6/22/79 [1]

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THE WHITE HOUSE
WASHINGTON

22 June 79

Jack Watson

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

Rick Hutcheson

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		KAHN
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		MARTIN
		MILLER
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		PETTIGREW
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		WARREN
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	EYES ONLY

THE WHITE HOUSE

WASHINGTON

June 21, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: GENE EIDENBERG Gene

SUBJECT: Cedar Rapids Trade Seminar

Jim McIntyre mentioned to me your question about the N.Y. Times article reporting an Administration decision to "be more permissive in granting of export licenses."

The tone and, to some extent, the substance of the article are wrong.

The Administration has reached agreement with the Governors on an approach to five procedural amendments to the re-authorization of the Export Administration Act; these agreements in no way erode your authority to impose export controls. The amendments relate to the process by which export license denials are appealed, not to the decision to deny or control the export of specific goods. NSC staff concurred with Commerce, State and other White House staff offices on every one of these procedural matters. I believe that the story was written off of interviews with governors who have given the agreement the twist they wanted.

If you would like a more specific detailing of the procedural issues involved, I will be glad to provide it. no

The Cedar Rapids Seminar went extremely well and reflected excellent cooperation between the governors and your administration in the trade area.

cc: Jim McIntyre
Jack Watson
Madeleine Albright

THE WHITE HOUSE

WASHINGTON

22 June 79

FOR THE RECORD:

MADELINE ALBRIGHT IN NSC
WAS GIVEN ORIGINAL SIGNED
LETTER FOR APPROPRIATE HANDLING.

C

THE WHITE HOUSE

WASHINGTON

June 22, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: FRANK MOORE F.M.

SUBJECT: Letters to Members Who Voted for Panama Canal Implementing Legislation

We plan to send a letter to each Member of Congress who voted for the Panama Canal implementing legislation.

Because of your departure we will sign them by auto pen. We would like you to approve the text, however.

The letter at Tab A would go to the Leadership group. The letter at Tab B to the others.

I recommend that you sign the letters and the one to Jim Wright (Tab C). I also recommend that you write in your own hand to Wright:

> I understand that your speech before the secret session was one of the most powerful and eloquent delivered on the House floor in decades. We couldn't have done it without you.

I called him

Attachments

THREE SIGNATURES REQUESTED

THE WHITE HOUSE

WASHINGTON

ok
J

To John Murphy

Your efforts in guiding the Panama Canal implementing legislation through the House were ~~magnificent.~~ admirable. I commend you for the courage and sense of duty you demonstrated in undertaking such a task in the face of strong political pressures. You have acted in the national interest, and I am deeply ~~appreciative.~~ grateful.

Sincerely,

The Honorable John M. Murphy
U.S. House of Representatives
Washington, D.C. 20515

B

THE WHITE HOUSE

WASHINGTON

To Daniel Akaka

I welcome the passage by the House of Representatives of legislation which provides for our management of the Panama Canal. I commend you for the courage and sense of duty you demonstrated in voting for the legislation in the face of strong political pressures. You have acted in the national interest, and I am deeply appreciative.

Sincerely,

Jimmy Carter

The Honorable Daniel K. Akaka
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

To be hand written to Wright:

I understand that your speech before the secret session was one of the most powerful and eloquent delivered on the House floor in decades. We couldn't have done it without you.

THE WHITE HOUSE

WASHINGTON

To Jim Wright

Your efforts in guiding the Panama Canal implementing legislation through the House were magnificent. I commend you for the courage and sense of duty you demonstrated in undertaking such a task in the face of strong political interest, and I am deeply appreciative.

Sincerely,

The Honorable James C. Wright
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

June 22, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT TK
ARNIE MILLER AM

SUBJECT: Response to Your Inquiry About Appointment of FEMA Associate Directors

1. How does Macy feel about this?

John thinks highly of both Ms. Jimenez and Wilcox and recommended to us that they be appointed as FEMA Associate Directors.

2. Who would be fired or demoted?

No one.

Jimenez headed the Federal Insurance Administration (FIA) in HUD, a PAS Level IV slot. When FIA was transferred to FEMA you appointed her as Acting Associate Director for the FIA programs, pending the FEMA Director-designate's assessment of her (you had not selected Macy yet). The new FEMA position for which John, Arnie and I are recommending her is also a PAS Level IV.

Wilcox directs HUD's Federal Disaster Assistance Administration (FDAA). When you sign a second FEMA Executive Order in July fully implementing the reorganization plan FDAA will be abolished and its functions transferred to FEMA. Wilcox is recommended for the FEMA Associate Director position that will direct those functions. The new position is a PAS Level V; Wilcox held a Secretarial GS-18 appointment as FDAA head at HUD, so he would receive a promotion.

