

6/21/79 [2]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From McIntyre to The President (3 pp.) re: Mexican Gas Negotiations /enclosed in Hutcheson to Jordan 6/21/79 <i>opened per RAC NLC-126-17-28-1-2 , 10/24/13</i>	6/21/79	A
memo w/att.	From McIntyre to The President (7 pp.) re: Mexican gas <i>opened per RAC NLC-126-17-28-2-1 , 10/24/13</i>	6/21/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 6/21/79 [2] BOX 136

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THE PRESIDENT'S SCHEDULE

Thursday - June 28, 1979

8:00 Breakfast with Economic Advisers. (Dr. Alfred
(60 min.) Kahn) - The Cabinet Room.

9:00 Dr. Zbigniew Brzezinski - The Oval Office.

9:30 Mr. Frank Moore - The Oval Office.

12:00 Secretary Cecil Andrus and Mr. Norm Guth.
(5 min.) The Oval Office.

1:30 Trucking Deregulation Announcement. (Mr. Stuart
(10 min.) Eizenstat) - The Rose Garden.

2:00 Korean Press Interview. (Mr. Jerry Rafshoon).
(5 min.) The Oval Office.

2742

THE WHITE HOUSE
WASHINGTON
6/21/79

Stu Eizenstat
Frank Moore

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

The signed original has been
given to Bob Linder for
distribution.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

June 21, 1979

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT *Stu*
FRANK MOORE *FM / BT*

SUBJECT:

Davis Power Plant Alternatives

As a result of discussions between you and the West Virginia delegation, an interagency Task Force was created in February to determine whether there are alternatives to the proposed Davis pumped storage hydropower plant in West Virginia. (As you recall, the Corps of Engineers determined that the power plant proposal could not be permitted under Section 404 of the Clean Water Act.) In directing Secretary Alexander to chair the effort, you urged close consultation with the Justice Department to insure that pending litigation was not affected.

Unfortunately, the Justice Department determined that the Task Force as it was originally constituted could not itself go forward. The Department of the Army, the Federal Energy Regulatory Commission, EPA and the Fish and Wildlife Service all have regulatory responsibilities for the existing proposal and likely would for any alternative. Justice concluded that the integrity of the regulatory process was threatened by the nature of the Task Force membership and assignment.

The Justice Department worked with a number of agencies to determine how best to reconstitute the Task Force. They have concluded that the Department of Energy is the best entity to lead the effort. Detailed discussions with DOE have led to an agreement on their part to perform the task.

These discussions have included our offices and Bob Lipshutz's. We have also been in contact with the West Virginia delegation's offices.

We recommend that you sign the attached memorandum to Secretary Schlesinger which will formally reconstitute the Task Force. The Justice Department has approved this draft. Lipshutz has no comment.

We will continue to work with the agencies and the West Virginia delegation to insure that the efforts proceed properly.

DECISION

_____ APPROVE
 _____ DISAPPROVE
 _____ OTHER



Attachment

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE SECRETARY OF ENERGY

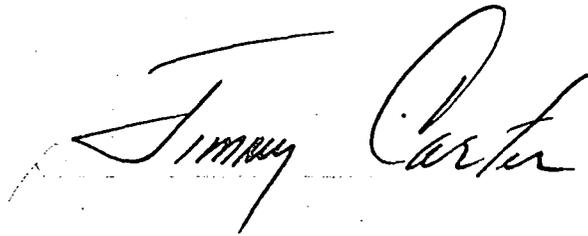
SUBJECT: Alternatives to the Davis Power
Plant Project

In a February 22, 1979, memorandum to the Secretary of the Army, I asked the Secretary to convene and direct a Task Force which would examine alternatives to the Davis Power Plant Project. However, the Department of Justice has expressed reservations about the Army's role in this effort in view of potential conflicts arising from the involvement of the Corps of Engineers in litigation. A concern has also been raised because the Corps of Engineers might be called on to conduct an administrative review of any proposed alternative.

Therefore, I would like the Department of Energy to conduct an analysis of the peaking power needs for the region to be served by, and alternatives to, the Davis Power Plant Project using the Davis Power Project as a base case to measure the merits of alternatives. Since the Davis Power Project has already been excluded as a viable project by regulatory action of the Army Corps of Engineers, it is inappropriate for that project to be reconsidered among the possible alternatives. It is especially appropriate for you to undertake this study because of the Energy Coordinating Committee's efforts to improve coordination among Federal agencies in handling problems related to energy facility siting.

This study should be conducted in a manner that is consistent with the Department of Energy's mission and statutory authority. The analysis should be broad enough to examine any alternative which would meet the need for energy production and the need for environmental protection and economic development in West Virginia.

By copy of this memorandum, I am also directing the Secretary of the Army, the Environmental Protection Agency and the Department of the Interior to cooperate with you in this effort and to provide data and staff support to help carry out this analysis. In doing so, these agencies should ensure that their regulatory roles are not compromised. You should also consult with the Council on Environmental Quality throughout the study. I would also encourage the involvement of the State of West Virginia, the Appalachian Regional Commission, and other interested parties in order to ensure that the analysis has the broadest possible input.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink on a light background. The first name "Jimmy" is written in a slightly larger, more prominent hand than the last name "Carter". The signature is positioned to the right of the main body of text.

THE WHITE HOUSE
WASHINGTON

June 21, 1979

done
J

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M./ER*
RE: Congressional Telephone Calls

I recommend that you call the following Members of Congress to say "thanks and congratulations on a job well done" for today's Panama Canal vote:

Speaker O'Neill

Congressman John Brademas

Congressman David Bowen (D-Mississippi)

Congressman Jack Murphy (D- New York)

Congressman Jim Wright -- unless you have already phoned him.

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THE WHITE HOUSE
WASHINGTON

Phil has
seen

THE WHITE HOUSE
WASHINGTON

June 21, 1979

MR. PRESIDENT

Stu feels that he, Bob Pastor,
and Elliot Cutler should sit in
on your meeting at 2:15 today
with Jules Katz.

Approve / Disapprove

 /
Phil

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for Preservation Purposes**



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 21, 1979

C
/

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM McINTYRE

SUBJECT:

Mexican Gas

Attached is the spring planning review paper analyzing the affects of various energy pricing policy decisions. Those portions relating to Mexican gas are highlighted on pages 3-4.

I will have a short memo focusing specifically on Mexican gas for you this afternoon.

Attachment (~~Confidential~~)

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Per, Rec Project
ESD 136-17-28-2-1
BY KLS 10/21/13

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COVER SHEET

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

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Per: Rac Project

ESDN: 126-17-28-2-1

BY ~~KS~~ NABA DATE 10/21/13

Attach this form to ~~CONFIDENTIAL~~ material in use. DETACH the form when material is filed, stored or dispatched.

