

4/26/79 [2]

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THE WHITE HOUSE
WASHINGTON

4/26/79

Frank Moore

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

Rick Hutcheson

cc: Jerry Rafshoon
Jody Powell
Stu Eizenstat

1665

THE WHITE HOUSE
WASHINGTON

April 26, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M.

Frank
Let's prepare
a strong public
statement for me to
make -

(Tie to 3-mile
reassessment)
J

For your information

1. The House Science and Technology Committee voted down the Administration's amendment sponsored by Cong. George Brown to terminate the Clinch River Breeder Reactor by a vote of 25 to 15.
2. In the House Commerce Committee, the vote on the gas rationing plan did not occur for lack of a quorum. The vote will now be on Tuesday.

**Electrostatic Copy Made
for Preservation Purposes**

8:00 AM

THE WHITE HOUSE

WASHINGTON

4-26

April 25, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

FRED KAHN

Fred

SUBJECT:

Status of the Anti-inflation Program

Since the Consumer Price Index for March is coming out the morning of our breakfast, I would like to use the occasion to summarize and examine the significance of price developments during the first five months of the anti-inflation program.

One central question this record raises has to do with the efficacy of the price standards and of our monitoring effort. I plan to concentrate most of this memorandum and our discussion on this subject. This will inevitably involve some repetition of analysis and explanations that we have provided you earlier; but I think it would be helpful to try to put them before you in an integrated fashion, and bring you up to date.

Finally, I would like to examine the consequences of the Teamsters settlement.

In effect, this memorandum will be concerned with four severe problems that have beset the anti-inflation program:

- (1) special-sector problems that are driving up energy costs, food prices, and home purchase costs;
- (2) unanticipated excess demand, which is pushing up prices of basic materials;
- (3) start-up problems with the price standard and the price monitoring effort; and

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- (4) damage to the credibility of the pay standard caused by the public perception of the Teamsters settlement.

Some of these difficulties will fade away with time. Some can be mitigated by actions we can take and have taken. Some are chronic, and have no simple solutions.

A. The price record.

I attach a table summarizing the October to March CPI and PPI records.

The most important thing to observe about the former is that most of the inflation of consumer prices during the program year can be traced to developments in sectors to which the price standard is not applicable.

1. Consumer food prices are rising at a 15.7 percent annual rate. These increases can be traced primarily to the exempted farm sector, where prices have been rising at an explosive 35-40 percent rate. Poor weather, declining cattle herds and past agricultural policy decisions are the sources of the problem. There is not much that we can do about these price increases, but the Department of Agriculture expects substantial moderation in the months ahead. Wholesale food prices have been relatively stable in April; pork prices are actually declining.

2. Despite the fact that electricity rates have been virtually constant, energy prices have been rising at a 16.3 percent annual rate. Much of this can be traced to large increases in natural gas and crude oil, which are not covered by the price deceleration standard. The largest increases are for gasoline, which is subject to mandatory controls. Nevertheless, there have been large increases also in refining margins, which CWPS and DOE are investigating. Energy prices will continue to increase at rapid rates throughout 1979, not so much because of

decontrol as because of OPEC and the inexorable decline in the old domestic oil

3. Home purchase prices and financing charges are rising at a 12.8 percent rate, partly because of restrictive monetary policy, which raises mortgage interest rates, but mainly because we simply have been experiencing a real estate boom. Interest rates and the sale of used houses are exempted from the price standard. It is unlikely that interest rates will continue to increase as rapidly as they have, but there is no compelling reason to expect a reversal of the trends in home purchase prices, which are rising (in part) because individuals are seeking to protect themselves against inflation.

4. The importance of these special-sector problems is underscored by the fact that the prices of other consumer goods and services -- a category that conforms roughly to prices covered by the price deceleration standard -- have been increasing at a 6.7 percent rate, which is within range of the program's original target. From this record alone, it is not evident that we have had major violations of the price standard.

5. Excess demand is also an important factor. This is reflected in wholesale price increases where the record is less encouraging, since it reflects a surge of inflation across all product lines.

A basic premise underlying the design of the pay and price standards and of our original monitoring strategy was that we would be operating in a slow-growth economy with some slack in it. Last summer, when the program was designed, virtually all economic forecasters were predicting a slowdown, if not a recession, in late 1978 or early 1979.

This basic premise, that we would be operating in an economy with some slack, led to the expectation that it would

be only the largest firms, in the relatively concentrated markets, that would have any substantial arbitrary power to raise prices. This justified the assumption that a voluntary program could work, and could be enforced with a relatively small staff.

As would be expected, the overheating of the economy is most evident in across-the-board increases in the prices of industrial crude materials -- scrap metal, nonferrous metals, building materials. Many of these prices are not covered under the price standard; these markets are highly competitive and the attempts to control such prices during the early '70s controls program led to severe market distortions and shortages.

The surge in crude material prices is forcing many complying companies off of the price deceleration standard and onto the profit-margin limitation. The ultimate result is higher prices of consumer and producer finished goods than the program contemplated. Outstanding examples of this have been chemicals (because of petroleum feedstocks), shoes (leather), jewelry (precious metals), and batteries (lead). This problem will spread in future months and continue to show up in the CPI, unless there is rather quick relief from the demand pressures in the basic materials industries. On the other hand, when and as the economy slows down, we can expect relief from these extreme increases.

B. Monitoring and the price standard.

Our monitoring activities have revealed problems with the price standard and the procedural regulations and the monitoring strategy. We have acted to correct most of these.

1. Problems with the standard and the procedural regulations.

a. As you know, many companies had been assuming that they could shift from the price deceleration to the profit-margin standard at will. Our recent tightening up of the process for seeking this exception and of our criteria for granting it has already produced results: it was our denial of such an exception request that led to the price rollback by Scott Paper Company last week. There will be others.

b. Although some relief is needed for firms experiencing "uncontrollable cost" increases, even the tightened profit-margin limitation would, in many cases, have required insufficient price restraint. We therefore have amended the procedural regulations to state that approval of a profit-margin exception request will generally be conditioned on compliance with a specified, adjusted price standard.

c. Because the profit-margin limitation was based originally on profits for the entire program year, the determination of compliance could not be made until the end of the year. As a result, many companies that were in excess of the price deceleration standard immediately applied for a profit-margin exception, thus postponing the day of reckoning.