We have not decided what to recommend yet about two other senior officials, Bardyl Tirana and Joe Mitchell, whose agencies will also be transferred to FEMA in July, though Bardyl has indicated he does not want to join the FEMA staff.

THE WHITE HOUSE
WASHINGTON

22 June 79

Tim Kraft
ARnie Miller

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

Rick Hutcheson

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		SANDERS
		WARREN
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Tim
a) How does Macy feel about this -
b) Who would be fired or demoted?
J

C

THE WHITE HOUSE

WASHINGTON

June 21, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT TK
ARNIE MILLER AM

SUBJECT: Associate Directors, Federal Emergency Management Agency (FEMA)

We have been working with John Macy to fill the senior positions in FEMA.

Macy is looking for strong managers who can effectively carry out the reorganization and streamline our disaster mitigation and response programs. We have examined carefully the existing agency heads whose programs are being transferred to FEMA and we recommend that two of them be appointed as FEMA Associate Directors.

- Bill Wilcox, Associate Director for Disaster Response and Recovery (Level V) (administers disaster response programs and coordinates other Federal agency assistance -- $275 million; 125 staff)

  Wilcox currently directs the Federal Disaster Assistance Administration which will be transferred to FEMA from HUD. He previously served as Pennsylvania's Secretary of Community Affairs from 1971-1977, acted as the Governor's Coordinator in Wilkes-Barre following Hurricane Agnes in 1972, and in a variety of Philadelphia civic positions from 1954-1971. He has been a strong, effective FDAA Administrator, and is recommended by Jack, Stu, and Secretary Harris.

- Gloria Jimenez, Associate Director for Insurance and Hazard Mitigation (Level IV) (administers flood insurance and hazard mitigation activities -- $150 million; 310 staff)

  You appointed Ms. Jimenez to this position on an acting basis on April 2 after HUD's Federal Insurance Administration, which she headed, was moved to FEMA. Prior to her HUD assignment she was the North Carolina Deputy Insurance Commissioner, directed housing programs in Raleigh, and practiced law. Jimenez is a firm, capable administrator and has developed good congressional relationships. Jack, Secretary Harris and Senators Proxmire and Eagleton recommend her.

RECOMMENDATION

Nominate Bill Wilcox and Gloria Jimenez to be FEMA Associate Directors.

✓ approve ____________ disapprove

John's nomination was sent to Congress June 14 and we are hoping for speedy confirmation. Congressional and public response to his selection has been very favorable. We are continuing to search for a Deputy Director and the two other FEMA Associate Directors and expect to forward recommendations to you soon.

WILLIAM H. WILCOX

William H. Wilcox was appointed Administrator of the Federal Disaster Assistance Administration by Secretary Patricia Roberts Harris, U. S. Department of Housing and Urban Development, on January 9, 1978. In this position he is responsible for the implementation of the Disaster Relief Act of 1974.

Prior to joining HUD, Mr. Wilcox was Secretary of Community Affairs in the Commonwealth of Pennsylvania since 1971. While in state government, Mr. Wilcox coordinated various state disaster recovery activities on Tropical Storms Agnes and Eloise and the Johnstown Flood of 1977. Among other additional duties he served as the state fuel allocation officer and also directed an extensive state-wide home weatherization program for the elderly and low-income families.

Previously, Mr. Wilcox was Executive Director of the Greater Philadelphia Movement from 1954 to 1971. He was also a member of the Executive Board of Gaudenzia House, Inc., and Chairman of the Philadelphia Committee on City Policy.

He is also an active member of the Potomac Appalachian Trail Club and enjoys such outdoor activities as biking, hiking, winter camping, and cross country skiing.

Born June 9, 1919 in Philadelphia, the son of Charles L. and Myrtle (Kaiser) Wilcox, he studied at the University of Connecticut (A.B.) and Wayne University (Master of Public Administration) as a Volker Fellow. He also has completed the series of courses given by the Industrial War College on emergency resources allocation. Mr. Wilcox served in the Armed Forces 1942-1945, and he was awarded the Air Medal and the Distinguished Flying Cross.

He married the former Madelene Watt on October 5, 1945, and they have two children.