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COVER SHEET

~~CONFIDENTIAL~~

1981 Spring Planning Review
Department of Energy

Statement of Issue

Should an Executive Group be established to direct analysis and coordinate decisionmaking on longer term energy initiatives to reduce imports?

Background

Your April 5 energy message announced the most important energy policy change for the U.S. since 1971. The decision to phase out domestic crude price controls by October 1, 1981, will bring to an end a complex system of price controls that has subsidized inefficient U.S. refiners and U.S. petroleum consumers as well as the importation of crude from foreign producers.

Your April 5 message and the promise of substantial revenues for energy investments have stimulated the development of energy initiatives by various Federal agencies, private interest groups and congressional committees. A number of specific energy investment proposals were included in the Fact Sheet. For the period FY 81 and 82, additional revenues of \$5 to \$9 billion for energy investments beyond those specifically identified would be available if the tax is enacted as proposed. Over a ten year period from \$9.2 to \$84 billion could be available in the Fund for energy.

A number of other important incremental energy supply issues beyond those that might use revenues from the Energy Security Trust Fund are in various stages of decisionmaking and will be decided in the coming months. These include: Mexican gas imports, Alaskan natural gas, how to encourage new technology commercialization, and whether to set oil import quotas or targets beyond 1979. As Congress acts on the Administration's Windfall Profits Tax, issues on oil pricing for incremental supplies will arise requiring Administration positions.

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In sum, a large number of important decisions involving billions of dollars will be made on incremental supplies of oil and gas or substitutes that will have a major impact on what the U.S. pays for energy supplies for many years into the future.

Analysis

In recent months, Administration decisions have been made on supply initiatives for shale oil, gasohol, newly discovered domestic crude, Mexican gas, and Alaskan gas. These decisions were made via different decisionmaking processes often involving different agencies and agency officials. For example, Mexican gas negotiations have been led by DOE, State and NSC with limited OMB and DPS involvement and no CEA or Treasury involvement. Decisions on shale oil and gasohol did not involve State or NSC but instead were made through the Energy Task Force headed by DPS with OMB, DOE, CEA, and Treasury participating. Because of the very limited time in preparing your Energy Message, explicit comparisons among alternatives were not made. As a result, pricing decisions for incremental supplies have been somewhat inconsistent.

Pricing decisions made to date exhibit wide variations even though the incremental supplies are all from the U.S., Canada and Mexico and are more secure than the Middle East. Shown below are the prices paid to the producer^{1/} in 1985 that are estimated to result from each recent supply policy decision. The price is shown for current world oil prices of about \$17 per barrel and for a higher world oil price of \$25 per barrel to illustrate what will happen if prices rise in the future.

The incremental supplies have been ranked going from the highest cost to the lowest. As can be seen under current world oil prices (\$17 per barrel) gasohol (ethanol), shale oil and Alaskan gas will cost substantially more than imported oil. Mexican gas, based on the most recent U.S. offer, is below imported crude as is Canadian gas. Domestic crude either newly discovered or through enhanced recovery techniques is at about world price under your phased decontrol program.

^{1/} Estimates shown as prices paid to producers include transmission costs for Mexican and Alaskan Gas.

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Recent Incremental Pricing Policy Decisions
(1979 \$)

	<u>\$17/Barrel World Oil Price</u>		<u>\$25/Barrel World Oil Price</u>	
	<u>Price</u>	<u>% Deviation from World</u>	<u>Price</u>	<u>% Deviation from World</u>
Gasohol (Ethanol)	\$ 30	+76%	\$ 38	+52%
Alaskan gas*	26-31	+52-82	26-31	+4-24
Shale Oil	21	+26	25	0
Enhanced Oil Recovery	17	0	21	-26
Newly Discovered Domestic				
Crude	17	0	21	-16
Mexican gas	16	-6	19	-24
Canadian gas	16	-6	19	-24

*Range depending on capital cost overrun assumption.

If world oil prices rise about 50% to \$25 per barrel (DOE estimates this may occur in the 1990 timeframe) gasohol (ethanol) is still estimated to cost a substantial premium (52%) whereas newly discovered domestic crude and domestic crude produced using enhanced recovery techniques would be priced at about 84% of the world price or about the same level as was the case prior to the your decontrol plan that included a decision to let newly discovered crude rise to the world price. This, in effect voids the replacement cost pricing policy for newly discovered crude. The reason for the lower price of newly discovered domestic crude under a \$25 world oil price is the 50% Windfall Profits Tax on all real world oil price increases. Mexican gas, however, is estimated to be 24% under the \$25 per barrel import cost based on the price escalator included in the U.S. offer and substantially less than the price of Alaskan gas.

This analysis leads to the following observations:

1. Over the past few months the different decision processes used to make decisions for each of the above items did not systematically compare the alternatives using price and other appropriate criteria.

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2. What the U.S. is willing to pay for relatively secure oil and gas supplies (or substitutes) is unclear and very inconsistent. For gasohol \$30 per barrel is the policy. However, the U.S. offer for Mexican gas is far less--less than the imported price of oil--because DOE believes: 1) it costs more to transport gas from the border to the user, 2) that the gas must compete with residual petroleum used mainly by industry, and 3) Canada will want a higher price if it is given to the Mexicans. The DOE position appears inconsistent because:

- (1) Mexican gas could be used to displace higher priced forms of petroleum such as distillate or low sulphur residual fuel oil.
- (2) Natural gas is the cleanest fuel from an environmental standpoint.
- (3) DOE's estimate of transportation costs for the gas appears too high.
- (4) Canadians can be expected to increase their price for gas to closely track petroleum. Paying a higher price for Mexican gas will have some influence but may not be the primary factor.
- (5) If the objective is to reduce oil imports from the Middle East Mexican gas ought to be worth a price equivalent to world oil or perhaps a premium in view of the close proximity of the supply, the potential for additional oil imports from Mexico, and the environmental superiority of gas.

DOE has also been a supporter of Alaskan gas even though it will be expensive. The reason given is that it will be a secure domestic supply.

A clearcut policy on what the U.S. is willing to pay to reduce insecure imports is needed.

3. U.S. import policy, beyond the 5% IEA commitment, has not been defined. Phased decontrol, the Energy Security Trust Fund, the International Energy-Finance Corporation, gasohol, wood stoves, etc., have been justified as being needed to reduce dependence on

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imports and to avoid further demand for world oil. However, an assessment has not been done for your decision on whether: 1) it makes any sense to set a target import level, 2) reduced imports can be achieved and at what economic cost, 3) world oil prices will be lower if reductions are achieved, 4) lower levels reduce U.S. vulnerability to supply disruptions and by how much and, 5) different origins of imported supply affects vulnerability. Without analyses and decisions on the preceding, a never ending stream of initiatives will be proposed for decision without ever addressing the goal and alternatives for achieving it.

