4/26/79 [1]

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April 26, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT
LYNN DAFT
SUBJECT: Recommendation for Major Disaster Declaration - Texas

In the attached letter, Secretary Harris recommends that you grant a major disaster declaration for the State of Texas due to severe storms, tornadoes and flooding.

We concur with Secretary Harris' assessment of the situation and recommend that you grant the declaration.
THE WHITE HOUSE
WASHINGTON
April 26, 1979

Dear Madam Secretary:

I have determined that the damage in certain areas of the State of Texas resulting from severe storms, tornadoes and flooding beginning on or about April 18, 1979, is of sufficient severity and magnitude to warrant a major-disaster declaration under Public Law 93-288. I therefore declare that such a major disaster exists in the State of Texas.

In order to provide Federal assistance, you are hereby authorized to allocate, from funds available for these purposes, such amounts as you find necessary for Federal disaster assistance and administrative expenses.

The time period prescribed for the implementation of Section 313 (a), Priority to Certain Applications for Public Facility and Public Housing Assistance, shall be for a period not to exceed six months following the date of this declaration.

I expect regular reports on progress made in meeting the effects of this major disaster, the extent of Federal assistance already made available and a projection of additional assistance required, if any.

Sincerely,

[Signature]

Honorable Patricia Roberts Harris
Secretary of Housing and Urban Development
Washington, D.C. 20410

Original signed copy or copy of telegram to
Gov. Clements sent to Sec. of HUD; receipt
TO: Honorable William P. Clements, Jr.
Governor of Texas
State Capitol
Austin, Texas 78711

As you requested, I have declared a major disaster for the State of Texas because of damage due to severe storms, tornadoes and flooding beginning on or about April 18, 1979. I have authorized Federal relief and recovery assistance in the affected areas.

The Administrator, Federal Disaster Assistance Administration, Department of Housing and Urban Development, will coordinate Federal assistance efforts and designate specific areas of the State eligible for such assistance. The Federal Coordinating Officer will be Mr. Thomas P. Credle of the Federal Disaster Assistance Administration. He will consult with you and assist in the execution of the Federal State Disaster Assistance Agreement governing the expenditure of Federal funds.

JIMMY CARTER

Dispatched at 4:43 pm, 4/26/79

STANDARD FORM 14
REVISED AUGUST 1967
GSA FFPAR (41 CFR) 101-35.306

U.S. GOVERNMENT PRINTING OFFICE: 1971-FSS 7480-8/446-801
DISASTER PRIORITY

SUBJECT

RECOMMENDATION TO THE PRESIDENT
FOR A MAJOR DISASTER DECLARATION
TEXAS

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL DISASTER ASSISTANCE ADMINISTRATION

DATE
25 APR 1973
The President
The White House
Washington, D.C.

REQUEST FOR MAJOR-DISASTER DECLARATION

STATE: Texas

TYPE OF INCIDENT: Severe storms, tornadoes and flooding

DATE OF INCIDENT: Beginning on or about April 18, 1979

DEATHS: Five

INJURIES: 15

AREAS AFFECTED: The Counties of:

- Hardin
- Harris
- Jefferson
- Liberty
- Montgomery
- Orange

COMMITMENT OF STATE AND LOCAL RESOURCES:

- State commitment estimated at $950,000 as follows:
  - State cost of executing disaster plan, $100,000
  - State portion of Individual and Family Grant program, $600,000
  - State portion of Limited Home Repair program, $250,000.

- Local governments commitment is 15 percent of Public Assistance, should any counties be designated as eligible.

PRINCIPAL NEEDS EXPRESSED BY THE GOVERNOR:

- Temporary housing
- Individual and Family Grant program
FDAA FINDINGS:

HOMES AFFECTED: 3,745
FAMILIES NEEDING TEMPORARY HOUSING: 1,450
BUSINESSES AFFECTED: 145 identified
POTENTIAL DISASTER LOANS: 2,390 for $21 million
UNMET UNEMPLOYMENT NEEDS: 200 for $110,000
POTENTIAL APPLICATIONS FOR INDIVIDUAL AND FAMILY GRANTS:
1,200 for $2.4 million

UNMET HEALTH AND SAFETY PROBLEMS:
- Sanitation problems as flood waters recede

SIGNIFICANT PROBLEMS CAUSED BY DAMAGES TO PUBLICLY
OWNED FACILITIES:
- None identified so far

RECOMMENDATION:

That the Governor's request for a major-disaster declaration
as a result of severe storms, tornadoes and flooding
beginning on or about April 18, 1979 be granted.

(If there is such a declaration, I intend to designate
the following counties eligible for only Individual
Assistance: Hardin, Harris, Jefferson, Liberty,
Montgomery and Orange. I do not intend to designate at
this time any counties for Public Assistance. If
further data become available, I will designate additional
jurisdictions as the facts warrant.)

[Signature]
Secretary, Housing and Urban Development
Date: April 25, 1979

Attachments

Summary of Findings
Declaration Letter
Telegram to the Governor
Notice to the Press
Representation
Map
Governor's Request
SUMMARY OF FINDINGS

TEXAS

- On April 18, 1979, severe storms and tornadoes struck the Counties of Harris and Montgomery, in southeast Texas, around Houston and Conroe and then moved eastward into the Tri-Cities area of Beaumont, Port Arthur and Orange in the Counties of Liberty, Hardin, Jefferson and Orange.

