that the press headlined your "attack" on high interest rates at San Diego, instead of reporting that you were against high interest rates and high inflation rates.

But surely no public figure in the United States is in favor of the present inflation rates. So it was scarcely news that you were against these rates. But it was news that you seemed to be against the present interest rates brought on by your own recent appointee to the Fed.

I didn't keep exact count but it was my impression that the press or "media" were blamed at least six or eight times this morning for situations that need broader examination of who else might be at fault.

H.D.

THE WHITE HOUSE

WASHINGTON

October 29, 1979

PHOTO OPPORTUNITY FOR REP. LARRY WINN

Monday, October 29, 1979

6:55 p.m. (3 minutes)

The Usher's Office

From: Frank Moore

I. PURPOSE

To be photographed signing a Bible for the Quayle Bible Collection.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: Baker University in Baldwin City, Kansas, has an extensive collection of historical and antique Bibles. One of the modern features of the library is a collection autographed by recent Presidents, beginning with President Herbert Hoover.

Larry Winn (R-Kansas-3) has been requesting a photo opportunity with you for several months. Because of his position on the Foreign Affairs Committee and because of the priority legislation before this committee, we think that the meeting is important.

Participants: The President, Rep. Winn, Gretchen Poston and/or Valerie Pinson.

Press Plan: White House photographer only.

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1:30

THE WHITE HOUSE
WASHINGTON
October 27, 1979

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CV

MEETING WITH SELECTED MEMBERS ON HOSPITAL COST CONTAINMENT BILL

Monday, October 29, 1979
1:30 p.m. (20 minutes)
The Cabinet Room

From: Frank Moore

I. PURPOSE

To motivate the members who are for this legislation and to convert those who are questionable.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: The majority of these members are undecided with few leaning in either direction.

The preliminary count from the whip call is not good. Our count is a little more optimistic. Because we will probably hit the floor on the week of November 12, we need to get these undecided nailed down. If word gets out that we are not making progress, there is a greater chance that the leadership may want to postpone it further.

We are gaining momentum, and these meetings get many members who have not focused beyond calls from doctors and hospitals talking about the positive side of the bill.

Participants: The President, Frank Moore, Bob Maher, Members of Congress (see attached list).

Press Plan: None

III. TALKING POINTS

This is the only anti-inflation measure they will vote on. Eight states are making their programs work and saving taxpayer money. It can be done.

This legislation is so flexible that many hospital administrators candidly admit they can easily meet the goal.

This bill is radically different from last year's legislation.

In the first 7 months this year hospitals' marketbasket has been 9% while hospital inflation is running 13.2%. Why should hospitals run 4 to 5 percent higher than their marketbaskets?

I know that the hospital people have told you that your state is doing well. I am telling you that the eight states with programs are doing well or the 13.2% would be 15% higher. Most states are not meeting the voluntary goal that the American Hospital Association set last year.

If your state were doing well, then you would be exempt.

This will not in any manner lessen the quality of care nor compromise existing services. To the contrary, it will ensure that service is better.

We have a one-House veto so you have another opportunity to see the results of the voluntary program before a mandatory program can be put in place.

We have accepted a sunset provision so that this program will have a limited life.

The myth that this will create more paperwork and bureaucracy is untrue. The only piece of additional information which this legislation requires is a one-liner--that is the cost of non-supervisory wages. That's all. The rest of the data needed for this program is already being furnished and collected under the Medicare program.

I need your help on this issue. It is a vote that you can go home and tell people about. Young people, old people. Everyone is hurt by hospital costs and many mortgage their futures because of it.