4. Most of the initiatives are now focused on supply rather than energy efficiency or conservation. Incremental supply options should compete with conservation options. Comparisons of year-to-year budget and tax expenditures show that the USG spending for energy supply amounts to 85% of all expenditures. If a decision is made to pay a premium above imported oil prices, the next question is what are the options (either supply or conservation)? What does each cost and what other key factors (environment, safety, etc.) affect a given option? In recent months, the Administration has proposed relatively few new conservation initiatives.

We need a systematic, objective assessment of whether it makes any sense for the Administration to set goals on import levels and the alternatives for either incremental supplies or conservation. This will take several months to complete. If the previously used ad hoc approach continues and clear goals and criteria are not established, further inconsistency in pricing policy will result, possibly costing the U.S. taxpayer/consumer billions of dollars over the next decade and perhaps resulting in more dependence than could have otherwise been the case for the costs incurred.

Recommendation

We recommend:

1. Establish one central executive group, with a single chairman, to be responsible for undertaking this assessment and for recommending to you policy guidance for government actions in the areas of energy supply, conservation and pricing initiatives. Because it will be essential to have the full cooperation of DPS, NSC, State, DOE, CEA, OSTP, and OMB, this approach

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will require your directive and involvement. Without Presidential direction up front, any effort to establish a policy framework and standard criteria for making sound, consistent decisions in this area is not likely to succeed.

2. That you direct a central executive group to consider the following questions and report its findings to you by late August:
 - Does it make sense to set a target for import levels for 1980 and beyond in recognition of what various levels would cost to achieve and how each level affects U.S. vulnerability to disruptions and world oil prices?
 - Should a limit be set and, if so, at what level, on the price the U.S. would be willing to impose on taxpayers or consumers for additional supplies or conservation?
3. Initiate an effort to rank and compare recently proposed and any new supply or conservation initiatives. Compare each initiative on the basis of price, security, environmental impact, safety and other appropriate factors. Using the decision guidelines which flow from the exercise recommended above, choose the most competitive option for implementation.

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THE WHITE HOUSE
WASHINGTON

6/21/79

Hamilton Jordan
Stu Eizenstat

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

Rick Hutcheson

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Per, Rac Project

ESD/AT 126-17-281-2

BY KS DATE 10/21/13

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<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
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<input type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	JORDAN
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Per: Rac Project

ESDN: 12-126-17-28-1-2

BY 105 DATE 10/21/13

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2:15

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

DECISION

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. McINTYRE, JR.
STU EIZENSTAT
SUBJECT: Mexican Gas Negotiations

EW
He has not seen

The next round of government negotiations with Mexico are tentatively scheduled on July 15. We understand that the Mexicans may send a formal counteroffer to our earlier proposal one week prior to July 15. This memorandum provides our assessment of the importance of these negotiations and our recommendation that we be prepared to pay a significantly higher price because the gas is worth significantly more than our most recent offer of \$2.37 per million BTUs.

Secretary Schlesinger has been strongly opposed to paying a price for the gas that is higher than \$2.60 per million BTUs at the U.S. border which the U.S. rejected last year. The Secretary argues that because the gas will be used by industrial users who are now relying on residual fuel oil any Mexican gas must be priced at about this level. In addition, the Secretary believes that if the Mexicans are given a higher price than Canada (currently \$2.26 per million BTU) and U.S. domestic producers (currently \$2.35 per million BTU) they will demand the higher price as well.

We do not agree with the Secretary's assessment for the following reasons:

- Mexican gas could be used to displace higher priced forms of petroleum such as distillate or low sulphur residual fuel oil. Industrial/commercial users presently consume more than 3 million barrels per day. The price of these fuels has recently risen. Under April 1979 conditions the 80/20 formula gave a price of \$2.87 per million BTU. Under current conditions, the result would be \$3.40 per million BTU or more.
- Natural gas is the cleanest fuel from an environmental standpoint. EPA points out that gas is preferable to even low sulphur residual fuel oil in meeting your environmental goals.
- DOE's estimate of average transportation costs for the

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Per: Ron Project

12-17-28-1-2

BY: KS DATE: 10/21/13

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Mexican gas overstates additional costs. U.S. pipelines are not now flowing at capacity therefore for initial volumes the gas could be transported for very small additional cost.

- Canadians can be expected to increase their price for gas to closely track world oil price. Paying a higher price for Mexican gas will have some influence but may not be the primary factor.
- Mexican gas should be more secure than Middle East oil imports and is a diversified source of supply. This reduces U.S. dependence and vulnerability to what may be unstable Middle East oil.
- Mexican gas ought to be worth a price equivalent to at least OPEC crude landed in the U.S. or perhaps a premium in view of the close proximity of the supply and the apparent vast potential for additional oil and gas imports from Mexico, over the next ten years.
- The Secretary has been a supporter of Alaskan gas even though it will be expensive--much more expensive than Mexican gas. In 1985 for example, Mexican gas would be priced at \$4.31 per mcf versus ~~\$9.5~~ per mcf to ~~\$5.3~~ per mcf for Alaskan gas.

When Mexican gas is compared to the cost of other incremental supplies of oil and gas including insecure crude imports from the Middle East, the price advantages are compelling. Shown below is a comparison of alternative oil and gas supplies under existing Administration policy.

Incremental Supplies - Price Per Barrel Equivalent
(1979 \$)

	<u>\$19/BARREL WORLD OIL PRICE</u>		<u>\$25/BARREL WORLD OIL PRICE</u>	
	<u>Price</u>	<u>% Deviation from World</u>	<u>Price</u>	<u>% Deviation from World</u>
Coal Liquids	\$ 25-40	+32-111%	\$ 25-40	0-+60%
Alaskan gas*	26-31	+37-63	26-31	+4-+24
Gasohol (Ethanol)	30	+58	38	+52
Shale Oil	21	+11	25	0
Enhanced Oil Recovery Newly Discovered	19	0	21	-16
Domestic Crude	19	0	21	-16
Mexican gas	16	-16	19 25	-24 0
Canadian gas	16	-16	19 25	-24 0

*Range depending on capital cost overrun assumption, low assumes **30 %** overrun, high assumes **90 %** overrun.

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As can be the latest U.S. offer of \$2.37 per million BTU adjusted to include transportation costs, is well below the current price for imported crude distillate, low sulphur residual oil and all other incremental supply options except for Canadian and lower 48 State new gas. Mexican gas is far less expensive than synthetic fuels which as you are aware, are being advocated by many congressmen and Administration officials as the way to reduce imports. If an agreement can be negotiated, this could take some pressure off of spending billions for expensive synthetics.