The changes I have already described have mitigated this problem. In addition, we now require that compliance with the profit margin be reflected in the six-months and nine-months financial results, (the first of which will shortly be available).

d. Under the price deceleration limitation, each company was asked to compute its own standard, based on historical data. In addition, the regulations provided certain computational flexibilities, which companies

understandably took advantage of. As a result, the average self-computed company standard is about one-half percentage point higher than what we expected on the basis of published price indexes.

For this reason, we discussed with you the possible desirability of requiring an added half-point of deceleration; but, you will recall, we concluded that such a tightening would not make sense in the present economic environment. We will in any event have to reconsider the price standards for the second year, and should take this problem into account at that time.

e. Many companies have misinterpreted the price standard in ways that seemed to justify greater price increases than were really permitted under the standard. Because this is a voluntary program, and because some (though not all) of these misinterpretations were in good faith, we have concentrated on getting those firms set straight rather than citing them for violation.

2. Problems with the monitoring effort.

a. Because the monitoring strategy initially focused on the largest corporations, many small and medium-sized firms were not aware that the standards applied to them. When contacted by COWPS monitors, many of them professed ignorance of the standards.

We have expanded both our informational program and our monitoring activities to encompass more of these companies. We have distributed a simplified Guide for Small Businesses directly and through trade associations. In addition, COWPS monitors have been getting directly in touch with many smaller companies in problem sectors (for example, 130 paper product companies in the last two weeks).

Finally, we are urging major companies to emulate General Motors in calling upon their suppliers to comply (our next candidates are General Electric and the Bell System). I attach a letter of April 24 from GM summarizing the encouraging results. Construction industry trade associations have also agreed to ask their members to take similar actions with respect to their suppliers and subcontractors.

b. Closely related, it is clear that many firms knew about the program but were paying little attention to the details of the program.

We are stepping up our monitoring efforts to reach these firms, especially in industries experiencing rapid price increases. Also, we want to raise with you the possible desirability of lowering the OFPP procurement threshold from contracts of \$5 million to \$1 million.

c. Many smaller companies have responded to our monitoring inquiries by saying they do not have the base period information they need to construct their individual price targets. To overcome this difficulty, we will publish base period price increases for individual product classifications. This will enable companies to compute their own price deceleration targets by simply calculating an average of the COWPS numbers weighted on the basis of their own product mixes.

d. The process of contacting individual firms, evaluating data presented in widely varying formats, and going back for additional information is highly time-consuming. We are therefore now developing a reporting form, and requesting regular reports from all firms with sales above \$250 million.

e. Any price control program -- whether voluntary or mandatory -- must ultimately rely on the willingness of businesses and workers to cooperate. This will happen only if they feel the program is fair. In part for this reason, we designed procedural regulations carefully to provide due process for accused companies. This is especially important for companies that could suffer genuine economic injury if they were cited publicly as noncompliant. These procedures do, however, make it more difficult for us to reach determinations of noncompliance and they delay the listing of noncompliant companies when we find them.

As long as we want to be fair, there is not much we can do about this. We have, however, shortened some of the time periods and provided firm deadlines for companies to reply to requests for information, notices of probable noncompliance, and so on.

Summary.

We have significantly modified our approach to price monitoring as a result of the problems we have encountered in the last two months. During the first few months after October 25, we placed our primary emphasis on providing assistance to firms that wished to comply. Full-scale monitoring began only in mid-February, but became reasonably effective only after the first six months had expired (at the end of March), at which time definitive determinations of compliance with the six-month limit became possible.

To date, the Office of Price Monitoring has made direct contact with over 600 companies. Roughly half of these results are still in process of being analyzed, with the staff awaiting additional information or discussions with the companies.

Thirteen situations have proceeded to the point that we have sent out notices of probable noncompliance. Some of these companies have responded with data in support of claims that they are in compliance with the price deceleration standard or that they qualify for the profit-margin exception. Several are in the process of negotiating with the Council to bring themselves into compliance. It is still too early to predict the outcome of the others.

Recently, we have been able to identify violators, and some companies have acted to reduce prices after consultation with COWPS. We will discuss a few pending enforcement actions with you at breakfast.

C. The Teamsters' settlement and the status of the pay standard.

The public perception of the Teamsters' contract has given rise to a severe credibility problem. The media have persistently emphasized the parties' statements that it is a 30 percent 3-year agreement, despite our efforts to give them the full (and more complicated) truth.

1. The Teamsters' contract did comply with the standards; but it also took maximum advantage of every allowable exception. It was the difference between the allowable 7 percent and the total increase, including nonchargeable items, of 8.3 percent annually that created most of the public problems. The exceptions included:

a. 30 cents in hourly pay to cover the increased costs of existing health and pension benefits. This provision of the standards has been in place since December, and has been a factor in pay increases for many other workers, and should not have been a problem. But the costs in the case of the Teamsters' contract were markedly above average.

b. 5 cents to increase pensions for existing retirees.

c. 21 cents of excluded hourly payments that accrued under the cost of living clause of the previous contract. This exception, which we formulated during the Teamsters' negotiations, was the one most responsible for the public perception that we bent the standards to get a settlement. All I can say in defense is that your Collective Bargaining Committee agreed unanimously that this interpretation of the standards (which gives carry-over COLA payments the benefit of the same 6 percent imputation as COLA clauses in new contracts) is equitable, and that it was worth taking this calculated gamble to avoid an impasse and the high settlement we were advised was the most likely outcome of a prolonged strike.

I attach a table summarizing the salient facts about the settlement.

2. The public was further confused because both the union and management (the one in hope of getting its members to ratify the agreement, the other to persuade the ICC to approve generous rate increases) insisted on evaluating the cost of living clause in the contract at an assumed 8.5 percent inflation rate over three years rather than the 6 percent target of the standards. This raised the annual costs to 9 percent, or 30 percent over the life of the contract.

3. From an inflation point of view, the results are mixed. The settlement is less costly than the previous contract by about 2 percent annually. Thus it represents a significant deceleration. On the other hand, it is more than other, weaker union and nonunion workers have been receiving. And so, it has generated increased discontent among other workers who are being held to 7 percent. The fact that knowledgeable observers inside

and outside the Administration regard the result as a substantial achievement for the standards, considering all the circumstances, will probably carry less weight with the public than the general feeling that the standards have been weakened, and unfairly so.