- Five persons were killed and 15 injured.

- Resulting floods affected approximately 3,745 homes, driving 1,500 families into shelters provided by the American National Red Cross.

- Temporary housing requirements are estimated at 1,450 units, at a cost of $2,175,000, plus 1,100 units eligible for Limited Home Repair (LHR) under the Individual and Family Grant Program (IFG).

- Cost of the IFG Program is estimated at $3.4 million, including the cost of LHR.

- Flood insurance is expected to defray repair cost of 20 percent of the homes.

- The State has indicated a desire to implement the LHR Program but has declined to accept the total temporary-housing mission.

- Until the number of units which can be handled under LHR is established firmly, the full extent of the need for use of Government-owned mobile homes will not be known.

- Small Business Administration low-interest disaster loans are needed for an estimated 2,270 persons, at $19,630,000, and 120 businesses at $1,500,000.

- Disaster Unemployment Assistance for 200 persons is estimated at $110,000.

- Damage to public facilities appears to be minimal and limited mostly to streets, roads and bridges.
o Full extent of public-facilities damage cannot be determined until flooding recedes.

o State and local commitment is estimated at $950,000, exclusive of possible future assistance for damaged public facilities.

Conclusions:

o At this time, the paramount need is for Individual Assistance, principally temporary housing.

o Individual Assistance requirements are beyond the capabilities of State and local governments.

o Extent of damage warrants a major-disaster declaration.

o In the event of such a declaration, the Federal response under Public Law 93-288 should be limited at this time to only Individual Assistance, in the Counties of Hardin, Harris, Jefferson, Liberty, Montgomery and Orange.

o There is no documented need at this time for Public Assistance.

As the water recedes and further data become available, additional jurisdictions can be designated for the appropriate forms of Federal assistance as the facts warrant.
TEXAS REPRESENTATION

The Governor of Texas is:

William P. Clements, Jr. (R)

Texas Senators are:

John G. Tower (R)
Lloyd M. Bentsen (D)

Representing the Affected Areas:

Charles Wilson (D) 2nd District
Bill Archer (R) 7th District
Bob Eckhardt (D) 8th District
Jack Brooks (D) 9th District
George T. Leland (D) 18th District
Ron Paul (R) 22nd District

For further information, contact María J. Vorel, FDAA:
(202) 634-6115.
The President
The White House
Washington, DC 20402

Through: William H. Wilcox
Administrator
Federal Disaster Assistance Administration
Washington, DC 20410

Mr. Joe Winkle, Regional Dir.
FDAA, Region 6
Dallas, Texas 75242
Phone: (214) 749-1411

Deliver to

As discussed with Regional FDAA personnel, on behalf of the judges and mayors of the Southeast Texas cities and counties ravaged by flood and tornado damage beginning 4/18/79 and continuing at this time, I respectfully request that you declare the affected areas a major disaster area in accordance with the provisions of P.L. 93-288.

Required documentation will follow as soon as possible.

William P. Clements, Jr.
Governor of Texas
Honorable William P. Clements, Jr.
Governor of Texas
State Capitol
Austin, Texas 78711

As you requested, I have declared a major disaster for the State of Texas because of damage due to severe storms, tornadoes and flooding beginning on or about April 18, 1979. I have authorized Federal relief and recovery assistance in the affected areas.

The Administrator, Federal Disaster Assistance Administration, Department of Housing and Urban Development, will coordinate Federal assistance efforts and designate specific areas of the State eligible for such assistance. The Federal Coordinating Officer will be Mr. Thomas P. Credle of the Federal Disaster Assistance Administration. He will consult with you and assist in the execution of the Federal State Disaster Assistance Agreement governing the expenditure of Federal funds.

cc: HUD/FDAA
Dear Madame Secretary:

I have determined that the damage in certain areas of the State of Texas resulting from severe storms, tornadoes and flooding beginning on or about April 18, 1979, is of sufficient severity and magnitude to warrant a major-disaster declaration under Public Law 93–288. I therefore declare that such a major disaster exists in the State of Texas.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes, such amounts as you find necessary for Federal disaster assistance and administrative expenses.

The time period prescribed for the implementation of Section 313 (a), Priority to Certain Applications for Public Facility and Public Housing Assistance, shall be for a period not to exceed six months following the date of this declaration.

I expect regular reports on progress made in meeting the effects of this major disaster, the extent of Federal assistance already made available and a projection of additional assistance required, if any.

Sincerely,

Honorable Patricia Roberts Harris
Secretary of Housing and Urban Development
Washington, D. C. 20410
April 1979

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President today declared a major disaster for the State of Texas as a result of severe storms, tornadoes and flooding beginning on or about April 18, 1979, which caused extensive damage to private property. The President's action will permit the use of Federal funds in relief and recovery efforts in designated areas of the State.

Federal assistance will include assistance from the President's Disaster Relief Fund for eligible disaster victims, including temporary housing and disaster unemployment assistance. Low-interest disaster loans will be made available by the Small Business Administration and emergency loan assistance will be made available by the Farmers Home Administration.

Federal relief activities in Texas will be coordinated by the Federal Disaster Assistance Administration, Department of Housing and Urban Development, under the direction of Administrator William H. Wilcox. Mr. Wilcox will designate the specific areas within the State eligible for Federal assistance, based upon Federal and State damage assessments.