We recommend the following:

- That we be prepared to pay a higher price for the gas-- at or near the equivalent of landed crude imports, currently in the range of . . . if Mexico will be flexible on quantities to be imported, and provide a secure supply for the longer term and agree to a reasonable price (50% GNP deflator, 50% crude) for future increases.
- That you place a single senior level official in charge of reaching an agreement by September and direct him to pursue the matter.

If you have any questions, please advise.

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

6/21/79

Bob Lipshutz

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

Rick Hutcheson

cc: Stu Eizenstat
Jody Powell

FOR ACTION
FYI

	FOR STAFFING
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	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

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	/	EIZENSTAT
		KRAFT
/		LIPSHUTZ
		MOORE
	/	POWELL
		RAFSHOON
		WATSON
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		MCINTYRE
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		PETTIGREW
		PRESS
		SANDERS
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		WISE
		VOORDE
		ADMIN. CONFIDEN.
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		SECRET
		EYES ONLY

THE WHITE HOUSE
WASHINGTON

6-21-79

To Lipschutz
Tell DOJ to
enforce my Exec Order
re building temperature,
(including in courtrooms)
to limit of law -
See NY Times editorial

JC

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seen

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Jules Katz

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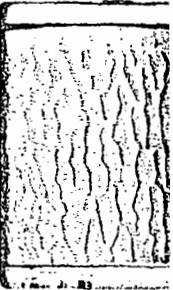
THE WHITE HOUSE
WASHINGTON
21 Jun 79

Stu Eizenstat

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the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

THE VICE PRESIDENT
FRANK MOORE
Jody POWER
JERRY RAFSHOON
JACK WATSON
ANNE WEXLER
JIM MCINTYRE



THE WHITE HOUSE

WASHINGTON

June 21, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Independent Truckers Strike/Suspension
of DOE Rule #9

As you have been informed, many of the nation's truckers have parked their rigs in protest against shortages and high prices for diesel fuel. This "strike" has become more effective in recent days. Moreover, one large group has called for a shutdown beginning last night and violence and property damage are escalating. Many truckers are not only refusing to drive themselves but are blocking others who wish to.

In the past several days I have met with three groups of independents, with a group of large regulated carriers and the Teamsters, and several times with relevant government agencies. Those most familiar with the situation believe that it is important for us to act promptly and decisively in response to the truckers concerns to defuse a situation that could deteriorate. Among some truckers the attitude seems to be: "We won't get all we want until we really < create havoc." This encourages unrealistic demands, demagoguery among rival leaders and increasingly emotional responses from truckers talking to each other in truck-stops and by CB radio.

For this reason we recommend release this week of a statement concerning the independent truckers strike and the nation's diesel fuel situation. This statement would specify our position on the key issues the truckers have raised, and hopefully signal to them that further pressure on the Administration will not lead to additional concessions from us. Our statement would contain:

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- o Revocation of DOE rule #9. This rule, which we put into effect about five weeks ago, provides fuel allocations for farmers, produce haulers, and mass transit operators. (See below)
- o Reiteration of the steps we are taking to increase supplies of diesel fuels (the \$5 entitlement and increased refinery runs).
- o Clarification and support for the ICC action to grant an automatic fuel price pass-through to independents.
- o A firm statement that we will not tolerate lawlessness and will use all necessary federal resources to assist the states to maintain order.
- o A reaffirmation of our commitment to the 55 mph speed limit.
- o A commitment to work with the nation's governors to develop a more uniform national system of licensing and taxing trucks. We anticipate arranging a meeting with key governors to discuss these issues with you on your return.
- o A commitment to seek passage of legislation pending in Congress to prohibit unfair overcharging of truckers for loading and unloading on produce docks.
- o A statement on truck sizes and weights that affirms the limited federal role in these state decisions, while agreeing in principle with the truckers goal of uniform national limits on sizes and weights.
- o A commitment to develop a more fuel-efficient truck engine as part of our "new auto" program.

Two of these measures are controversial: The revocation of Rule #9 and the Statement on truck weights.

Rule #9

Those who favor retaining the rule argue that to revoke it now (it expires on July 31 anyway) will open us to criticism of having waffled under pressure on another energy issue. They fear that farmers and farm representatives in Congress

will charge that you have reneged on your commitment made in Iowa. There also may be criticism because we are retaining the segment of rule #9 providing a special allocation for mass transit (since this service is critical during a period of gasoline shortage.)

Those who favor abolishing the rule now argue that it has largely served its purpose. (Most farmers have now nearly completed their planting.) They believe that the rule is unnecessarily diverting diesel away from other critical uses and that it is creating artificial shortages and price increases at truck stops and in the spot market. They point out that revocation will be supported by all segments of the transportation industry that do not now receive priority, (including the rail, truck and barge industries) and in particular, would be a sign to the independent truckers that we are sympathetic to their concerns.

On balance we believe that we should discontinue rule now. We can argue that the rule has succeeded in its main purpose and is threatening to create artificial dislocations. In tandem with our other actions to increase diesel supplies, this step should promise to significantly improve the diesel situation in the weeks ahead. Most Western and Midwestern Governors agree, as do some, though not all, farm state members of Congress. The Department of Agriculture will testify that rule #9 has accomplished its purpose.

Decision

Approve Statement with Rule #9 Revocation
(All agencies)

Approve Statement without Rule #9 Revocation

Truck Weights

Truck weight and size limits have been a matter of vigorous contention for decades.

Those who favor making a statement supporting uniform weights and encouraging the states to review the rules, argue that this step will do much to indicate your good faith with the truckers, hopefully encouraging them to go back to work. They believe that there is a strong case for uniformity since the current rules require greater numbers of trucks and often encourage circuitous, fuel wasting routing.

*ok - but I still
wanted a preemptive
statement from
Bergland that
farmers are o.k.
rule 9 has
served its
purpose.*

Since we are not preempting state decisions our statement can be accepted or rejected by the states as they choose. They point out that some state officials faced with conflicting pressures may wish to use your statement as an umbrella for the difficult decisions they must make.

Those who oppose a statement, including Secretary Adams who feels strongly on this issue, believe that truck weights are already too great for the nation's highways and that many states cannot afford the upkeep on the nation's roads at present. Adams believes that the trucks do not pay their share of road expenses and that cargoes of this weight should be moving on the railroads rather than over the highways. He points out that many state highway departments, safety groups and the Teamsters, in addition of course to the railroads, strongly oppose higher weights. He believes that even a statement puts us on the wrong side of this issue.

On balance I believe we should issue a statement favoring standard weights and encouraging states to reconsider this issue. This step leaves the decision-making process essentially as it is and potentially forestalls congressional action to mandate standard weights. (Congressman Bedell of Iowa is scheduled to introduce such a bill on Thursday.) We believe that many governors and members of Congress would strongly support our statement.