GENERAL MOTORS CORPORATION
GENERAL MOTORS BUILDING
DETROIT, MICHIGAN 48202

ROGER B. SMITH
EXECUTIVE VICE PRESIDENT

April 24, 1979

The Honorable Alfred E. Kahn
Advisor to the President
on Inflation
The White House
Washington, D. C. 20500

Dear Fred:

I thought you would be interested in an interim report on our efforts at General Motors to solicit additional business support for President Carter's voluntary anti-inflation program.

With my April 9 letter to you outlining the steps we were taking, I attached a copy of Tom Murphy's letter to approximately 22,000 of our suppliers. While we urged them to write to you pledging support for the program, we did not ask the suppliers to send us copies of their letters. Nevertheless, many of them have done so and based on the copies received thus far, I have to believe our efforts are paying off handsomely.

While you have all their letters, I'd like to share with you just a few of the comments made in the copies we received. For example:

"Although we are only a 6½ million dollar company with but 37 employees, we feel support for this serious problem must come from the entire business community."

"We (Tool & Die, Machine Builders -- small businesses) have done more to control inflation than any one I know."

"We are out to get inflation under control and we need help!"

"We agree with your efforts, however, we feel that cutting government expenses and budget is a first priority."

and

"It is our feeling that the great majority of industry in this area support the program and would point out that, no doubt well known to you, the major thrust of inflation is not coming from the industrial circle but more from the food and commodity area and from the weakness of the dollar."

In addition to pledging support for the voluntary program, some suppliers commented on the pressing need for government restraint in spending and monetary policies. For example:

"We therefore hope that President Carter will carry through on his promise to reduce government spending, reduce government employment, reduce unnecessary government regulation and reduce the deficit! It is time for our government and our elected officials to recognize by deed and not merely by rhetoric that this country was made great principally through the efforts of the private sector, and not with a system in which the government takes an ever larger part."

"It should also be pointed out the excessive controls put on business forcing us to comply with environmental laws, OSHA standards, etc., created for the protection and benefit of the public, is coming to him at a very high cost perhaps in the long run his freedom."

and

"The government is the major cause of inflation, not the business community, and until you recognize this, we will continue to have a high level of inflation."

We also wrote the chief executive officers of the Fortune 500 companies urging them to send similar letters to enlist the support of their suppliers in the voluntary program. While we did not ask them to respond to us, some have done so. After advising that their

April 24, 1979

companies support the program, they commented about activities with their suppliers. For example:

"In addition to (conforming to the guidelines), we are encouraging our suppliers, most of whom are small and middle sized companies, to do everything they can to conform."

"We, too, assured President Carter of our compliance with the wage and price guidelines and have called our position to the attention of our suppliers, shareholders and customers via our ISSUES FOR ACTION campaign, and our advocacy advertising in major U. S. publications."

"Your suggestion about encouraging our suppliers to comply with the price guidelines is a good one. We are now preparing a similar letter for (our) suppliers, and we will draw substantially on your April 5 letter to GM suppliers in preparing our own message."

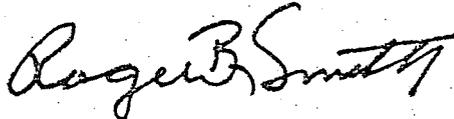
and

". . . your suggestion of a letter over my signature urging their support of the President's program is a good one. A letter is now in preparation and will be sent out soon."

These brief quotes give the flavor of just a few of the approximately 600 letters we understand you have received thus far. Of course, not everything has been favorable. I'm sure you are aware of the April 18 Wall Street Journal editorial "Down with Big Business." Our response to that editorial was printed in the Journal's April 23 edition.

On balance, I am well pleased with the results thus far.

Sincerely,



PRICE CHANGES DURING THE PROGRAM YEAR

CONSUMER PRICE INDEX
(Seasonally Unadjusted, Annual Rates)

	<u>Relative Importance</u>	<u>Price Change Oct. - March</u>
<u>All Items</u>	100.0%	10.1%
Food	18.2	15.7
Energy	8.5	16.3
Home purchase and finance	19.9	12.8
Used Cars	3.1	0.0
<u>Monitored Items</u>	50.3	6.7
Commodities	22.6	6.5
Services	27.7	7.3
<u>Food</u>	100.0	15.7
Away-from-home	30.5	12.6
At-home	69.5	16.9
Imported Items	12.2	8.6*
Domestically Produced	57.3	20.9*
Farm Value	22.7	40.4*
Farm-Retail Margin	34.6	9.1*

PRODUCER PRICE INDEX
(Seasonally Unadjusted, Annual Rates of Change)

	<u>Relative Importance</u>	<u>Price Change Oct. - Mar.</u>
<u>Consumer Goods</u>	70.6	12.7
Food	25.2	16.5
Nonfood	45.2	10.8
fuels	6.8	24.7
shoes	1.4	23.8
jewelry	0.7	30.0
other	36.3	7.3
<u>Intermediate Materials</u>	100.0	11.6
Food	5.4	13.6
Intermediate except food	94.6	11.4
<u>Crude Materials</u>	100.0	28.3
Food	58.6	26.7
Nonfood	41.4	35.4

* October to February

1979 MASTER FREIGHT AGREEMENT

	<u>Chargeable</u>	<u>Total</u>
<u>1st Year</u>		
Fixed wages	\$.59	\$.80
Benefits .....	.24	.44
COLA (6%) .....	.20	.20
	<u>\$1.03</u>	<u>1.44</u>
<u>2nd Year</u>		
Fixed wages	\$.35	\$.35
Benefits .....	.29	.36
COLA (6%) .....	.41	.41
	<u>\$1.05</u>	<u>\$1.12</u>
<u>3rd Year</u>		
Fixed wages	\$.35	\$.35
Benefits .....	.20	.27
COLA (6%) .....	.22	.22
	<u>\$.77</u>	<u>\$.84</u>
<u>Total</u>		
Fixed wages	\$1.29	\$1.50
Benefits .....	.73	1.07
COLA (6%) .....	.83	.83
	<u>\$2.85</u>	<u>\$3.40</u>
Percentage	22.5%	26.9%
Average-Annual Percentage	7.0%	8.3%

PRELIMINARY

	<u>1976</u>	<u>1979</u>	<u>Total</u>
		<u>Chargeable</u>	
Fixed	26.5%	16.0%	19.8%
Increases	(8.1% annual rate)	(5.1% annual rate)	(6.2% annual rate)
Total Increases with COLA	34.3%	22.5%	26.9%
at 6% inflation	(10.4%)	(7.0%)	(8.3%)
Total Increases with COLA	37.2%	22.5%	28.9%
at 8% inflation	(11.1%)	(7.0%)	(8.8%)

THE WHITE HOUSE
WASHINGTON
April 26, 1979

Zbig Brzezinski
Jim McIntyre

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

Rick Hutcheson

TO BOB UNDER
FOR HANDLING

1640



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

APR 24 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. 