Mr. Thomas P. Credle of the Federal Disaster Assistance Administration will be designated as the Federal Coordinating Officer to work with the State in providing Federal disaster assistance under the Disaster Relief Act of 1974, Public Law 93-288.

NOTE: ADDITIONAL INFORMATION FROM FDAA: (202) 634-6666
Bob Lipshutz

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

Rick Hutcheson

cc: Frank Moore

Tia Kraft
Anne Miller
April 26, 1979

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

Dear Mr. President:

Judge Harry Pregerson, United States District Court Judge, Central District of California, is one of the seventeen persons recommended for the United States 9th Circuit Court of Appeals.

I know most of the seventeen people on the recommendation list and they would all make fine Circuit Court Judges, but Judge Pregerson is the best of the lot.

I sincerely hope that he will receive one of the appointments.

Respectfully,

[Signature]

Electrostatic Copy Made for Preservation Purposes
THE WHITE HOUSE
WASHINGTON
April 25, 1979

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT
FROM: JERRY RAFSHOON
SUBJECT: Stu's memo on the tone of energy remarks

I strongly disagree with Stu's memo about your tone being too harsh. In his first paragraph, he correctly points out that public opinion and Congressional opinion have shifted enormously in the past two weeks. They have shifted because of your "harsh" approach in hitting the oil companies where it hurts, not despite it. Your consistency has been a key factor -- something missing in past energy efforts.

If your rhetoric sounds more like that of a candidate than that of a President, so be it. This was the kind of rhetoric that attracted people to you. And the American people have not seen enough of this. That's why they think you are not tough enough -- not with special interests or the Congress.

The actions of the Congress in trying to vote away standby gas rationing is an example of how cooperative they want to be. I cannot buy the advise of the Harry McPherson's who say that we should tone down our rhetoric. As helpful as these people say they are, they are still part of the system that we ran against and will have to run against again. They are also the same people who disdain your "mildness" at their cocktail parties.

The editorial comments and the way the oil companies have been lobbying on the news shows and the advertising they are doing is another indication that we are on the right track.

cc: Stu Eizenstat
    Jody Powell
THE WHITE HOUSE
WASHINGTON
26 Apr 79

The First Lady

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

Rick Hutcheson
THE WHITE HOUSE
WASHINGTON

4-26-79

Ros.

Please help with
this Check to Shs.
I'm available also.
Maybe Betty Bumpus
& others could
pitch in.

[Signature]
April 25, 1979

Mr. President

It is most gracious if you to accept my invitation to visit our home. Frankly Andrew thought the invitation was fine, but felt I shouldn't impede my concerns for International Year of the Child on you. Normally I would not - I think its because we are going out of the country for several weeks
that I feel compelled to share with you the current situation.
First there is a tremendous amount of good will being generated by activities related to the "peace.
Thousands of individuals and hundreds of organizations are volunteering their services to address issues related to children. Almost all of the states have state wide committees. We receive hundreds of letters daily from school children and others on how they can participate. Corporations and business people are funding programs. Many unions are actively involved.
People feel good about their government caring and most see local action as a state wide commitment to close the gap.
On the urgent needs of many of our children.

Certainly there have been a few groups that are negative and have written letters to congressmen expressing their concerns. The majority of these complaints generated before the Commission was even appointed and is based on preconceived notions rather than facts. The press has generally given little credibility to these groups.

The media has responded very positively to International Year of the Child and are doing many documentaries and public service programs, articles, etc.

I'm saying all of this to say that the problem is not with the program. Unfortunately, it's crowded.
There is grave concern that we will not secure the necessary funding to continue beyond June 30.

Several incidents have happened within the last couple of weeks that cause this concern. (Full legislative history attached)

1. The Foreign Operations Subcommittee of the Senate Appropriations has requested immediate return of AID detailees to I.C. (Even though they are authorized by Pub. Law 95-561 of the El. & Sec. Ed. Act. Leg. 1402 B to loan us personnel)

2. Questions have been raised of EECC and Agriculture because they are providing us with staff.

3. GAO was requested to conduct an audit of the Commission.

4. The Labor-HEW Appropriations Subcommittee has advised HEW it will absolutely approve any more
reprogramming of funds to I.Y.C. and that we must seek supplemental funds.

5. The feeling among House members is that reprogramming is the route to go and not supplemental funds.

In the last few days I have been in touch with several of your staff people who assure me that they will get on top of it. I have confidence that they will do whatever they can.

It would be most helpful if you could designate someone to be our liaison with the White House. Pete Rowe was no tremendously helpful and certainly unknown individuals and agencies have helped but the Commission does not have a specific agency it is attached to or a specific person to relate to. - Thanks for listening.
April 25, 1979

U.S. NATIONAL COMMISSION ON THE INTERNATIONAL YEAR OF THE CHILD

Legislative History

- April 14, 1978: President issues Executive Order 12053 establishing National Commission

- May 1, 1978: Justice Department transfers $118,000 to Commission for FY'78 as authorized in Executive Order 12053

- May 11, 1978: A bill establishing Commission and Presidential transmittal letters delivered to OMB for Presidential signature and transmittal to Congress

- May 18, 1978: State Department transfers $111,000 to Commission for FY'78 as authorized in Executive Order 12053

- May 24, 1978: President transmits proposed legislation to Congress authorizing Commission and an FY'79 appropriation of $1.36 million for life of Commission

  (Note: May 15, 1978, was congressional deadline for introduction of authorization bills with specific appropriations)

- May 25, 1978: Senator Sparkman, "by request," introduces President's transmittal to Senate as S.3161. This Bill referred to Foreign Relations Committee, but not assigned to subcommittee for action.