Members invited to attend the meeting with the President

Don Albosta
Glenn Anderson
Ike Andrews
Doug Applegate
Adam Benjamin
Charles Bennett
Tom Bevill
Marilyn Bouquard
Jack Brinkley
Bill Burlison
John Cavanaugh
Bill Chappell
Norman Damours
Glenn English
Billy Evans
Dan Glickman
Henry Gonzalez
Carroll Hubbard
John Jenrette
Bill Nelson
Charlie Rose
Ike Skelton
Charles Wilson of California

MEMBERLEANINGHOSPITALS/EXEMPTDISTRICT / STATE

ALBOSTA, D. (Dist. 10)	3	35/16	207/111
ANDERSON, G. (Dist. 32)	2	164/57	518/207
ANDREWS, I. (Dist. 4)	3	10/3	127/72
APPLEGATE, D. (Dist. 18)	3	12/7	205/105
BEVILL (Dist. 4)	2	38/15	131/74
BURLISON, B. (Dist. 10)	0	20/15	147/90
D'AMOURS, N. (Dist. 1)	3	16/5	27/15
ENGLISH, G. (Dist. 6)	3	49/35	119/87
GLICKMAN, D. (Dist. 4)	3	16/10	144/117
HUBBARD, C. (Dist. 1)	4	20/14	107/77
JENRETTE, J. (Dist. 6)	4	18/14	71/46
NELSON, B. (Dist. 9)	3	11/3	208/77

<u>MEMBER</u>	<u>LEANING</u>	<u>HOSPITALS/EXEMPT</u>	
		<u>DISTRICT</u>	<u>STATE</u>
SKELTON, I. (Dist. 4)	0	32/21	147/90
WILSON, C. H. (Dist. 31)	4	164/57	518/207

2:30 p.m.

THE WHITE HOUSE
WASHINGTON

MEETING WITH SHIRLEY HUFSTEDLER

Monday, October 29, 1979
2:30 P.M. (20 minutes)
The Oval Office

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FROM: Arnie Miller



I. PURPOSE

To interview her for the position of Secretary of Education.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Judge Hufstedler met with us, Harold Brown, and Juanita Kreps this weekend. She is scheduled to meet the Vice President, Stu, Jim McIntyre, and Jack prior to your meeting.

As you might expect, stories that she was under consideration began to circulate last week. Civil rights and women's groups, organized labor and higher education responded positively.

The NEA checked with their California membership, received very positive reports, and therefore, feel comfortable with her. The Chairman of the coalition of groups which lobbied for the department also is positive. Some elementary and secondary education groups question her lack of direct involvement in education, however.

Hufstedler's resume is attached at Tab A and the comments we received about her during our reference checks are at Tab B. Secretaries Kreps and Brown and Warren Christopher, each of whom know her well, all think she would be a solid addition to the Cabinet.

B. Participants: Shirley Hufstedler and Jack Watson.

C. Press Plan: None

PROFESSIONAL:

1969-Present Judge, U.S. Court of Appeals, Ninth Circuit
 1966 - 1968 Judge, U.S. Second District Court of Appeals
 1961 - 1966 Judge, Los Angeles County Superior Court
 1951 - 1961 Los Angeles law practice

EDUCATION: Stanford University, LL.B.
 University of New Mexico, B.A.

OTHER ACTIVITIES:

Current Trustee at the following:
 Occidental College (Vice Chair), Cal Tech,
 University of Southern California Law Center (Chair)

Current Member of the Board, American Law Institute
 (First Woman Member)

1975-Present Advisor, Jet Propulsion Laboratory

1975 Chair of Summer Faculty, Salsburg Seminar

1970 - 1973 Trustee, Institute for Court Management

1965 - 1967 Member, California State Board of Education
 Former President, Women Lawyers Association
 Former Visitor, Pennsylvania and Stanford
 Law Schools

NUMEROUS PUBLICATIONS:

- articles on improving the organization of the judiciary
- a book and several articles on privacy issues
- Equal Justice Under Law, one of the bicentennial series of Justice

PERSONAL:

Age - 54
 Married Seth Hufstedler, prominent Los Angeles attorney, 1949
 1 son - Steven Mark
26 - St. Year Med. School U of Cal San (24)
 Avid mountain climber (she and her husband regularly travel
 to Nepal and climb the Himalayas)

III. TALKING POINTS:

1. If you decide to select her, she has a potential conflict of interest involving a pending education case that is before her. She is trying to resolve the case immediately. If you select her our choices are to ask her to remove herself from the case causing it to be reheard or delay announcing your selection. She understands the urgency of moving quickly and told us she is prepared to remove herself. You might want to offer her an additional 24 hours to conclude it.
2. There are 15 Presidential appointments in the new department. You should emphasize your desire to work closely with her on these appointments.
3. She raised with the Vice President and us her long-standing interest in the Supreme Court, and asked if she were offered this job would it automatically remove her from consideration if a vacancy develops.