SUBJECT: Proposed revision to FY 1980 security assistance authorizing legislation, providing for a grant military assistance program of \$50,000,000 for Turkey

We are forwarding herewith Presidential correspondence to Chairmen Church and Zablocki of the Senate Foreign Relations and House Foreign Affairs Committees recommending that these Committees support enactment of the necessary authorization for a fiscal year 1980 budget amendment of \$50 million in grant military assistance to Turkey. Since the House has already passed the International Security Assistance Act of 1979 (H.R. 3173), the Senate Foreign Relations Committee is being asked to add the necessary authorizing language during markup of S. 584, the Administration's proposed 1980 security assistance authorization legislation, and the House Foreign Affairs Committee, to support this language during Conference.

At Secretary Vance's urging, you recently approved an additional \$150 million in assistance (\$100M SSA, \$50M MAP) for Turkey. After congressional consultations, however, State was persuaded that the MAP portion generated enough controversy such that, if included in a 1979 supplemental, it could threaten the entire package. At State's request, then, we have split the package. You recently transmitted to the Congress a bill authorizing the \$100 million in Economic Support Fund Assistance, together with a 1979 budget supplemental in that amount. This FY 80 supplemental provides for the \$50 million in MAP.

In accordance with established procedures, this proposed correspondence, prepared by the State Department, has been coordinated informally with Department of Defense and National Security Council staffs.

We recommend that you sign the proposed correspondence at the same time as the budget amendment*which is necessary to secure the required appropriation.

TWO SIGNATURES REQUESTED

*you have already signed

THE WHITE HOUSE

WASHINGTON

Dear Mr. Chairman:

I have today transmitted to the Congress an amendment to my fiscal year 1980 budget that will provide for a grant military assistance program of \$50,000,000 for Turkey.

This grant military assistance program would enable the Turkish military to obtain spare parts and replacement equipment desperately needed to address severe shortages. Turkey's economic crisis now prevents it from purchasing this equipment and limits the usefulness of additional FMS financing. As part of a multilateral effort to address Turkey's economic problems, I have already transmitted a supplemental request for \$100 million in Economic Support Fund assistance for fiscal year 1979. It is equally imperative that the US help meet Turkey's urgent military needs.

By responding to these needs, the US can demonstrate to Turkish political and military leaders our commitment to increased security cooperation with their country. This increased cooperation is of great importance and relates directly to Turkey's NATO role, its geopolitical position, and our intelligence collection operations, including facilities which the Turkish Government permitted us to reopen last fall. This grant military assistance program can make an important contribution to maintaining a strong, stable, democratic and pro-Western ally in a troubled and vital region.

Moreover, developments in the region in recent months, most notably the instability in Iran, have also increased Turkey's security concerns. On a political level, a \$50 million MAP program would be particularly welcome to Turkish political and military

The Honorable
Frank Church, Chairman,
Committee on Foreign Relations,
United States Senate.

leaders at a critical period in Turkey's history and would add an important measure of goodwill and cooperation to our bilateral relationship.

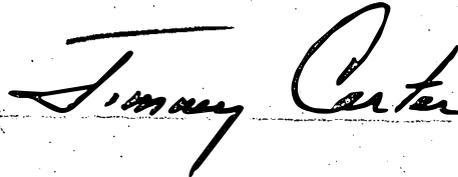
In accordance with the requirements of section 620C(d) of the Foreign Assistance Act of 1961, as amended, I hereby certify that the furnishing of this additional security assistance for Turkey will be consistent with the principles set forth in section 620C(b) of that Act. In this regard, it remains the firm policy of the United States to support the resolution of all differences among countries in the region peacefully, to encourage all parties to avoid provocative actions, and to oppose any attempt to resolve disputes through force or threat of force. With regard to the Cyprus problem, the United States continues to support fully efforts, especially those of the United Nations, to bring about a prompt, peaceful settlement on Cyprus including the withdrawal of Turkish military forces from the island in the context of the solution. The United States continues to support the maintenance of the ceasefire on Cyprus pending achievement of a negotiated solution. The military assistance I am requesting for Turkey will help create the stability and security that are important underpinnings to progress toward these goals.

The military assistance to be furnished to Turkey under the bill would be furnished in accordance with, and subject to, chapter 2 of part II of the Foreign Assistance Act of 1961, as amended. Accordingly, the defense articles and defense services made available thereby would be furnished subject to Turkish agreement that they will be used only for those purposes for which furnished, including legitimate self-defense, internal security, and to enable Turkey to fulfill its responsibilities as a member of the North Atlantic Treaty Organization. In addition, this military assistance is designed to help Turkey to maintain its present military capabilities in furtherance of its important NATO role, and as such would not have an adverse effect on the regional military balance.

In order that the authority necessary to carry out this important military assistance program may be enacted, I enclose a revision of section 4(a) of the Administration's proposed fiscal year 1980 security assistance authorization legislation, which you were

kind enough to introduce by request in the Senate as S. 584, the International Security Assistance Act of 1979. As revised, section 4(a) of the bill would amend section 504(a)(1) of the Foreign Assistance Act of 1961 to include Turkey among those countries for which a fiscal year 1980 military assistance program is expressly authorized. I strongly urge that the Committee on Foreign Relations take favorable action on this request in considering S. 584.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter", written over a horizontal line.

Enclosure

THE WHITE HOUSE

WASHINGTON

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By responding to these needs, the US can demonstrate to Turkish political and military leaders our commitment to increased security cooperation with their country. This increased cooperation is of great importance and relates directly to Turkey's NATO role, its geopolitical position, and our intelligence collection operations, including facilities which the Turkish Government permitted us to reopen last fall. This grant military assistance program can make an important contribution to maintaining a strong, stable, democratic and pro-Western ally in a troubled and vital region.

Moreover, developments in the region in recent months, most notably the instability of Iran, have also increased Turkey's security concerns. On a political level, a \$50 million MAP program would be particularly welcome to Turkish political and military

The Honorable
Clement Zablocki, Chairman,
Committee on Foreign Affairs,
House of Representatives.