  Clerk of the House prints Presidential transmittal as an "Executive Communication" and refers it to the International Relations Committee where no action is taken. Thus, no Bill is introduced in House.

Mrs. Andrew Young, Chairperson
799 United Nations Plaza
New York, New York 10017
(212) 826-4741
July, 1978

Senator Hollings, in Senate Appropriations Subcommittee on State, Justice, Commerce includes $1.36 million FY'79 appropriation for Commission in Committee Mark-up. Subcommittee includes these funds in its report to full Senate Appropriation Committee.

July 28, 1978

In full Appropriations Committee mark-up of State Appropriation, Senator DeConcini offers amendment striking Commission funding. Committee Chairman Magnuson agrees to deletion on grounds that there is not yet congressional authorization for such an appropriation.

August 7, 1978

DHEW transfers $250,000 to Commission for FY'78, as authorized in Executive Order 12053.

August, 1978

Senator McGovern holds hearings on S. 3161 (Commission authorization) in Senate Foreign Relations Committee. Foreign Relations Committee reports out S. 3161; however, S. 3161 is not placed on Senate calendar.

September, 1978

President Carter sends memo to Secretary Califano stating his concern for Commission legislation and requests his assistance in seeing that the legislation passes in the 95th Congress.

September, 1978

Senate Appropriations Subcommittee on Foreign Operations deletes $1.5 million request for UNICEF's International IYC Office in Geneva.

September, 1978

Commission authorizing legislation is attached as amendment to the Elementary and Secondary Education Act in the Senate. (The Act has already cleared the House.)
joint conference, the House receded to the Senate in this matter, thus providing Senate and House authorization for Commission.

November 1, 1978 - President signs Elementary and Secondary Education Act (P.L. 95-561), which includes Commission authorization (Title XV). Legislation authorized agencies to transfer funds and personnel to Commission:

"Each agency of the Executive Branch of the Government is authorized: (1) to furnish to the Commission, upon request of the Chairperson of the Commission, such information, advice, services, and funds as may be useful to the Commission for the fulfillment of its functions under this Act and (2) to detail personnel to the Commission."

P.L. 95-561, Section 1504(b)

- September 27, 1978 - Senator Bartlett, for Senator Helms, offered floor Amendment to HEW FY'79 Appropriation bill which would prohibit any money appropriated under that bill from being re-programmed to the National Commission on IYC. This amendment was accepted in Senate without voice vote. In subsequent House/Senate conferences on HEW/Labor appropriations, the Senate receded to House version, thus deleting Helms amendment.

- November 24, 1978 - HEW requested of and received approval from House and Senate Appropriations Committee Chairmen to transfer $100,000 to Commission for 1st quarter FY'79.

- December 15, 1978 - HEW requested of and received approval from House and Senate Appropriation Committee Chairmen to transfer $209,000 to Commission for 2nd quarter FY'79.
President transmits to Congress request for National Commission funding vis-a-vis FY'79 Supplemental Appropriation (for 4th quarter FY'79 and FY'80).

(Note: Commission requested that 3rd and 4th quarters FY'79 and FY'80 funding be included in FY'79 Supplemental.

OMB preferred that only FY'80 funding be included with FY'79 Supplemental with FY'79 3rd and 4th quarters funding with HEW re-programmed funds.

HEW disagreed, wanting Commission's FY'79 3rd and 4th quarters funding within Supplemental Request.

OMB agrees to FY'79 4th quarter and FY'80 within FY'79 Supplemental Request – with tacit understanding that HEW will provide funds for FY'79 3rd quarter.)

Commission Chairperson testifies before House Appropriations Subcommittee on HEW/Labor regarding Supplemental Request.

Commission Chairperson testifies before Senate Appropriations Subcommittee on HEW/Labor regarding Supplemental Request.

HEW requested of and received approval from House and Senate Appropriations Committee Chairmen to transfer $350,000 to Commission for FY'79 3rd quarter.

(Note: Approval by Senate Appropriations Committee was given after a poll of Committee
March 29, 1979

Special hearing called by Senate Appropriations Subcommittee on Foreign Operations to review AID detail of two employees to Commission. Senator DeConcini demanded that AID cancel these details. Alluding to July 28, 1978, Appropriations Committee deletion of Commission appropriation, he told AID that any action in support of Commission contradicted the "wish of Congress" that the Commission receive no funds or assistance from governmental agencies. Senator Inouye stated his "distress" in this matter.
THE WHITE HOUSE
WASHINGTON

April 26, 1979

To Charles Warren

Best wishes for a Happy Birthday today!
MEETING WITH WAYS AND MEANS COMMITTEE CHAIRMEN ON ENERGY

Thursday, April 26, 1979
10:30 a.m. (20 minutes)
Cabinet Room

From: Frank Moore

I. PURPOSE
To discuss the windfall profits tax with Ways and Means Committee chairmen.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Congressman Ullman suggested this group of members as the first of two or three meetings with members of the Ways and Means Committee. He likes to have the subcommittee Chairmen agreeing with him on substance, tactics, and timing. Your discussions should not only include the windfall profits tax, but a general discussion of the timing of the several matters before the Ways and Means Committee.