We told her no. You might want to tell her you are aware of her interest and while obviously no vacancy exists and no decisions have been made you do not think taking this position would automatically exclude her from consideration.

4. We have attached some questions at Tab C which you may want to use in the interview.

Attachment

COMMENTS ABOUT SHIRLEY HUFSTEDLER

Warren Christopher, Deputy Secretary of State (law school classmate of Hufstedler)

An exceptional person who competed well in a man's world before it was easier to do so. She has what most judges don't -- tremendous breadth. Has a high intellect, yet would be a management risk, as is any lawyer. Yet she is well organized; I'd evaluate her chances of doing well quite high. Good public speaker. She's been very involved in education, works hard. -- Tremendous idea! Would be very well received by the California liberal community.

Harold Brown, Secretary of Defense

She was on several of my Boards at Cal Tech. Very smart, with good instincts and judgment. All around superior person for any position of responsibility. No shortcomings in terms of getting along with people or running an operation. She would do any job she's given in a very competent fashion. Limited experience in education.

Derek Bok, President, Harvard University

Awfully able. She is very bright. I rank her very highly. Would not gamble on her as Secretary, though -- there's no time to get up to speed on education issues. I'd worry about her start-up time.

Juanita Kreps, Secretary of Commerce (former Duke Vice President)

She is exceptional - very able and bright. Brilliant mind. Appointing her would bring the President immense credit. She can bridge the divisions in education and provide strong intellectual leadership.

Howard Bowen, former Iowa Grinnell President and Claremont Chancellor

(Juanita Kreps talked to him. She says he's regarded as the dean of higher education.)

Brilliant idea! Not only is she one of the brightest people in the country -- but she knows more about higher education than most people who have given their lives to it (we've served on boards together). You would get no flack from knowledgeable higher education people. Indeed, they would applaud her selection.

Tom Bradley, Mayor of Los Angeles

A "superwoman" -- who is no one's captive. Know no one I'd be willing to support stronger -- support her without equivocation. She is held in great esteem by many people. Appointing her would be a plus for the President.

Liz Carpenter, Chair, ERA/America

There are a few people in the country who are so superior they can do anything. Shirley's one of those. She's excellent, and her interests go far beyond the judiciary. Writes extremely well, and extemporizes quite well -- a good public speaker. You could not go wrong naming her -- she'd be fantastic at anything. I wish she were on the Supreme Court!

Douglas Cater, The Aspen Institute (Human Resources person in the LBJ White House)

A very imaginative idea. It would be regarded as a stroke of genius to get someone of her calibre. She would not be a captive of any special interest group (many of us worry the department will be captured). Education in America is heading for a calamity of the first order if it doesn't get someone with brilliance to lead. Shirley is very good. In trustee meetings, when she speaks, her words sound like they are chiseled in stone, they are so succinct and eloquent. Very thoughtful about issues facing the American family.

Bruce Murray, Director, Jet Propulsion Lab

She's on my Advisory Council. Is a broad, intellectual person who is fair, not doctrinaire. She is very people-oriented, relates well with students and cares deeply about education. She is strong, personable and confident, deals well with people and has good public presence. You would have to find a #2 person to manage the department -- bureaucracy would be new to her, though she would adapt quickly. She would operate well as a Cabinet officer. She's a tremendous intellectual talent -- attracting her would reflect well on the White House.

Pat Harris, Secretary of HEW

She'd have problems since she has no hands on administrative experience at any level. Excellent mind, would be a great AG.

Tom Ehrlich, Director, Internatinal Development Cooperation Agency (former Dean, Stanford Law School)

Very bright and has good common sense. I am confident she could manage well.