THE WHITE HOUSE
WASHINGTON
April 26, 1979

Tim Kraft
Arnie Miller

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

handling

Rick Hutcheson

Two MEMOS ATTACHED:

FOR ACTION
FYI

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

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

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

THE WHITE HOUSE
WASHINGTON

April 23, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK*
ARNIE MILLER *AM*

SUBJECT: Federal Council on Aging

The Federal Council on Aging assists the President and the Commissioner on Aging on matters relating to the needs of the elderly.

There are fifteen members appointed by the President and confirmed by the Senate. The terms of six of the members have expired. Nelson Cruikshank, Chairman of the Council, has worked closely with Secretary Califano and with many senior citizen groups to arrive at a representative list of candidates. The following candidates are recommended for appointment:

For terms expiring June 1981:

Mary Mulvey, Ed.D. (Providence, Rhode Island):
Supervisor of Adult Education, Providence Public Schools; Vice President, National Council of Senior Citizens; President, National Senior Citizens Education and Research Center. She is supported by Senator Claiborne Pell.

Louise B. Gerrard, Ph.D. (Charleston, West Virginia): Executive Director, Commission on Aging, State of West Virginia. She is a past President of the National Association of State Units on Aging, currently Secretary of the National Council Aging and Chairperson of NCOA's Committee on Rural Elderly. Her appointment is supported by both organizations.

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Jean T. Perdue, M.D. (Miami Beach, Florida):
Medical Director, Office of Health Services,
Dade County. At the age of 76, she has had
extensive experience in the practice of medi-
cine, with particular emphasis on the needs
of the elderly. She is supported by Cong.
Claude Pepper and Sen. Lawton Chiles.

Cy Carpenter (Bloomington, Minnesota):
President, Minnesota Farmers' Union; President,
Green View, Inc., a non-profit corporation to
provide meaningful employment for low income
older rural people. He is a member of the
Governor's Council on Aging. The Vice Presi-
dent and the National Farmers Union support
his candidacy.

John Martin (Chevy Chase, Maryland): Former
Commissioner on Aging and legislative consul-
tant to the National Retired Teachers Associa-
tion and the American Association of Retired
Persons. His candidacy is supported by the
two associations.

For a term ending June 1982:

Aaron Henry (Coahoma, Mississippi): Chairman,
National Black Caucus on the Aging; Vice Chair,
National Rural America; board member, NAACP.
His appointment is supported by Dr. Arthur
Flemming, Chair, U. S. Civil Rights Commission,
and Benjamin Hooks, President, NAACP.

RECOMMENDATION:

Appoint the above slate of candidates to the Federal
Council on Aging, as recommended by Secretary Califano.

approve disapprove

J

FEDERAL COUNCIL ON THE AGING

FACT SHEET ON PROPOSED NOMINEE

Name of nominee (last, first, middle, prof. degree) MULVEY, MARY Ed.D.	Social Security
---	-----------------

Date of birth	Place of birth
---------------	----------------

Home address 95 Plymouth Road E. Providence, R.I. 02914 Telephone 438-1385	Business title and address Supervisor Adult Education Providence Public Schools 396 Smith St. Providence, R.I. 02908 Telephone
---	---

General biographical data: (education, employment, voluntary experience, publications, honors, professional memberships, etc.)

B.A., Univ. of Maine, M.A., Brown Univ., Ed.D., Harvard Univ.;
Lecturer, Preparing for Retirement, Univ. of Rhode Island
Author, Consultant for colleges, universities and the government in
adult education, aging problems, continuing education for women.

Specific background in the field of aging:

Vice President, National Council of Senior Citizens.
President, National Senior Citizens Education and Research Center.

Specific area of potential contribution in formulating national policy on aging issues:
Educator, Gerontologist, long and distinguished career in health care,
education and government.

Previous membership on DHEW Committees and terms of office:

Sources of Recommendations

Name	Title	Date
Clairborne Pell	U.S. Senate	3-7-78

FEDERAL COUNCIL ON THE AGING
FACT SHEET ON PROPOSED NOMINEE

Name of nominee (last, first, middle, prof. degree) GERRARD, LOUISE B. Ph.D.	Social Security
---	-----------------

Date of birth July 13, 1917	Place of birth Chicago, Illinois
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Home address 1413 Quarrier Street Charleston, West Virginia 25301	Business title and address Executive Director Commission on Aging State Capitol Charleston, W. Va. 25305 Telephone (304) 348-3487
---	--

Telephone (304) 342-7840

General biographical data: (education, employment, voluntary experience, publications, honors, professional memberships, etc.)

B.A., University of Chicago, 1939
A.M., University of Chicago, 1940 Political Science and Public Administration
Ph.D., Columbia University, Public Law and Government, 1969
Director of Research, West Va. Dept. of Mental Health, 1964-1969.
Research coordinator, West Va. State Legislature, 1963-1964.

Member: Gerontological Society

Specific background in the field of aging:

President, National Assn. of State Units on Aging, 1975-1977.
Secretary, National Council on the Aging; Chairman, NCOA's Committee on Rural Elderly.

Specific area of potential contribution in formulating national policy on aging issues:

Administration of a state level agency and program for the elderly; legislative knowledge and experience; deep concern for problems of rural elderly.

Previous membership on DHEW Committees and terms of office:

Sources of Recommendations

Name	Title	Date
Ad Hoc Coalition		9-1-77
NCOA		9-15-77

FACT SHEET ON PROPOSED NOMINEE

Name of nominee (last, first, middle, prof. degree) PERDUE, JEAN J. M.D.	Social Security
---	-----------------

Date of birth 1903	Place of birth Petersburg, Virginia
-----------------------	--

Home address 6421 North Bay Road Miami Beach, Fla.	Business title and address Telephone
--	---

General biographical data: (education, employment, voluntary experience, publications, honors, professional memberships, etc.)

A.B., Randolph Macon Women's; M.D., Charlottesville, Va., Univ. of Va. Med School; Med. Internship, Univ. of Va.; Post graduate course, Cardiology, Harvard Univ.; Summer 1938, engaged in various research projects including research of Transportation of Rheumatic Fever Patients, House of Good Samaritan, Boston, Mass; Aug 60-Nov 61 Medical Director, Dade County Dept. of Welfare; Nov. 61-73, Medical Director, Continuing patient Care Division, Jackson Memorial Hospital,

Specific background in the field of aging:

Oct 77 to present, Medical Director, Ofc of Health Services, Dade County, Fla.; currently, member of the Commission on the Ministry to the Aging of the Episcopal diocese of S.E. Fla; Nursing Home Committee of Dade County Health.