B. Participants: The President, Members of Congress (list attached), Frank Moore, Bill Cable

C. Press Plan: White House photographer

III. TALKING POINTS

1. Timing Issues
   a. Chairman Rangel's Health Subcommittee should report hospital cost containment next week.

   b. Ullman has agreed to mark up hospital cost containment in full committee on May 7, 8 and 9. You should thank him for his prompt action and ask Jake Pickle to help Ullman to get the bill out of committee.
c. You should ask Vanik and Ullman how the windfall profits tax can be worked around the MTN.

d. Generally ask the others how they see the timing of the windfall profits tax bill and matters before their subcommittees.

2. Windfall Profits Tax

a. I will transmit the specifications to the Congress this afternoon. I am going to sign the transmittal letter in front of the television cameras to give me another opportunity to push for the WPT publicly.

b. Decontrol will mean billions of dollars in new revenue for the oil companies. My program calls for a windfall profits tax which will recover a substantial amount of these unearned profits for the American people while still providing the oil companies with the revenue they need to increase production.

c. Receipts from the windfall profit tax will be placed in an Energy Security Fund. The fund will be used to give financial assistance to people hit hardest by energy price increases, to help finance additional energy-saving mass transit and to help pay for an increased commitment to finding and developing alternative energy sources.

3. Our energy problems are real. I have taken the politically difficult step to gradually decontrol oil. Now we together must pass the windfall profits tax. I want to work with you to fashion the best tax bill we possibly can and we need to do it as quickly as possible.

IV. ADDITIONAL INFORMATION

1. There is a jurisdictional dispute between Congressmen Ullman and Dingell over the windfall profits tax. Congressman Dingell and his staff have told Elliot Cutler and other administration officials that he feels that his Energy Subcommittee should be the creator of the fund as well as the administrator.

2. The following information is background in case Congressmen Ullman or Corman bring it up.

Stu and Secretary Califano met this week with Ullman and Corman on welfare reform. They have agreed to
cosponsor our bill, although each will have a few provisions which they will seek to change without forcing major delays. Our goal throughout these consultations have been to reach just such an agreement on basic principles, so that the bill can be introduced with some momentum.

Stu indicated to them that we would like Mr. Corman's Public Assistance Subcommittee to act as quickly as possible, and that the welfare reform cash bill is our fourth priority for full committee action—behind cost containment, the windfall profits tax and MTN. They agreed, and Ullman indicated that welfare should certainly get to the House floor by October.

Finally, Stu and Califano told them that we will try to be ready for a formal White House announcement on Friday, May 4th. Hopefully, that will include a drop-in by you (to show interest in a "liberal" proposal important to our constituencies) and a full briefing by Secretaries Califano and Marshall.
MEMBERS OF CONGRESS ATTENDING

Al Ullman (Oregon)
Chairman
Ways and Means Committee

Sam Gibbons (Florida)
Chairman
Oversight Subcommittee

Jim Corman (California)
Chairman
Public Assistance and Unemployment Compensation Subcommittee

Dan Rostenkowski (Illinois)
Chairman
Select Revenue Measures Subcommittee

J. J. Pickle (Texas)
Chairman
Social Security Subcommittee

Charles Vanik (Ohio)
Chairman
Trade Subcommittee

COMMITTEE STAFF MEMBERS ATTENDING

John Martin
Chief Counsel, Ways and Means Committee

Bob Shapiro
Chief of Staff, Joint Committee on Taxation

Jim Wetzler
Chief Economist, Joint Committee on Taxation
I AM TODAY SIGNING A MESSAGE TO CONGRESS ASKING FOR THE PASSAGE OF A WINDFALL PROFITS TAX AND THE ESTABLISHMENT OF AN ENERGY SECURITY TRUST FUND. THIS IS ONE OF THE MOST IMPORTANT LEGISLATIVE PROPOSALS OF MY PRESIDENCY.

A WINDFALL PROFITS TAX IS THE ONLY THING STANDING BETWEEN THE OIL COMPANIES AND A HUGE BONANZA OF UNEARNED, UNNECESSARY, AND UNJUSTIFIED PROFITS.

THE ENERGY SECURITY TRUST FUND IS A BRIDGE BETWEEN THE AMERICA OF TODAY, DEPENDENT ON FOREIGN OIL AND SHOT THROUGH WITH WASTEFUL PATTERNS OF CONSUMPTION, ...AND THE AMERICA OF TOMORROW, IN WHICH OUR TECHNOLOGY CAN MAKE US FAR MORE SELF-RELIANT IN ENERGY.

UNDER THIS PROPOSAL, THE OIL INDUSTRY WILL GET $6 BILLION WHICH SHOULD BE USED FOR ADDITIONAL EXPLORATION FOR NEW GAS AND OIL -- A NET INCREASE AFTER ALL FEDERAL AND STATE TAXES. OIL COMPANY PROFITS ARE ALREADY VERY HIGH, AND GROWING RAPIDLY.