Byron White, Associate Justice, U.S. Supreme Court

An experienced highly competent judge. Very bright. She has had very innovative ideas about improving the judicial system -- has thought creatively about how it can be better organized. Her speeches are good.

Page three

Peter Jones, Senior VP, Levi-Strauss Co.

She has a good reputation. Not as good as Moyers -- the country does not know her.

Senator Alan Cranston

Absolutely outstanding jurist -- belongs on the Supreme Court. Broad gauged, interested in human services. Devoted to excellence. She's an outstanding person and I have great respect for her. She's so intelligent, I think she'd be a good manager, but there is no way to know.

Marge Chambers, Chair, National Conference of University Women

Respect her highly. She has a great intellect. Thinks and acts well on her feet, and works well with groups. Her administrative ability would be questioned. Some women might worry that she'd been taken off the bench; but she's highly respected across the country.

Judge Ted Goodwin, U.S. Ninth Circuit Court of Appeals

Brilliant. Well organized. Quick. My favorite for the Supreme Court. My only question would be how she would handle the bureaucracy. She's quite able, though.

Senator Birch Bayh

Should be on the Supreme Court! Everything I know about her is positive. Top flight -- in all directions. Creative, not doctrinaire. Good values. Great judicial temperament. She gets very high grades.

Tab C

QUESTIONS:

1. What do you think are the most important problems facing American education today?
2. What role should the Federal government play in meeting those problems?
3. How do we begin to reestablish public confidence in education?
4. What kinds of people would you recruit for the new department? We will work very closely with you.
5. What's your approach on desegregation? Should we try to reach specific statistical goals (e.g., specific percents of black children per school)?
6. Does the back-to-basics movement make sense, or should we pursue more innovative philosophies of education? Who should decide?
7. How do you propose to compensate for your limited management experience?

3:00 PM

THE WHITE HOUSE
WASHINGTON

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BRIEFING ON WINDFALL PROFITS TAX FOR COMMUNITY LEADERS FROM FLORIDA,
GEORGIA, MISSOURI, OREGON, WISCONSIN, NEVADA, INDIANA AND NORTH CAROLINA

Monday, October 29, 1979
3:00 p.m.
The East Room

From: Anne Wexler *Anne*

I. PURPOSE

To educate a group of prominent community leaders from Florida Georgia, Missouri, Oregon, Wisconsin, Nevada, Indiana and North Carolina on the Windfall Profits Tax, with the expectation that these leaders will carry our message back to their home states.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background

This is the third in a series of Windfall Profits tax briefings for community leaders from key states. The persons in attendance were generally selected because of their ability to influence public opinion in the states of Florida, Georgia, Missouri, Oregon, Wisconsin, Nevada, Indiana and North Carolina.

B. Participants

Approximately 250 people are expected to attend. In general the audience will consist of political leaders, labor leaders, state and local elected officials, and representatives of the elderly, low income, public transit constituencies. Many of the participants are especially interested in the utilization of the money for transit and low income assistance.

C. Press Plan

White House Photo and Press Pool for the first five minutes of your remarks. In addition, several members of the press will be in the audience for the entire briefing, including all of your remarks. They represent media outlets in the home states of the participants.

III. AGENDA

When you arrive, Stu Eizenstat and Bill Miller will be answering questions from the audience at the completion of a one-hour briefing.

After you make your remarks and (if you choose) take questions, there will be a reception in the State Dining Room. (see attached agenda.)

IV. TALKING POINTS

Talking points are attached.

THE WHITE HOUSE

WASHINGTON

ENERGY AND THE WINDFALL PROFITS TAX

BRIEFING FOR COMMUNITY LEADERS

October 29, 1979
The East Room

AGENDA

2:00 p.m.	Opening Remarks	Anne Wexler Assistant to the President
2:05 p.m.	Energy and the Windfall Profits Tax	Stuart Eizenstat Assistant to the President
2:20 p.m.	Windfall Profits Tax and Legislative Update	G. William Miller Secretary, Department of Treasury
2:35 p.m.	Questions and Answers	Stuart Eizenstat and G. William Miller
3:00 p.m.	Remarks	The President
	Reception - The State Dining Room	