Decision

Include Statement on Uniform Weights _____
(All agencies except DOT)

Delete Statement on Uniform Weights _____ ✓
(DOT)

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Secured by *everyone* *no softies*
R. Hertzberg
6/21/79
12:50 p.m.

4:00 p.m.

Susan
ok
J

STATEMENT ON TRUCKERS' VIOLENCE

In recent days we have seen truckers' strikes in various parts of our country. Independent truckers play a vital role in the economy, and my Administration is working to meet their legitimate grievances. Some steps have already been taken. Others will be announced shortly. At that time, the striking truckers should go back to work and end the interruption of supplies of food and fuel to their fellow citizens.

Most important, however, I want to stress in the strongest possible terms that violence and lawlessness will not be tolerated under any circumstances. Murder, vandalism and physical intimidation are criminal acts and we will treat them as such.

I have asked for and received from Director ^{*William*} Webster of the Federal Bureau of Investigation a report on the situation in Alabama. I have also instructed him to provide all appro-

priate assistance to state and local law enforcement officials. The resources of the Department of Justice will be brought to bear in support of ^{state and} local efforts to insure that order is preserved, violators are apprehended, and individual rights are protected.

As necessary, the federal government will also help to coordinate the protection of truck traffic moving in interstate commerce. We will do whatever is necessary to see to it that those truckers who want to work are not threatened with violence or intimidation.

I commend those ^Governors who have acted swiftly and effectively to stop violence in their states. I am pledging each of the fifty ^Governors my full support and that of the Federal government for their efforts to put an immediate end to strike-related violence and lawlessness.

#

2:45

C

THE WHITE HOUSE

WASHINGTON

June 21, 1979

MEETING WITH SENATOR HOWARD BAKER

Thursday, June 21, 1979
2:45 P.M. (20 minutes)
Oval Office

**Electrostatic Copy Made
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From: Frank Moore ^{FM/MB}
Dan Tate ^{DT}
Bob Beckel ^{BB}

I. PURPOSE:

To discuss SALT.

II. BACKGROUND, PARTICIPANTS AND PRESS PLANS

Background: Senator Baker has indicated directly and indirectly several times over the past six weeks his desire to meet with you privately to discuss amendments to the SALT II Treaty. Baker has stated publicly that SALT II will not be ratified without amendments. He met at the end of May with David Aaron and Bob Beckel (ostensively for a briefing on the Treaty) and indicated his intention to act as an "honest broker" on behalf of Senate Republicans if you were willing to accept changes in the Treaty.

Baker said he did not want to offer "killer" amendments, but said that the Administration must be reasonable in accepting substantive changes.

Baker said he would like to meet with you before July 4 (we are not sure of the significance of that date, if any) to get some indication of your intentions on Treaty changes. After asking us to pass this back to the White House, Baker proceeded to discuss the meeting with the press shortly thereafter. His motives for doing this are unclear, although he told us that the press statement was a friendly reminder of his desire for a meeting.

Baker has been pushed lately by the press to indicate what types of changes he will propose to SALT II. Although he has been vague, he continues to cite, as an example of possible changes, inclusion of the BACKFIRE bomber in the aggregate limits. In recent speeches Baker has become more and more specific on the BACKFIRE. This clearly is an unacceptable change. We are not sure whether Baker understands that this is in fact a killer amendment and wants to force renegotiation or if he is still very ignorant of the terms of the Treaty. In any event, one purpose of this meeting will be to clarify for Baker what you consider to be unacceptable killer amendments, as well as an opportunity to respond to his request to serve as a broker.

Participants: The President, Senator Baker
Frank Moore

Press Plans: White House photographer only.

III.

TALKING POINTS:

- That you hope this meeting will be completely off-the-record and that you wish that Baker will not divulge any of the substance of the meeting.
- You recognize that there are concerns being expressed about SALT II in the Senate, particularly among Republicans. You believe that in time, after the Treaty is thoroughly examined, these concerns will be satisfied. However, there may be some legitimate concerns worth exploring.
- It may be possible that these concerns, if handled appropriately and in the proper form, can be expressed in a way that is consistent with the spirit of the Treaty.
- You appreciate the Senator's public statement that he does not want to offer killer amendments

to the Treaty. There are already amendments, for example the Goldwater amendment on the BACKFIRE (you may wish to hand Baker a copy of the Goldwater amendment, which is attached) which is clearly a killer amendment. You hope the Senator recognizes that this kind of amendment is totally unacceptable and you will oppose strenuously any attempts to include it in SALT II. Any further discussion of this amendment would not be productive. You believe, however, that the Senator understands that this is a killer amendment and that the changes he is concerned with are nowhere near this extreme.

-You would like to continue to work with the Senator. He speaks for many of his colleagues. You will probably not be able to accommodate everyone's concerns. What the Senator wants, you hope, is not incompatible with what you want. You know that the Senator wants a good SALT II Treaty ratified by both the Senate and the Russians.

-It is important to continue to talk as the debate develops. In the meantime, however, if the Senator would like to discuss specific concerns, you will instruct Warren Christopher, with Frank Moore and Bob Beckel to continue ongoing dialogue with you.

-You want to make it clear, however, that if SALT II fails because of killer amendments, you intend to make it clear to the American people that SALT failed, not on its merits, but because certain Senators pressed unacceptable amendments which were adopted and then voted for the Treaty, knowing that neither you nor the Soviet Union could accept it as changed.

-The Senator may offer to exchange vote counts with you. We must steadfastly refuse. Senators will make commitments to you which they will not want anyone else to know about and it would not be advisable to exchange a less than valid count.

THE WHITE HOUSE
WASHINGTON

21 June 79

Landon Butler

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

Rick Hutcheson



THE WHITE HOUSE
WASHINGTON

done
J

MEMORANDUM FOR THE PRESIDENT

FROM:

LONDON BUTLER 

DATE:

JUNE 21, 1979

SUBJECT:

CALL TO FRANK FITZSIMMONS, PRESIDENT
INTERNATIONAL BROTHERHOOD OF TEAMSTERS

If there is time today after your statement about law enforcement during the independent truckers' strike, I recommend that you call Frank Fitzsimmons.

The Teamsters are not in favor of the work stoppage, and Fitzsimmons has encouraged his members to continue driving. Yesterday, Robert C. Tate, a 31-year-old Birmingham Teamster and father of five children, was shot in the leg by a sniper while driving between Memphis and Birmingham--he bled to death before he could reach help.

Fitzsimmons called Stu yesterday to say that he is worried that his members will begin to take the law into their own hands, and that he may have no choice but to advise them to stay home for their own safety. Fitzsimmons will welcome your statement.