Specific area of potential contribution in formulating national policy on aging issues:

Previous membership on DHEW Committees and terms of office:

Sources of Recommendations

Name	Title	Date
Claude Pepper Lawton Chiles.	House of Representatives United States Senate	1-26-79

FACT SHEET ON PROPOSED NOMINEE

Name of nominee (last, first, middle, prof. degree) CARPENTER, CY	Social Security
---	-----------------

Date of birth December 21, 1922	Place of birth
---	----------------

Home address 8200 Portland Avenue Bloomington, Minn.	Business title and address
Telephone (612) 888-0345	Telephone (612) 646-4861

General biographical data: (education, employment, voluntary experience, publications, honors, professional memberships, etc.)

- Chairman of statewide committee for KID's, Inc.
- Member of the Advisory Council of the Univ of Minn.
- Vice President of the Minn. state Council of Economic Education.
- Member of the Agri-Business Education Advisory Committee.
- Member of Environmental Balance Association.

Specific background in the field of aging:

- President of Green View Inc.
- Member of the Minn. Governor's Council on Aging.
- Secretary of Advisory Committee for Farmers Union, Green Thumb.

Specific area of potential contribution in formulating national policy on aging issues:

Previous membership on DHEW Committees and terms of office:

Sources of Recommendations

Name	Title	Date

FEDERAL COUNCIL ON THE AGING

FACT SHEET ON PROPOSED NOMINEE

Name of nominee (last, first, middle, prof. degree) HENRY, AARON E.	Social Security
--	-----------------

Date of birth July 2, 1922	Place of birth Coahoma County, Mississippi
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Home address 636 Page Street Clarksdale, Mississippi Telephone (601) 624-6006	Business title and address Telephone (601) 624-2913
--	--

General biographical data: (education, employment, voluntary experience, publications, honors, professional memberships, etc.)

Chairman, National Black Caucus on the Aging.
Who's Who; Member, NCOA, Advisory Committee, Retired Senior Citizens, Coahoma County, Miss. Honorary Doctor of Humanities Degree, Co-Chairman, Democratic Party of Mississippi, Vice Chairman, National Rural America Incorporated, Democratic National Committee member, Member, NAACP Board.

Specific background in the field of aging:

Specific area of potential contribution in formulating national policy on aging issues:

Alert to community responsibility for national program such as Head Start, OEO, Community Action.

Previous membership on DHEW Committees and terms of office:

Sources of Recommendations

Name	Title	Date
Peggy Rainwater	White House	6-22-
Arthur Flemming	Civil Rights Commission	9-1-7
Ben Brown	Dem. National Committee	9-6-7
Benjamin Hooks	NAACP	9-14-

FOR ACTION
FYI

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

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

	ARONSON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	HARDEN
	HERNANDEZ
	HUTCHESON
	KAHN
	LINDER
	MARTIN
✓	MILLER
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	WARREN
	WEDDINGTON
	WISE
	VOORDE

	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY

THE WHITE HOUSE

WASHINGTON

April 23, 1979

①

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AM*

SUBJECT:

Presidential Appointment

We concur with Secretary Califano in recommending Susanna McBee to be Assistant Secretary for Public Affairs at HEW, which was recently vacated by Eileen Shanahan. Secretary Califano's memorandum is attached.

Jody Powell also concurs.

RECOMMENDATION:

That you nominate Susanna McBee as Assistant Secretary for Public Affairs at HEW.

approve

disapprove

J

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for Preservation Purposes**



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

APR 10 1979

MEMORANDUM FOR THE PRESIDENT

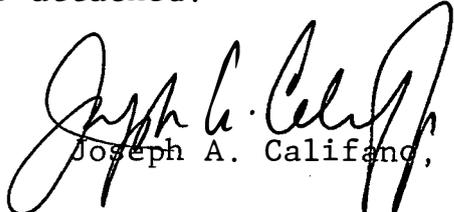
To succeed Eileen Shanahan as Assistant Secretary for Public Affairs at HEW, I recommend that you nominate Susanna McBee. She has spent most of the past two years covering urban affairs and Federal-State-local relations for the Washington Post.

We have checked out Ms. McBee extensively with management and staff at the Post, with former supervisors and colleagues at Life and McCall's, and with people at HUD. As a result of both these checks and our interviews with Ms. McBee, we believe that she would be a first-rate Assistant Secretary.

She is a very intelligent, hard-working, and conscientious reporter, with a strong social commitment and a reputation for professional integrity. She has been a Washington editor for McCall's and an assistant national editor for the Post; she is tough-minded and well-organized. The opportunity for greater managerial responsibility is one of the reasons she is attracted to the HEW position.

Of the nine candidates whom we interviewed, Ms. McBee is clearly the best qualified. I think that her appointment would bring great credit to HEW and to the Administration. We made the appropriate Congressional checks and they were all favorable. Jody Powell has interviewed her and supports her appointment. In addition, Mary Hoyt knows Ms. McBee and recommends her.

Ms. McBee's resume is attached.


Joseph A. Califano, Jr.

Attachment

Approved _____ Disapproved _____

RESUME

Susanna McBee

Born: March 28, 1935, Santa Fe, New Mexico

Education: John Marshall High School, Los Angeles, 1952
University of Southern California, A.B., journalism,
1956, Summa cum laude
University of Chicago, M.A., political science, 1962

Awards, scholarships: Bank of America award, \$1000, in Los Angeles city-wide liberal arts competition, special scholarships at USC
Theta Sigma Phi award, USC
California Newspaper Publishers Award, USC
Falk Fellowship, University of Chicago

College activities: Editor, Daily Trojan, USC
Phi Beta Kappa (junior and senior years)
Phi Kappa Phi (scholarship honorary)
Mortar Board
Student Senate

Work experience: Washington Post:

December 1977 to present--

National staff writer covering urban affairs and Federal-State-local relations.

April 1974 to December 1977--

Assistant national editor (directed congressional campaign coverage in 1974, coverage of Democratic Party mini-convention in December 1974, coverage of Presidential budget in 1976 and 1977, directed staff of about 15 reporters in day-to-day coverage of the Administration in 1976 and 1977).

January 1973 to April 1974--

National staff writer (urban affairs, Special Prosecutor and Justice Department coverage)

McCall's Magazine:

January 1970 to December 1972--

Washington editor (wrote and edited articles; commissioned writers to submit articles; helped plan coverage with other editors in New York).