TALKING POINTS

1. Since the day I took office, development of an energy program to see our nation through a transitional period of tight and even scarce oil supplies has been a top priority of my Administration. The reason that I have attached such importance to the energy issue is straightforward: adequate and reliable supplies of energy, especially from our own domestic resources are essential if this country is to remain both free and prosperous. The strength of America's voice around the world, the strength of our currency, the health of our economy and our ability to lick inflation depend in large part on whether we are able to overcome our dangerous dependence on imported foreign oil.
2. The gasoline lines and diesel fuel shortages we saw last spring and early summer have abated. Our heating oil supplies, seriously depleted earlier this year, have been rebuilt to levels adequate to meet this winter's needs. We have made some progress toward the resolution of very difficult issues such as natural gas pricing and reform of utility rate structures. We have put in place tax credits for installation of solar and energy saving devices in our homes and businesses, and we have revamped our ability to convert utility and major industry oil and gas consuming facilities to coal. I have begun the process of gradual decontrol of crude oil prices to put an end to a system which encouraged rather than discouraged additional crude oil imports, and which dampened rather than accelerated domestic production. These are all important steps toward returning the future direction of American energy policy to American control. But we have not yet completed Congressional action on a program which will permit us to make urgently needed investments in America's energy future. It is this remaining agenda which I want to talk to you about today.
3. First, it is important to understand the nature of the problem which we face. Almost half of the crude oil we need to make heating oil, gasoline, and other petroleum products comes from overseas. More than two-thirds of those imports come from the OPEC countries -- countries whose pricing and production policies we do not control. If one or another of those countries decides to cut back production, or, as occurred last winter in Iran, is torn by internal turmoil which stops production of crude oil, we and the other oil consuming nations of the world feel that impact in supply shortages. When the OPEC nations decide, as they did last June, to raise dramatically their crude oil prices, our economy feels that shock, and each one of us feels it at the gas pump or in heating oil bills.

4. The program which I outlined last July 16 in Kansas City is a program designed to cut that cord of dependence on foreign supplies of oil. It is designed to ensure that we never again import as much oil as we did in 1977 and that all new demands for energy in the U.S. is met from American conservation or American sources. We have enormous natural and human resources. The United States has the largest coal reserves in the free world. We have the equivalent of another Alaskan north slope if we act to retrofit our homes and buildings. We have a workforce whose skill and dedication is unmatched anywhere else in the world. And we have that enormous technical genius and inventive capacity which has led all other nations in the modern era. Harnessing these forces, and pulling together to cut our foreign oil dependence will require major new investments in America's energy future -- investments which are unparalleled in peacetime.
5. At the heart of this program is the windfall profits tax to recapture for all Americans some of the profits which would otherwise accrue to the oil industry as a result of phased decontrol and the rapid increases in world oil prices dictated by the OPEC cartel. The decontrol program I have proposed will provide important new incentives to find new oil supplies and to better and more fully develop known reserves. The windfall profits tax I have proposed is carefully tailored to make sure that incentives are provided where they are truly needed to increase domestic production. But where a windfall would occur -- for example in an existing well which does not require substantial new investment to maintain current levels of production -- a portion of the price increase that decontrol will bring can and should be captured for investment on behalf of our entire nation.
6. I'd like to talk to you specifically about some of those needs. First is how we assist the least fortunate in our society in coping with the rising costs of energy. I have recommended to the Congress a program which, when fully effective, will provide \$2.4 billion per year to assist low income families and those living on fixed incomes such as many of the elderly, meet their energy bills. This assistance will reach over 7 million needy households in this country who otherwise may have been forced to choose between food and fuel. The need for assistance will begin this winter, and I have already asked the Congress for \$400 million out of general revenues for the crisis assistance program to help pay heating bills when otherwise services would be shut off. I have also sent a request to Congress for an additional \$1.2 billion to help low income households meet their heating needs this winter. It is now up to the Congress to act on these supplemental requests and on the windfall profits tax which will provide us with the revenues to pay for the grant program.