If you call Fitzsimmons, I suggest that you tell him that you wanted him to know about your statement before it is on the news, and ask him to express your condolences to the Tate family.

cc: Hamilton Jordan

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8:00 AM



CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

June 20, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM: EPG STEERING GROUP

WMB

SUBJECT: Agenda for your Economic Breakfast
Thursday, June 21, 1979

We wish to secure your guidance on several major policy issues before beginning consultations with Congressional, labor, and business leaders.

Two memoranda are enclosed:

- . A Steering Group memorandum seeking your general views on the major policy issues that will arise in the consultations;
- . A memorandum by Charlie Schultze pointing out the serious economic consequences of recent and impending increases in world oil prices.

MS9 SCOPED
MS9 GAO
Julian Katz

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8:00 AM

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C

June 20, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *C/S*
Subject: Update on Economic Developments

Summary

Incoming data over the past couple of months indicate a significantly weaker economy in 1979 than we had expected. Apart from food, energy, and new housing (the price of new housing affects very few consumers in any one year) consumer price increases have not accelerated sharply. But the increases in food and energy prices have been very large, and have sharply cut into consumer purchasing power. As a consequence, consumers have been reducing their purchases. Businesses are adjusting their production schedules quickly to avoid an undesired buildup of inventories. While this will help prevent an inventory correction later on, it is producing a marked slowdown now in the rise of employment and personal incomes, and this is adding to the weakness of consumer spending.

There is still a chance that we will avoid a recession, but it is only a slim chance. Business fixed capital spending still appears to be relatively strong, and demands for our exports are rising vigorously. But growth abroad, as well as at home, is being adversely affected by rapidly rising OPEC oil prices. And the willingness of businesses to maintain their capital spending plans could weaken if consumer markets continue to be very sluggish.

OPEC pricing decisions hold the key to the course of the economy over the rest of this year and on into 1980. The prospects we face in this regard are not good. We are currently undertaking an intensive review of the outlook for economic growth and inflation assuming that OPEC oil prices will rise to about \$22 a barrel by the fourth quarter of 1980, compared

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with \$13.50 in December 1978. This would imply an increase of roughly 45 percent over two years in real OPEC oil prices. A rise of this magnitude, together with the effects of gradual decontrol, would put a drag on the economy equivalent to a tax increase of approximately \$25 to \$30 billion relative to what we had expected on the basis of the January OPEC price schedule. The Federal budget is also moving significantly toward restraint during this period.

We still expect a moderation of inflation in the second half of this year. The rapid rise of food prices appears to be behind us, at least for the next six months. Increased slack in the economy will lead to declines in prices of raw materials other than energy, and businesses will have difficulty passing on cost increases to the prices of finished products. Energy prices, however, are likely to continue rising rapidly, and there is a danger that past increases in prices will spill over into wages, putting added upward pressure on costs that would eventually be passed through to prices.

Economic policy must now focus on ways both to minimize the length and depth of the economic slowdown and to avoid the increase in the underlying inflation rate that would ensue if wage rate increases begin to accelerate. Unfortunately, the two objectives are not easily reconciled.

Recent Developments in the Economy

Last January, we expected economic growth to slow moderately in 1979. At that time, we were forecasting a decline in the inflation rate as 1979 proceeded, with a resulting drop in interest rates. The improvement on the inflation front was expected to lead to a strengthening of economic growth, so that the increase of real GNP would move up from 2-1/4 percent in 1979 to about 3-1/4 percent in 1980. At that time, we believed that this was an optimistic, but reasonably based, assessment of our prospects.

Unexpectedly high rates of inflation, especially increases in food and energy prices, have altered the economic outlook markedly. The economy has slowed in early 1979 much more than we had bargained for, and indications are that the economy will continue to be weak over the rest of the year.

- o Retail sales, in real terms, have declined about 4 percent since the fourth quarter of 1978, largely because of the cutback in consumer purchasing power.
- o Total new car sales held up reasonably well through May, but appear to be declining in June.
 - Large car sales have dropped substantially this year, creating very large unsold inventories of these models.
 - Small car sales, both imports and domestic models, have risen sharply. Shortages are limiting the rise in sales of these models.
- o Businesses are adjusting production schedules quickly to avoid an undesired buildup of inventories. Industrial production showed no change between March and May; the sharp drop in April (due largely to the Teamsters' strike) was just offset by the May increase.
- o Employment growth has slowed substantially in the past two months.
 - Between March and May, employment at nonfarm establishments rose by less than 100,000 per month, compared with an average monthly gain of over 300,000 in the first quarter.
 - Since the length of the workweek declined, the total of hours worked at nonfarm establishments fell over the two months.
- o The rise of personal income has slowed appreciably. In the past two months, personal income increased at an annual rate of 7 percent, far below the rate of increase in consumer prices.

Recent economic statistics have not all been bad. Housing starts rose 5 percent in May, but are 12 percent below the fourth quarter of last year. High mortgage interest rates and reduced availability of credit are taking their toll, but the weakness in housing is about what we expected. A moderate further decline in housing starts is likely over the remainder of 1979. Thus far, business fixed investment plans appear to be holding up well. The latest Commerce Department survey indicated some strengthening since February in planned outlays for plant and equipment in 1979. Moreover, capital appropriations of large manufacturing firms rose strongly again in the first quarter. Export growth continues to be robust -- nonagricultural exports in April were 24 percent above their level a year earlier. Exports are likely to continue to rise briskly this year, because growth abroad is likely to remain relatively strong, although the gains will be moderated by the impact of higher oil prices.

Earlier today, the Commerce Department provided us with its very preliminary (never to be published) estimate of real GNP in the second quarter. Commerce estimates that real GNP declined at an annual rate of 2.4 percent this quarter, following a rise of just 0.8 percent in the first quarter. The economy is thus well below the track we had expected in January, and there is now relatively little hope of positive real GNP growth during the four quarters of 1979.

Recent Price Developments

Since December, the CPI has risen at an annual rate of 13 percent, led by very sharp increases in food, energy items, and home purchase and financing.

Changes in Consumer Prices, December 1978 to April 1979

(percent, annual rate)

Total, all consumer items	13.2
Food	16.3
Energy	31.4
Home purchase & financing	18.4
All other	7.7

Increases in all other items in the CPI -- at a 7-3/4 percent annual rate -- have been high, but well below the rate of increase for all consumer items.

Thus far, there has been very little spillover of inflation into wages. In fact, wage rates have risen somewhat less in the past six months than in the same period a year earlier. This is fortunate from the standpoint of the inflation outlook. Once a higher inflation rate becomes built into the wage and cost structure, and hence into the underlying inflation rate, it is very hard to turn around. But the fact that wage rate increases have not accelerated is the major reason why economic growth has slowed so much. Average hourly earnings are currently increasing at an annual rate of roughly 8 percent; compensation per hour worked (which includes private fringe benefits and employer contributions to social security) is rising at about a 9 to 9-1/2 percent annual rate. On either basis, real earnings per worker are under a tremendous squeeze, and that is the major reason why consumer spending has been so sluggish.