THE WINDFALL TAX REVENUE MUST GO TO CREATE THE ENERGY SECURITY TRUST FUND FOR THE AMERICAN PEOPLE.

THIS FUND WILL HELP LOW-INCOME AMERICANS PAY THE HIGHER ENERGY COSTS THAT COME WITH DECONTROL. WHILE DECONTROL WILL LESSEN OUR RELIANCE ON THE FOREIGN OIL CARTEL, WE CANNOT IN CONSCIENCE PLACE A NEW AND HARSH BURDEN ON THOSE FIGHTING TO ESCAPE POVERTY.

-- THIS FUND WILL HELP US....
This fund will help us improve our mass transportation, and will stimulate development of new and unconventional energy sources. We can make it economically feasible to harness the energy of the sun, the wind, the tides, and the geothermal power of the earth. Increased energy will come from better uses of oil shale, coal, our forests and streams.

American innovation has given us the greatest industrial capacity on earth. We must use our technological daring to solve our energy problems.

The windfall profits tax will be levied not on American families; but on the oil companies, already awash with their greatest profits since the OPEC oil embargo.

The congressional battle over the windfall profits tax and the energy security trust fund will be a classic confrontation pitting the public good against the enormous power of a well-organized special interest. If the oil companies cannot defeat these proposals outright, they will try to gut them so they have no meaning.

This will be an excellent opportunity to prove to a sometimes doubtful public that in such a test of political strength the people's interests can prevail.

-- Abraham Lincoln once asked...
Abraham Lincoln once asked his Cabinet, "If you call a dog's tail a leg, how many legs does a dog have?" To a man, the Cabinet said, "Five." "Wrong," said Lincoln, "calling a tail a leg doesn't make it one."

Calling something a windfall profits tax doesn't make it one if it has the kind of loopholes you can sail an oil tanker through. Calling something an Energy Security Fund doesn't make it one if it's just an accounting device to shovel more money to the oil companies.

The American people will not stand still for that, and neither will I.

That's why I intend to give Congress my total support as it considers the details of the windfall profits tax and the Energy Security Fund.

Equity and fairness demand an honest windfall profits tax. Our country needs an effective Energy Security Fund.

I intend to see that we get both.
MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze

Subject: Consumer Prices in March

The Bureau of Labor Statistics will release the March CPI figures tomorrow (Thursday, April 26) at 9:00 a.m. The total for all consumer prices rose 1.0 percent last month, after a 1.2 percent rise in February.

Food prices rose 1.1 percent last month, compared with 1.6 percent in February. Meat and fish prices rose 2-1/2 percent; dairy products 1 percent. Vegetable prices fell.

Nonfood prices rose 1.0 percent. Energy prices were up sharply in March -- gasoline, almost 4 percent; fuel oil and coal, almost 5 percent. Housing prices, and even more so the cost of financing a new home, also rose sharply. But consumer prices outside of food, energy, and housing also rose at an annual rate of 8.4 percent.

The attached table gives a thumbnail sketch of our problem.

We have had three special sources of accelerating inflation (items are starred in the table):

- farm prices
- energy
- housing prices and housing finance costs.

The rate of inflation for all other finished goods prices, while higher than expected, has not accelerated sharply.
We have also had one general source of inflationary pressure which shows up in the last line of the table -- a sharp rate of inflation for a wide range of industrial materials, parts, and components. This reflects, I believe, a combination of overheating in the industrial sector and a worldwide rise in prices of internationally traded raw materials.

If the economy cools down, the latter source of inflation should ease. We should also do better on food prices after a month or so. Housing prices may slow, as housing construction recedes, but only after a lag.

Energy prices, however, will keep climbing (although not at recent astronomical rates). And some of the large increases in raw materials prices will get passed forward into final goods prices. Finally, April is the first month of a new period for allowable price increases under the price standard. We will get some price markups bunched in April.

We still have a ways to go to get relief.

Attachment
Recent Price Changes
(percent change at annual rates, seasonally adjusted)

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<tr>
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<tr>
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To: Susan Clough

From: CHARLES L. SCHULTZE

Date: 4/26/79

Could you see that this table is substituted for the one attached to my Memo to the President last evening on the CPI. (Some of the numbers on the original table were not accurate.)
## Recent Price Changes

(percent change at annual rates, seasonally adjusted)

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</table>
Hugh Carter

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

Rick Hutcheson

cc: Ev Small
THE WHITE HOUSE
WASHINGTON
April 26, 1979

MEMORANDUM FOR THE PRESIDENT
FROM: HUGH CARTER
SUBJECT: Comment on Senator Proxmire's Letter
Re: Use of Government Cars for Portal-to-Portal Service

I. BACKGROUND: Senator Proxmire recently surveyed all government agencies to obtain details of the use of government cars to drive officials to and from their home and work. Based on the responses, Senator Proxmire wrote you listing 175 government officials using government cars, stating that all but about 22 are "clearly illegal."

II. ANALYSIS: We have reviewed the letters the agencies sent to Senator Proxmire and the applicable laws and opinions. Although there may be some abuses, based on the information furnished, we feel the Senator has greatly overstated the case. More specifically, 99 of the alleged violators are occasional users, and many of the remaining involved agencies either not covered by the law, or specifically exempt. This leaves approximately 30 to 40 which need further clarification. Some of these may be exempt for reasons such as national security.