7. The second need is additional incentives for conservation. While tax credits are now available to help homeowners and businesses make conservation investments, additional assistance is needed to help those homeowners who cannot take full advantage of tax credits. The Department of Energy and my own staff are now working with Congressional leaders to put in place a program which will provide \$6 billion in assistance in the form of loan subsidies to moderate and low income families across the nation. It is still cheaper to save a barrel of oil than to produce one, and investments in conservation will continue to pay dividends year after year in keeping basic energy requirements to a minimum.
8. Over half of the oil used in the U.S. goes for transportation. Nowhere is the need for new investments clearer than in America's public transit facilities. We need new busses to expand or upgrade the services which our cities and communities provide. Where rail systems are under construction, those need to be accelerated. In the case of some of our older cities, rail transit need to be refurbished or expanded. I have proposed that we invest some \$13 billion over the decade of the 1980's in new transit facilities which will help us save more than 250,000 barrels of oil per day by 1990. We will also spend an additional \$3.5 billion to improve the efficiency of our automobiles and the way we use them.
9. We must also accelerate our efforts to find alternatives to the oil we must now import. I have proposed the establishment of a National Solar Energy Bank to be funded at \$200 million each year for the next ten years. This will let homeowners and commercial building owners make use of solar technologies which are available now to help cut use of oil, natural gas and electricity. In addition, we have proposed tax credits to stimulate investments in renewable resources such as the sun, wind energy, wood stoves, and gasahol.
10. Coal too has a critical role to play in reducing our national dependence on oil. We have proposed to accelerate utility use of coal as a substitute for the oil they now burn and will provide assistance to utilities in meeting those costs in order to mitigate the electric rate increases which would otherwise occur. And I have proposed the creation of an Energy Security Corporation to help the private sector invest in new technologies for making more useable liquids and gasses from coal and other organic matter and to develop our heretofore untapped supplies of unconventional natural gas.
11. I have confidence in America and our ability to make the right choices now for our future. But it will take courage to make those decisions, and the windfall profits tax to pay for them. We need a windfall tax that is balanced between legitimate production needs and the need to develop all the other sources of new supplies I have just mentioned. When we consider

exemptions from the windfall tax or new tax credits, we must look at whether those exemptions can meet our goals for reducing oil imports. I believe that the tax which I sent to the Congress last April meets the basic test of equity and fairness and we must all work through the legislative process to ensure that the final product of Congressional action also meets those criteria.

Gordon Stewart
Draft A-1
Oct. 26, 1979

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CONEG

*ok to
issue - 9/11
Speak from
notes
J*

Governor Byrne, Governor Grasso, Governors _____

_____ (full list to come), and other Northeastern
leaders --- my special congratulations to your Coalition of
Northeastern Governors for holding this summit conference on
energy. I know your work here will be creative, thorough, and
responsible. You deserve the thanks of every citizen of this
region.

Of all the summit meetings I attend as President, an energy
summit is perhaps the most vital because my first duty as President
of the United States is the security and well-being of this
nation -- and that is precisely what is at stake for all of
America as we unite to meet our energy challenge.

To put it simply and starkly: On January 1, 1978, 3 the price of

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crude oil was \$2.10 a barrel. The price has shot up over ten
fold in six years. In the last year alone it has practically
doubled. Yet all this time our appetite, our consumption, and --
most serious of all -- our reliance on foreign sources has been
growing.

*4/77. Lonely voice
no public, press or Congress support*

Last winter's supply interruption hammered home the hard
lesson once again -- our nation had become dependent on the
undependable, and addicted to the unaffordable.

Many of you in the Northeast had seen the dangers growing
greater for some time, and moved to meet them head on not just
because of your region's special needs -- but because as
governors and as business and labor leaders you have to face
real decisions right where you live.

You began to fight -- not with easy explanations and
irresponsible promises, but with real actions -- and the result
has been real progress.

I want to stress to the nation the encouraging lesson of your experience -- nothing is more important in the long run as meeting the toughest problems head on. Let us use the time we have together to do exactly that today.

For almost seven years we have refused to face what energy really costs. Every time we turned on another light, or bought a bigger car, or built a drafty house, or a poorly designed factory, machine, or road -- we put off paying the real cost of energy.