Life Magazine:

March 1965 to December 1969--

Washington correspondent (covered general news, 1968 Presidential campaign). Won \$1000 Penney-Missouri award and Sigma Delta Chi award for series on diet pill scandal, 1969.

Washington Post:

1957 to February 1965--

Staff reporter (covered general news, national education beat, civil rights).

July 1956 to 1957--

Copy aide

Professional Membership: Washington Press Club

20100071101

100
100
100
100

THE WHITE HOUSE
WASHINGTON

early morning information incorrect.

Muskie can be reached at his home until 3:00...at which time he goes to Senator Bayh's home for a courtesy call. Muskie will be in his office after 4:00 when he meets with Vance. He departs tonight at 7:00 pm.

Your letters were "signed" this morning.

--SSC

THE WHITE HOUSE
WASHINGTON

April 26, 1979

*done =
Received
Moore 4-26
Muskie left 8:00 am.
J*

MEMORANDUM FOR: THE PRESIDENT
FROM: FRANK MOORE *F.M.*
SUBJECT: Telephone Call to Senator Ed Muskie *- or visit*

You agreed to talk with Ed Muskie before he departs for his 10 day trip to Europe as your personal emissary. *7:00 p.m. tonight*

You will want to stress how important this trip is to you and how valuable you think his views are. You will also want to say that you look forward to meeting with him when he returns.

He met with Zbig when the trip was being planned. He will meet with Vance this afternoon at 4:00.

He is carrying letters from you to Heads of State he will meet in the following countries, as well as to Roy Jenkins and Secretary General Luns, whom he will see in Brussels.

1. He will be traveling to Portugal where will be meeting with President Eanes and other government leaders to discuss our overall relations, especially in the economic realm, Portugal's role in NATO, and Lajes Base negotiations.

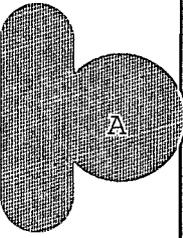
2. He will meet with King Carlos in Spain and other leaders where he is particularly interested in learning about Spain's views on the Middle East and its unique relations with the Arab world.

3. In Poland he will meet with Gierek and then travel to Krakow. He hopes to stress our increasing concern about the performance of the Polish economy. He will also discuss your and his commitment to broadening detente.

4. In Germany he will meet with Schmidt. In addition to economic issues, he will want to talk about German support for SALT, energy issues, and the need for Germany to match our efforts in Turkish aid.

5. In Brussels he will carry on general discussions about NATO and the European Community.

Attachment



THE WHITE HOUSE

WASHINGTON

April 11, 1979

To Senator Edmund Muskie

During the past two years it has been very important to me and to my Administration to build upon the close relations we have with our friends and Allies in Western Europe. As we have discussed, these nations are not only of the utmost importance to our security and economic vitality, but also to the economic well-being and political development of the Western world. You are also aware that we have been reaching out increasingly to some nations in Eastern Europe with the hope of building even more constructive relations.

This is an important time in the development of all these relationships, particularly in the economic field. From your position of leadership in the Senate as Chairman of the Budget Committee, you can speak with particular authority both about Congressional attitudes and about America's overall economic policies.

It is also critical for us to continue demonstrating our firm support for our NATO Allies, especially as together we undertake efforts to enhance our mutual security. Therefore, because of your impressive experience in dealing with foreign policy issues and your judgment, which I value highly, I would like to ask you to represent me in a special mission to Europe of considerable importance to the nation.

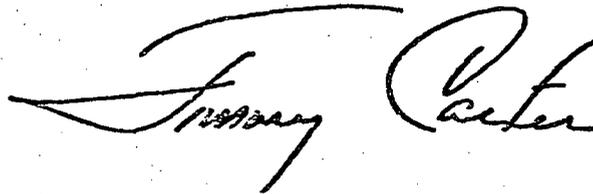
The European countries which I believe will be most useful for you to visit at this time are Portugal, Spain, the Federal Republic of Germany, and Poland.

In all these places, I hope that you will discuss with government leaders the major themes of America's global interests and concerns -- in particular, issues regarding the U.S., European, and global economies, as well as other issues you and I have discussed. I also hope that you will review steps we are taking to bolster European security, seen from your perspective in the Senate.

Upon your return from this mission, I would welcome a chance to meet with you to hear the results of your trip and to discuss with you the critical issues that you will be addressing while you are in Europe.

With best personal regards,

Sincerely,

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

The Honorable Edmund S. Muskie
United States Senate
Washington, D. C. 20510

Mr. President -

9
-

Attached is a statement for your
1 p.m. signing of the Windfall Tax bill.

It is strong and tough. Stee wants
to tone it down. I have attached
a copy with his changes along with
a memo I had Rick do objecting or
concurring with each of Stee's changes.

Jerry.

THE WHITE HOUSE

WASHINGTON

April 25, 1979

MEMORANDUM FOR JERRY RAFSHOON

FROM: Rick Hertzberg *Rick*
Subject: Windfall profits statement--
Stu's comments

Some of Stu's suggestions are fine, but others would just weaken the statement for no good reason. I've numbered them on the attached and will take them up one by one.

1. and 2. Stu's version seems like an unnecessary reminder that we're the ones giving the oil boys the huge bonanza to begin with.

3. This change is all right, though I don't really see the point of it.

4 and 5. These are OK, but our version sets up the argument better.

6. This should stay. It's tough.

7. Fine.

8. Ditto.

9. This should stay. It's exactly what every American believes. And it protests a real injustice.

10. and 11. Our version is stronger and more dramatic. And this isn't "special interests" in general, it's a particular, and monied, special interest.

12. This is the strongest, most arresting sentence in the speech. Stu et al will argue that "laundering" has a criminal connotation. But so does "ripoff" and "kickback." This sentence encapsulates our argument in a vivid, emotionally appealing way.

In general, we should not start to tone down our strong rhetoric on this issue. The message that the President is taking on Big Oil has only just begun to get through. We have to keep hammering away.

#

OVAL OFFICE STATEMENT ON WINDFALL PROFITS TAX AND ENERGY SECURITY FUND

I am today signing a letter to Congress asking for the passage of a windfall profits tax and an Energy Security Fund. This is one of the most important legislative proposals of my Presidency.