If the higher rates of inflation were accompanied by higher wage increases, consumer purchasing power would not be squeezed -- inflation might be bad, but consumer sales and output would not be depressed. But the three major sources of current inflation all tend to raise prices relative to wages:

- The proceeds from higher oil prices go to OPEC, the oil companies, and the U.S. Government.
- The proceeds from higher meat prices go principally to farmers.
- The sharp slackening of productivity growth raises the rate of price inflation relative to wage inflation.

Moderation of food price increases will slow the erosion of real wages and consumer purchasing power. But we see no reason to look for immediate relief on the oil and productivity fronts.

OUTLOOK FOR 1979 AND 1980

Output and Unemployment in 1979

Many private forecasters are convinced that a recession is now imminent, if not already underway. They may be right. At best, real GNP will not grow at all over the four quarters of 1979, and it may decline. Whether the current sluggishness of the economy turns into a classic recession -- with substantial outright declines in output and employment in the goods-producing industries -- depends importantly on (i) whether or not business investment plans hold up in the face of weak consumer markets; and (ii) the size of future oil price increases. Anecdotal evidence suggests that businesses have been expecting a weakening of consumer spending, and are planning their capital expenditures with an eye to the longer run. If they stick to these plans, we may ride through the present weakness in consumer spending and housing without tipping over into a recession -- at least, anything more than a very mild recession.

(A separate paper has been sent to you with the EPG material, analyzing the economic consequences of the runup in world oil prices. With relatively conservative assumptions about future OPEC price increases, our analysis suggests that the level of GNP by the fourth quarter of 1980 will be depressed about 2 percent below earlier projections by the oil price rises. Unemployment would be raised about 0.8 percent, and the rate of inflation in both 1979 and 1980 increased by 1 percent.)

Inflation in 1979

During most of the remainder of 1979, the overall inflation rate should come down from the very high pace of the first half. Food price increases are likely to be relatively moderate, because meat supplies (pork and poultry) have improved substantially. There is a reasonable hope that the home purchase and financing component of the CPI will also rise less rapidly. Mortgage interest rates are still rising rapidly, but this should come to an end before too long because interest rates on Treasury securities and corporate bonds appear to have reached their peaks for the current business expansion. Weakness in the economy should also lead to declines in raw materials prices (excluding energy) and limit the ability of business firms to pass on cost increases.

Mild Recovery in 1980

Sometime during 1980, with or without a recession, and despite rising oil prices, economic growth is likely to resume, even if no changes in fiscal policy are made to invigorate the economy. Moderation of inflation in the second half of this year will help to bolster consumer purchasing power. Interest rates may also fall, in part reflecting weaker credit demands in a slowing economy (the prime loan rate at banks already has been reduced), and perhaps also because of an easing of the stance of monetary policy (we have indications that Chairman Miller already is considering such a move). Prospects are therefore good for an upturn in housing during the course of 1980. A fall in interest rates would also improve the outlook for business capital spending.

Economic growth is likely to remain very slow next year, however, and both inflation and unemployment in 1980 will be significantly higher than we had earlier forecast. At the moment, it is highly likely that unemployment will rise over 7 percent sometime in 1980.

Careful analysis is required of how far we can go with fiscal policy in cushioning the adverse effects of rising energy prices on consumer growth and unemployment without damaging the prospects for making long-run progress against inflation. Even under the best of circumstances, the underlying inflation rate will remain very high next year. Unit labor costs will probably be rising at a rate exceeding 9 percent; energy price increases are likely to be large, and the effects of past energy price increases will be working their way through the economic system.

At the EPG breakfast with you tomorrow, we will be discussing these developments, and possible policy responses, in preparation for consultations with the Congress, business, and labor.

NATO Ag - John
 Military - budget - M East - OSHA
 Energy - CIO Sec - coal - Ind trucks
 Panama - soc sec - Citrus - Ind creek

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 WASHINGTON

Ed = CL stroking = family → WH
 committee staffs

Hefner - N.C. - DoE - info
 Jim Johnson
 Repub 7th Am Ad = be more positive

Charlie
Whitley Califano → other job

Dick (Top support) CL → Cong too seldom
Gephardt

Mike Good support = CL adequate = Ch
Rohell

Wes Marriage → divorce = CL poor -
Watkins 13 mos 10 mtg = 10 CL in office
 100% negat - Loyalty =

Ed Sit not imp much = Blacks = Ch 30 =
Jones Farm Credit Act (in Tenn)
 Bus/Ind leave in 7th Am Ad = Weak in Tenn

Wiley React distrib - in no main hand -
Ireland SBA req relief = for off - totally
 against a don't care

Ronnie Death in district's TVA 2 for 4 Tenn
Hippo
 Mar 1978 Voting record (-)

meeting with House Members 6/21/79

WHEN I RAN FOR PRESIDENT, I PROMISED TO WORK VIGOROUSLY TO LIFT THE HEAVY HAND OF GOVERNMENT REGULATION FROM THE ECONOMY WHENEVER THIS WAS CONSISTENT WITH OUR NATIONAL PURPOSES AND THE BEST INTERESTS OF THE AMERICAN PEOPLE.

TODAY, I AM PROPOSING LEGISLATION THAT WILL REDUCE THE RED TAPE AND EXCESS REGULATIONS THAT HAVE STRANGLD AND STRAIT-JACKETED THE TRUCKING INDUSTRY FOR MORE THAN 40 YEARS.

UNNECESSARY, AND SOMETIMES NON-SENSICAL, FEDERAL REGULATION OF THE TRUCKING INDUSTRY IS COSTING AMERICAN CONSUMERS BILLIONS OF DOLLARS EACH YEAR IN HIGHER TRANSPORTATION COSTS ON ALMOST EVERY FOOD ITEM AND MANUFACTURED PRODUCT WE BUY.

(=OVER=) (TOO MANY TRUCKS ARE.....)

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TOO MANY TRUCKS ARE RATTLING BACK AND FORTH ON THE ROAD TODAY EMPTY, BURNING UP PRECIOUS DIESEL FUEL, BECAUSE OF I.C.C. RULES PROHIBITING TWO-WAY HAULING. SOME TRUCKING COMPANIES CAN DELIVER ALL THE INGREDIENTS NECESSARY TO MAKE SOUP TO A FACTORY, BUT IT IS ILLEGAL FOR THEM TO MAKE A RETURN TRIP CARRYING THE FINISHED SOUP IN CANS.