As a result of artificial controls we have not learned to conserve, we have not encouraged our own industry to grow, and we have not allowed other sources of energy to become competitive. By trying to cheat reality for so long we have so far cheated ourselves of an opportunity to change -- not only the way we produce and consume energy, but to modernize our entire economy and to secure our nation's energy freedom forever.

I am determined -- as I know you are -- that we shall not miss this great opportunity to set our nation on a safe, just, and responsible course. We must help Americans to understand that facing up to the truth about our energy supplies does not mean we have to do without things -- it means we have to do things differently. We are going to enter the 1980's sure of the realities we are facing -- not fleeing from the truth. And we are going to gain control of the resources of America for the benefit of the people of America -- to help stimulate businesses, create thousands of jobs, and make our industrial capacity more competitive.

By that I mean that we will -- through a strong windfall profits tax -- pay to ourselves the true cost of energy, so that we can ourselves pay for changing the way we produce and use energy.

I am pleased to say that the House of Representatives has acted and will continue to support our fight with a strong windfall profits tax bill. I am also pleased the Senate Finance Committee

has a basic tax plan. The crucial test is coming now. With your help I am confident we will meet that test.

Last week at a White House meeting of the National Citizens' Coalition for the Windfall Profits Tax, chaired by Governor Byrne,

I said:

"In a free enterprise system, profits are justifiable, but I believe that these third quarter profits vividly demonstrate the need for a major portion of unearned profits from the oil companies to go into the general service of the American people. The windfall profits tax that we proposed to the Congress was adequate to leave the oil companies enough profit to explore for new oil, new gas and to provide maximum American contribution to meeting our energy needs. I think the aroused voices of the American public led by you is the

best possible way we can meet the tremendous influence of the oil lobbyists on Capitol Hill."

The House measure will leave to the oil producers 151 billion dollars over the next ten years -- a very fair amount of incentive by any standard. However, the proposal reported by the Senate Finance Committee would leave them the staggering amount of 374 billion dollars in net returns.

These ten-year figures do not even include inflation adjustment. Depending on supply, price, and inflation, it is conceivable we could be talking of trillion dollar totals for the first time. There is simply no way such sums of money can be justified in terms of new production or concentrated in the hands of a few companies -- it belongs to America. And even so that kind of capital means far more than a once-in-a-lifetime windfall for us -- it is the best way our society has of revitalizing our entire economy and regaining our competitive position in the world.

374 billion of today's dollars, invested throughout America's large and small businesses can provide incentives, jobs and stimulate inventiveness for such things such as weatherization of homes and apartments, better public transportation, fuel efficient cars, widespread use of solar energy, and commercialization of new fuel technologies, all of which in turn produce greater prosperity by producing more energy.

In short, the price every American pays for energy is every American's capital. Let us use it wisely and justly together -- particularly in the areas of low income assistance, mass transit, and producing new American energy through synthetics, renewables, and conservation.

Even without the passage of the windfall profits tax we have already begun to do so.

Last April, I first proposed that we provide special assistance for the very poorest in our country who might otherwise

have to make the cruel choice this winter between eating and heating -- between staying warm and paying the rent.

Most poor families will spend 25-35 percent of their incomes on energy needs -- 60 percent more by 1981 than just last year. My proposals for this winter and coming winters constitute a workable response to this problem. No longer will those in our society who are least able to bear this burden face the cold of winter with uncertainty and fear. And, no longer will you and the Federal government have to plan and react on a crisis-by-crisis basis.

Under my proposal, we will provide \$1.6 billion this year for low income energy assistance and \$2.4 billion for each year thereafter -- all to be financed from the windfall profits tax. Part of the \$1.6 billion I have asked Congress to provide will go directly to the states and governors for distribution, and part will be distributed by the Federal Government as direct

cash payments.

You recognize this crying need just as I do. Credit must go to you and your organization for the support you have already given this program and the advance planning for this winter that is already occurring here in New England -- although I must tell you in all honesty that the record early snowfall in Washington had something to do with the record early action by Congress.