A windfall profits tax is the only thing standing between the giant oil companies and a huge bonanza of unearned,

^① [unnecessary and unjustified] profits ^② [due to decontrol.]

The Energy Security 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 help

[us become more self-reliant in energy.] ^③

^④ [~~The oil companies talk about how they need additional incentives to stimulate exploration for new sources of oil~~

and gas.) Under ~~this proposal, they will get~~ an additional \$6 billion in incentives ~~for this necessary exploration.~~ *decontrol, oil producers will receive* *in the next three years - after all federal and state taxes and royalty payments*

for additional energy exploration.] (5)

~~But that is all they need, all they should have, and all they will get.~~] (6)

The rest of the windfall revenue from the gradual decontrol of domestic oil ~~will~~ *must* go to create the Energy Security Fund for the American people.] (7)

This Fund will help low-income Americans pay the higher energy costs that come with decontrol. While we must decontrol oil to 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 improve our mass transportation. Better mass transit will mean that millions of Americans will no longer need to start their day by wasting energy in massive traffic jams on their way to work.

The Energy Security Fund 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.

[We can make great use of our enormous coal and oil shale resources.]

8

American know-how 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 O.P.E.C. oil embargo. ~~It is time that the oil companies stopped getting richer every time the American people suffer.~~

9

The Congressional battle over the windfall profits tax and the Energy Security Fund will be a classic confrontation pitting the public good against the ~~naked~~ power of a ~~monied~~ special interests. The oil industry lobbyists will be swarming over Capitol Hill like ants at a spring picnic.

10

11

If they can't defeat these proposals outright, they will try to gut them into meaninglessness.

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 of 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 launder money for the oil companies.~~] (12)

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

That's why I intend to work with Congress very closely 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.

#

THE WHITE HOUSE
WASHINGTON

4/26/79

Mr. President:

The Bayh memorial service will be at the National Cathedral from 11 am till noon tomorrow. Your schedule can be arranged to allow your attendance? Shall I proceed with plans?

yes no

Phil

J

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THE WHITE HOUSE
WASHINGTON

Mr. President:

Jack Pursch will
arrive at the residence
at 4:30 pm today.

Phil

A handwritten mark consisting of a stylized 'G' or 'C' shape with a horizontal line underneath it.

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Shapiro/Hertzberg
4/24/79

Susan
for 1:00 pm
J

OVAL OFFICE STATEMENT ON WINDFALL PROFITS TAX
AND ENERGY SECURITY FUND

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A windfall profits tax is the only thing standing between the ~~giant~~ oil companies and a huge bonanza of unearned, unnecessary and unjustified profits.

The Energy Security 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 help make us far more self-reliant in energy.

~~The oil companies talk about how they need additional incentives to stimulate exploration for new sources of oil~~

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the oil companies

~~and gas.~~ Under this proposal, ~~they~~ will get an additional

~~\$6 billion in incentives for this necessary exploration~~
additional exploration for new gas and oil -- a net increase after all federal and state taxes and royalty payments. Their profits are

~~But that is all they need, all they should have, and all they will get.~~
already very high, and growing rapidly.

tax
The ~~rest of the~~ windfall revenue from the gradual de-
must
control of domestic oil ~~will~~ go to create the Energy Security Fund for the American people.

This Fund will help low-income Americans pay the higher energy costs that come with decontrol. While we must decontrol oil to 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 improve our mass transportation. Better mass transit will mean that millions of Americans will no longer need to ~~start their day by wasting~~ *e* energy in massive traffic jams on their way to work.

The Energy Security Fund 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.

better uses of oil shale,
Increased energy will come from coal, our forests and streams.

American ~~know how~~ has given us the greatest industrial

innovation

capacity on earth. We must use our technological daring

to solve our energy problems.

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The Congressional battle over the windfall profits tax and the Energy Security Fund will be a classic confrontation

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monied special interest. The oil industry lobbyists will

be swarming over Capitol Hill like ants at a spring picnic.

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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* ~~launde~~ money *to* ~~for~~ the oil companies.

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

That's why I intend to *give* ~~work with~~ Congress *my total support* ~~very closely~~ 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.

#

THIS FUND WILL HELP US IMPROVE OUR MASS TRANSPORTATION. BETTER MASS TRANSIT WILL MEAN THAT MILLIONS OF AMERICANS WILL NO LONGER NEED TO WASTE ENERGY IN MASSIVE TRAFFIC JAMS ON THEIR WAY TO WORK.

THE ENERGY SECURITY FUND 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 O.P.E.C. OIL EMBARGO.

THE CONGRESSIONAL BATTLE OVER THE WINDFALL PROFITS TAX AND THE ENERGY SECURITY FUND WILL BE A CLASSIC CONFRONTATION

PITTING THE PUBLIC GOOD AGAINST THE ENORMOUS POWER OF A MONIED SPECIAL INTEREST. *AN EXCELLENT THIS WILL BE A GOOD OPPORTUNITY TO* THE OIL INDUSTRY LOBBYISTS WILL BE SWARMING *PROVE TO A SOMETIMES DOUBTFUL PUBLIC THAT IN SUCH OVER CAPITOL HILL LIKE ANTS AT A SPRING PICNIC. IF THEY CAN'T OIL COMPANIES CANNOT.* DEFEAT THESE PROPOSALS OUTRIGHT, THEY WILL TRY TO GUT THEM INTO MEANINGLESSNESS.

-- ABRAHAM LINCOLN ONCE ASKED:....

OF POLITICAL STRENGTH

A TEST, THE PEOPLE'S INTERESTS CAN PREVAIL

THIS FUND WILL HELP US IMPROVE OUR MASS TRANSPORTATION. BETTER MASS TRANSIT WILL MEAN THAT MILLIONS OF AMERICANS WILL NO LONGER NEED TO WASTE ENERGY IN MASSIVE TRAFFIC JAMS ON THEIR WAY TO WORK.

THE ENERGY SECURITY FUND 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 O.P.E.C. OIL EMBARGO.

THE CONGRESSIONAL BATTLE OVER THE WINDFALL PROFITS TAX AND THE ENERGY SECURITY FUND WILL BE A CLASSIC CONFRONTATION PITTING THE PUBLIC GOOD AGAINST THE ENORMOUS POWER OF A MONIED SPECIAL INTEREST. IF THE OIL COMPANIES CANNOT DEFEAT THESE PROPOSALS OUTRIGHT, THEY WILL TRY TO GUT THEM INTO MEANINGLESSNESS.

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.....