III. RECOMMENDATION: Although there is undoubtedly room for improvement, the situation is by no means as bad as Senator Proxmire would imply. I will be glad to pursue this further if you wish. This matter could be symbolically important from the standpoint of both energy conservation and budget restraint. Therefore, even though it may be a sensitive matter with the leadership of the agencies, I recommend that you authorize me to pursue it further and report back to you.

[Checkboxes for pursue further and do not pursue]

[Signature]

Electrostatic Copy Made for Preservation Purposes
April 6, 1979

The Honorable Jimmy Carter
The White House
Washington, D.C. 20500

Dear Mr. President:

In connection with your proposals to conserve gasoline may I make the following suggestion.

Title 31, Section 638a of the U.S. Code provides that government cars may be used for official purposes and that "official purposes" does NOT include being driven to and from home.

There are only a few exceptions in the law, the President, Cabinet Officers (but not Under Secretaries, agency heads, etc.), doctors on outpatient duty, officials on field service long distances from their offices, and certain diplomats abroad.

All other Executive Branch officers are prohibited from being driven to and from home.

Recently I wrote to every agency in the government asking what "officials by title" are given the privilege, either regularly or on an ad hoc basis. The total came to 175 plus a number of security officials and multitudes of officials abroad.

With the exception of about 22 officials, this is clearly illegal. But the Justice Department refuses to enforce the law. In fact they wrote me that the law could be disregarded where the practice "...is deemed to be (apparently by the official breaking it) in the interest of the government" that it was a matter "...primarily of administrative discretion."

The practice wastes gasoline. It means two trips a day back and forth for each official rather than one.

It also encourages a sense of privilege and arrogance which is unbefitting public officials.
This practice could be stopped by a word from either you or the Attorney General.

In view of your strong views on saving energy, quite apart from your own example of prohibiting it for White House personnel, I believe the time to act has come.

I hope very much that you will ask the Attorney General to enforce the law.

Failing that, you could wipe out the practice by stating that the policy of your Administration prohibits it.

With best wishes.

Sincerely,

William Kroxhirs, U.S.S.

WP:hsm
Enclosure
Senator William Proxmire (D-Wis) said late Saturday that "Despite President Carter's example of denying most members of the White House staff the privilege of being driven to and from home in chauffeured government cars, the number of high ranking government officials who enjoy the privilege has grown from 148 to 175 in the last two years.

"The results of my most recent survey of every government agency, identical to that made during the first months of the Carter Administration two years ago, show that the total cost has gone up from $3.33 million to $4.86 million a year. The cost of chauffeurs and drivers has risen from $20,000 to over $25,000 per car, and operating costs have increased from $2,500 to $2,800. It is on this basis (175 x $27,800) that the $4,865,000 estimate is made."

The survey was made by Proxmire as chairman of the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee. The Senator is also chairman of the Senate Banking, Housing and Urban Affairs Committee and a member of the Senate Appropriations Committee.

"Title 31, Section 638a, of the U.S. Code states that government automobiles may be used only for 'official purposes' and that 'official purposes' do NOT include being driven to and from home. The law applies only to the Executive Branch and domestically excludes only the President, the Secretary of a department (but not Under Secretaries, heads of agencies, boards, etc.), doctors on out-patient duty, and individuals on field service great distances from their homes.

"Recently I wrote to every department, agency, office, regulatory commission, and court in the United States government asking what officials by title in the agency are driven to and from home. I further asked for the cost of chauffeurs as well as the cost of buying or leasing, depreciation, maintenance, gas and oil, etc., for the cars. Among the key results are:

1) Of the 175 officials being driven to and from home, only 22--the President, Vice President, 13 Cabinet officers, the Chief Justice, and six Congressional officials--are clearly entitled to the privilege by a direct provision of the law.

2) The increase in total costs of 45 percent is three times the 15 percent increase in consumer prices over the last two years and more than triple the increase in prices allowed under the President's wage and price guidelines."
WHITE HOUSE (4)

President
Vice President
Assistant to the President for Security Affairs
Director, Office of Management and Budget

JUDICIAL BRANCH (1)

Chief Justice

CONGRESS (10)

House of Representatives
Speaker of the House
Majority Leader
Minority Leader

Senate
President Pro Tempore
Majority Leader
Minority Leader

Other Congressional Offices
Architect of the Capitol
Acting Architect of the Capitol
Comptroller General
Deputy Comptroller General

AGENCIES AND INSTITUTIONS (11)

President, Amtrak
Postmaster General
Deputy Postmaster General
Secretary, Smithsonian Institution
Editor, Smithsonian Magazine
Administrator, U.S. Small Business Administration
Deputy Administrator, U.S. Small Business Administration
Director, Community Services Administration
Deputy Director, Community Services Administration
Director, Federal Mediation and Conciliation Service
Assistant to the Director, FDIC
Chairman, Civil Aeronautics Board (Chairman normally takes public transit)

REGULATORY COMMISSIONS & BOARDS (53)

Chairman, Federal Reserve System
Administrator, Agency for International Development
Chairman, Federal Communications Commission
Chairman, Federal Deposit Insurance Corporation
Appointive Director, FDIC
Commissioner of the Currency, FDIC
Deputy Chairman, FDIC
Assistant to the Director, FDIC
Chairman, Securities and Exchange Commission
Chairman, Commodities Futures Trading Commission (vacant)
4 Commissioners, CFTC
Chairman, Federal Trade Commission
Chairman, Fair Trade Commission
Commissioner and Commission officials,
Interstate Commerce Commission (There are 11 Commissioners as well as 13 bureau and office heads.)