Some funds for this winter -- \$250 million -- have already been appropriated and will be coming to the states in a matter of days. And because the windfall profits tax is still being contested and winter is almost here I have asked that the remainder -- \$1.35 billion -- be made available now -- to be paid back from the windfall profits tax.

I am pleased to tell you this is going forward in Congress even as we meet here today. I will be even more pleased to call you shortly and say the checks are in the mail.

Low income assistance is only one way we can make the windfall profits tax work for us. We can multiply our efforts and incentives for the creation of new energy through greater use of coal and natural gas, through synthetic fuels, through renewable sources such as solar and low-head hydro, and above all more efficient use of energy in homes, businesses, automobiles, and public transportation. With the windfall profits tax we will tap these reserves as surely as drilling a well or building a pipeline.

For example we know that homes, apartments, and commercial buildings across this country, if retrofitted to become energy efficient, would provide us with the equivalent of another Prudhoe Bay in oil reserves.

My Administration is working with the Congress to agree on the best way to subsidize conservation investments by homeowners and apartment building owners. The existing tax

credits of the National Energy Act remain in force and evidence from last year alone shows that some 10% of middle and higher income households are participating.

We will seek to eliminate the current prohibition on utility financing of conservation investments and leave this to the option of the utilities and their state regulatory commissions. We will also require utilities to offer basic energy audits of any residential building which is served by that utility, and we are asking that this legislation make those audits available at no cost to utility customers.

We are already supporting over 200 million dollars for so-called "House Doctor" programs. New skills must be developed to do this job well, and we are supporting a program for state training and certification of home energy auditors.

We already have a low-income weatherization program in

place that has had problems. We are working hard to ensure these funds are better managed, delivered more efficiently, and put to use now.

The Federal government is already committing hundreds of millions of dollars to conservation in every field from laboratory research to neighborhood outreach. Strengthened with the windfall profits tax, we will be able to do much more.

In many of these conservation areas we are following the lead of the Northeast -- for you are demonstrating to the nation that energy conservation is the cheapest, cleanest, and quickest form of energy production.

All of these signs points to a secure future for our country if we continue our strong leadership. You know that our country had severe problems with gasoline this summer. But throughout that difficult period of shortage -- when tempers ran

even higher than the gas tanks ran low -- my top concern was to prepare for this winter.

I am pleased to tell you that we will have necessary fuel to see us through the winter. This month our primary stocks reached 240 million barrels, and I have released them for distribution. The lesson is very clear -- if someone in charge does not take the heat at some time -- no one else may have any later.

Another of the actions that I pledged was better management of the supplies that we have. It will not be enough to have 240 million barrels of oil in storage somewhere if there is an emergency shortage where you live. Therefore, I have created a special heating oil management group to assure steady and predictable deliveries throughout this winter. The group, led by the Department of Energy, involves Agriculture, Transportation, and even the Coast Guard and the Army Corp of Engineers in case we have severe transportation problems because of excessive

icing or excessive snow. They will work closely with the industry and with state and local governments. Special emphasis is placed on coordination with Governors. The headquarters of this group is in Boston and the team is already in action.

We are going through some tough transition years -- from fuel so cheap we never thought about it -- to fuel so expensive we can't think about anything else. We are going to come through these times together -- business people, labor, governors, oil companies, the elderly, the cities, farmers -- united, as one great nation should be.

Over two years ago I declared the energy problem to be the moral equivalent of war. This July 15th and 16th I declared the war itself and said that on the battlefield of energy our nation would unite and prevail. I intend to continue to lead and win that fight.

Ours is the greatest, strongest, freest nation on earth.

There are simply no limits to our development as a people, as a society and as a nation -- as long as we face the truth about ourselves, our problems, and our strengths and resources together.

That is the way it should be -- and with your help -- that is the way it will be.

I have pointed a course for the 1980's that is sound and fair. Your hard work here at this energy summit helps us pass another important marker on that course. We will not be divided, we will not be deluded, or distracted. Together we will keep this nation moving steadily towards energy security, energy freedom, and energy renewal.

Together we will get this job done.

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