OTHER RULES DEFY THE HUMAN IMAGINATION. SOME TRUCKERS CAN HAUL MILK AND WHIPPED CREAM, BUT NOT BUTTER AND CHEESE. OTHERS CAN TRANSPORT PAINT IN TWO-GALLON CANS, BUT NOT FIVE-GALLON CANS. SOME TRUCKERS ARE ALLOWED TO CARRY BANANAS, BUT NOT PINEAPPLES, UNLESS THE BANANAS ARE MIXED WITH PINEAPPLES.

(=NEW CARD=) (OUR HIGHWAYS ARE FILLED.....)

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OUR HIGHWAYS ARE FILLED WITH TRUCKERS DRIVING MILES OUT OF THEIR WAY BECAUSE THE I.C.C. REQUIRES THEM TO FOLLOW SPECIFIC ROUTES THAT DEFY RHYME OR REASON. ONE TRUCKING FIRM MUST GO FROM DENVER TO ALBUQUERQUE BY WAY OF SALT LAKE CITY -- AN UNNECESSARY DETOUR OF ALMOST 300 MILES.

I.C.C. REGULATIONS STRANGLE COMPETITION. TRUCKING COMPANIES ARE ALLOWED TO MEET TOGETHER IN SECRET TO SET RATES -- A PRACTICE THAT WOULD BE ILLEGAL PRICE-FIXING IN ALMOST ANY OTHER BUSINESS.

IT IS DIFFICULT, IF NOT IMPOSSIBLE, FOR NEW TRUCKING FIRMS TO ENTER THE INDUSTRY. THIS IS ONE REASON WHY MINORITIES OWN LESS THAN ONE PERCENT OF ALL INTER-STATE MOVING COMPANIES. I.C.C. REQUIREMENTS ALSO SHORT-CHANGE SMALL TOWNS AND CITIES BY FORBIDDING TRUCKERS TO MAKE INTERMEDIATE STOPS ALONG THEIR ASSIGNED ROUTES.

(=OVER=) (RESTRICTIONS LIKE THESE ARE.....)

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RESTRICTIONS LIKE THESE ARE SYMBOLS OF GOVERNMENT REGULATION GONE WILD. THEY DO NOT MAKE ECONOMIC SENSE. THEY WASTE MILLIONS OF GALLONS OF FUEL. THEY BREED A CLIMATE OF DISRESPECT FOR LAW. THEY EXCLUDE AMERICANS FROM ENTERING ONE OF THE NATION'S MAJOR INDUSTRIES.

TODAY, I AM SENDING TO THE CONGRESS "THE TRUCKING COMPETITION AND SAFETY ACT OF 1979" WHICH WILL END THESE ABUSES AND, AT LONG LAST, BRING SENSIBLE FEDERAL REGULATION TO THE TRUCKING INDUSTRY.

THIS BILL WILL --IMMEDIATELY REMOVE ALL CERTIFICATE RESTRICTIONS ON TWO-WAY TRIPS AND INTERMEDIATE STOPS.....--GRADUALLY REMOVE ALL OTHER ROUTE RESTRICTIONS BY 1983.....--END PRICE-FIXING.....--ENCOURAGE PRICE COMPETITION, THE FORMATION OF NEW TRUCKING FIRMS, AND OTHER FORMS OF COMPETITIVE BEHAVIOR.....--IMPROVE SERVICE TO SMALLER COMMUNITIES.

(=NEW CARD=) (IT WILL STRENGTHEN THE.....)

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IT WILL STRENGTHEN THE DEPARTMENT OF TRANSPORTATION'S ABILITY TO IMPROVE TRUCK SAFETY ON OUR NATION'S HIGHWAYS. ... AND IT WILL HELP ALL AMERICANS IN THE BATTLE AGAINST INFLATION BY REDUCING THE COSTS OF SHIPPING THROUGHOUT THE UNITED STATES.

I WILL SOON SEND TO CONGRESS PROPOSALS WHICH ASSURE THAT CONSUMERS RECEIVE INCREASED PROTECTION IN THE HOUSEHOLD GOODS MOVING INDUSTRY.

REAL COMPETITION IS THE BEST ANTI-INFLATION MEDICINE. AIRLINE DEREGULATION HAS ALREADY SAVED AMERICAN TRAVELLERS OVER \$2.5 BILLION IN REDUCED AIR FARES. ACCORDING TO THE COUNCIL ON WAGE AND PRICE STABILITY, THIS TRUCKING DEREGULATION BILL WILL SAVE AMERICAN CONSUMERS \$5 BILLION.

(=OVER=) (AMERICA'S FREE ECONOMY.....)

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AMERICA'S FREE ECONOMY HAS PROVIDED THE GREATEST MATERIAL BLESSINGS OF ANY NATION ON EARTH. I AM DETERMINED TO BRING COMMON SENSE, EQUITY AND EFFICIENCY TO THE ENTIRE REGULATORY PROCESS SO THAT THE STRENGTHS OF OUR ECONOMY CAN BE REALIZED WHILE THE PUBLIC GOOD IS PROTECTED AS IT SHOULD BE. THESE PROPOSALS ARE A MAJOR STEP TOWARD THAT GOAL.

WHO IS FOR THIS LEGISLATION? -- CATTLEMEN, FARMERS, CONSUMERS, MERCHANTS, MANUFACTURERS; INDEPENDENT AND SMALL BUSINESS ORGANIZATIONS; STATE GOVERNMENTS, CITIES; COUNTIES; THOSE INTERESTED IN HIGHWAY SAFETY, CONTROLLING INFLATION AND SAVING ENERGY.

WHO IS AGAINST IT? - SOME TRUCKERS WHO HAVE A NON-COMPETITIVE ADVANTAGE AND WHO WANT TO PERPETUATE A GOVERNMENT BUREAUCRACY TO PROTECT SUCH INTERESTS.

(=NEW CARD=) (....'CHMN BIZ JOHNSON... AIRLINE
DEREG..)

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- ③ --- CHAIRMAN BIZ JOHNSON -- AIRLINE DEREGULATION ...
- ④ --- CHAIRMAN JIM HOWARD - SUBCOMMITTEE HEARINGS THROUGHOUT NATION ...
- ② --- SENATOR HOWARD CANNON - CHAIRMAN OF THE SENATE COMMERCE COMMITTEE...AIRLINE DEREGULATION IN THE SENATE...HEARINGS NEXT WEEK....
- SENATOR CHARLES PERCY ▸ TRUCKING SAFETY BILL -- MODEL.....
- ① --- SENATOR TED KENNEDY - LEADER OF ALL PHASES OF REGULATORY REFORM... FIRST TO SUGGEST COMPREHENSIVE TRUCKING DEREGULATION.

(#) (#) (#)

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