1Performed by discretion of the officials when they decide travel or after hours work suggests it.
IN CONNECTION WITH PROPOSALS TO CONSERVE GAS, SUGGESTS THAT THE JUSTICE DEPARTMENT BE DIRECTED TO ENFORCE THE LAW REGARDING GOVERNMENT CARS BEING USED FOR OFFICIAL PURPOSES; NOTES THAT SEVERAL EXECUTIVE BRANCH OFFICERS ARE BEING DRIVEN TO AND FROM WORK; BELIEVES THIS PRACTICE ENCOURAGES "A SENSE OF PRIVILEGE UNBEPITTING PUBLIC OFFICIALS"; COMMENDS YOUR EXAMPLE OF PROHIBITING THIS PRACTICE FOR WHITE HOUSE PERSONNEL, AND URGES YOU TO STOP IT FOR THOSE NOT COVERED BY THE U.S. CODE.
DATE: 13 APR 79
FOR ACTION: HUGH CARTER

INFO ONLY:

SUBJECT: PROXMIRE LETTER RE CONSERVATION

RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) BY: 1200 PM MONDAY 16 APR 79

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:
THE WHITE HOUSE
WASHINGTON
4/26/79

Alfred Kahn

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

Rick Hutcheson
MEMORANDUM TO THE PRESIDENT

FROM : ALFRED KAHN

SUBJECT : TELEPHONE CALL TO SEARS

We recommend that you call Mr. Edward Telling, Chairman of Sears Roebuck Co. (312) 875-2500. The discussions with Sears Roebuck have involved several technical issues about their compliance. Two points have been discussed:

- Sears chose to measure its own compliance by constructing a sample index of average price increases. That index of price increases is in excess of the allowable standard.

-- After January, Sears could have elected to use a measure of gross margins or requested a profit-margin exception. But they chose not to do so. Their profits were 18 percent above a year ago for that six-month period.

- There is a long lead time on catalogue prices, but Sears could have held down prices on non-catalogue sales or taken some other action to comply with the intent of the program. Catalogue sales represent only about 25 percent of total sales. At a minimum, they could have discussed their problems with CWPS during the first six months of the program.
We suggest that you avoid the detailed issues about compliance since they have been discussed with CWPS staff. Simply inform Sears that the Council on Wage and Price Stability has reached a decision that Sears is out of compliance and will issue a press release to this effect. The only alternative is for Sears to agree to a significant price reduction (with details to be worked out with CWPS within the next week) and that a public announcement to that effect would be made today.

Further issues that might be raised but that you should avoid are:

- The rate of price increase for items sold by Sears is less than the average inflation rate. This simply reflects high productivity growth in the manufacturing industries from which most Sears' products come.

- They are only 0.4 percentage points above the standard. When applied to a company as large as Sears, this excess price increase amounts to significant revenues ($70 million).

* * * * *

Your advisors also recommend that you approve sending the following telegram. We believe it could be instrumental in inducing Kimberly-Clark to announce publicly price reductions in order to come into compliance with the voluntary standards. Such an announcement by Kimberly-Clark would also have a significant impact on the pricing actions of other paper companies.

Approve __________
Disapprove ________

Electrostatic Copy Made for Preservation Purposes
TELEGRAM

Mr. Darwin E. Smith
Chairman of the Board
Kimberly-Clark Corporation
Neenah, Wisconsin 54956

I understand that you have made a proposal to the Council on Wage and Price Stability to reduce prices to bring your Company into compliance with the voluntary price standard. I believe that your proposed pricing actions are commendable and reflect your support of the nation's anti-inflation program. I urge you to implement your proposal immediately. While I understand your reluctance to announce this action publicly, I believe the American people should be made aware of your positive efforts.
April 26, 1979

EYES ONLY

MEMORANDUM TO THE PRESIDENT

From: Charlie Schultze

Subject: March Balance of Trade Data

For a change, it's a pleasure to give you some statistical news. Tomorrow (Friday) at 2:30 the Commerce Department will release its estimate of the March merchandise trade balance. The trade deficit fell from $1.3 billion in February to $0.8 billion in March.

Exports rose sharply — by $950 million and are now 30% above a year ago. Imports, after falling in February rose by $450 million in March. All of the increase was petroleum products.

We are — for awhile — getting the best of two worlds. Last year's big dollar depreciation stimulated export orders, and that is now showing up in shipments. The recent appreciation of the dollar is boosting the price we are getting for many of our quick-lead time exports and reducing the price we pay for imports.

The trade balance deficit of $800 million almost surely won't stay that low. It is far below our projection for the year. But it is good news.

When the Commerce Department recently estimated the first quarter GNP, they didn't have this number, and guessed a much higher deficit. Using the correct number raises the first quarter GNP growth above the published number.

The large growth in exports — to sound a slightly sour note — helps explain the continued strong markets and price pressures in parts of our economy.