GLORIA CUSUMANO JIMENEZ
9029 Weatherwood Court
Vienna, Virginia 22180

Born 7/1/32 New York City, New York

Moved to North Carolina in 1966

Married - Victor Jose Jimenez 12/19/59 - IBM Employee

Children - Teressa Marie - 18 and Victor, Jr. - 16

Education:

1952 - 1954	Brooklyn Law School LL.B
1950 - 1952	Hofstra College
1941 - 1950	Bayside High School, Bayside, New York

Licensed to practice law in New York and North Carolina

Experience:

Insurance:

Acting Associate Director, Federal Insurance and Hazard Mitigation, Federal Emergency Management Agency, Washington, D.C. (4/4/79 - Present)

Federal Insurance Administrator, Federal Insurance Administration, Department of Housing and Urban Development, Washington, D.C. (3/10/78 - 4/3/79)

Consultant to the Secretary, Department of Housing and Urban Development, Washington, D.C. (12/6/77 - 3/9/78)

Deputy Commissioner and General Counsel, North Carolina Department of Insurance, Raleigh, North Carolina (1/75 - 12/77)

Housing & Urban Problems:

Housing Consultant and Assistant Director of Low Income Housing Development Corporation, Durham, North Carolina - a non-profit organization which developed housing for various subsidized programs (1/71 - 3/73)

Director of Housing and Urban Programs, North Carolina Department of Local Affairs, Raleigh, North Carolina (5/68 - 2/70)

District Aide to Congressman Richard Ottinger, 25th District of New York (3/65 - 7/66)

Legal Practice:

General practice of law in New York (1955-1966)

Publications:

Insurance and Women in North Carolina (1976)

The Place I Belong, Volume VI 1973 with R. O. Everett. A report on the legal impediments to decent housing in the rural area of the south.

A Study of Community Development Training Needs and Resources in North Carolina (1969)

THE SECRETARY OF THE INTERIOR

WASHINGTON

Susan,

Here is the info on freshwater fishing. As I said, "it's not like the Middlefork of the Salmon."

Best regards,

Lee

C

June 21, 1979

FRESHWATER FISHING - HAWAII

Dale Coggeshall (FWS Area Office) spoke with Kenji Ego (Director, State Division of Fish and Game), and Ego says they usually discourage people from freshwater fishing since it is not up to standards of mainland.

However, they did list the following opportunities as being available:

Oahe - Wahihawa Reservoir. Water level very low now and is something like a septic tank but does offer opportunity for catching tucunare (peacock bass) and large-mouth bass. Season is open year-round with a three-fish, less than 15" limit for the tucunare and a 10-fish, no size limit for large-mouth bass. Channel catfish and Chinese catfish are also available. Could probably make some other arrangements but Fish & Game Biologist Bill Devick has small skiff that could be made available; however, results probably just as satisfactory from shore.

Oahe- Nuuanu Reservoir. Only Channel catfish. Requires special intervention by State for fishing; however, this could be done.

Kauai - Waita Reservoir. Private reservoir owned by Grove Farm. Requires a daily permit to fish. Can be available from Grove Farm office, Puhai, Kauai. Good large-mouth bass fishery.

State freshwater fishing license required also for any of these - $7.50.

Kauai - Wailua River Tributary. Best small-mouth bass fishing available here. Guide would be necessary to achieve best results. Extremely rugged area with lots of tangled growth. Possible guides: Tom Telfer or Alvin Kiyono or one of the game wardens. Arrangements could be made with Kenji Ego. Again, this is below mainland standards but from perspective of people on FWS staff and State, this may offer the best freshwater fishing.

Kauai - Koae Streams. Trout season opens 8/4 and extends through 8/20. Fishing permitted daily. Within first 3 days of season, the fishery is very much depleted so opportunities are very limited.

SALT-WATER FISHING

State recommends salt-water fishing - trolling - either from Kona Maalaea on Maui. A boat could be arranged from Maui or Kona. International Bill Fishing convention being held in latter part of August.

No license required.

Species:

Ahi - yellow fin tuna

A'u (3 species of marlin: blue, striped, black)

Mahi-mahi (fish dolphin--one of the favorite eating fishes)

Ono (wahoo)

(Marlin can get close to 1,000 pounds)

Fish & Wildlife Service Area Office:
Dale Coggeshall
300 Ala Moana Blvd., Rm 5302
PO Box 50167
Honolulu, HI 96850

Kenji Ego, State Director, Division of Fish & Game
1151 Punchbowl St.
Honolulu, HI 96813
808/548-4000

THE WHITE HOUSE
WASHINGTON

6/22/79

Stu Eizenstat
Anne Wexler

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

Rick Hutcheson

cc: Alfred Kahn

THE WHITE HOUSE

WASHINGTON

June 21, 1979

Mr. President:

Attached is the decision memorandum on gasoline prices which I mentioned to you this morning. I think we have a chance of persuading the National Association of Gasoline Retail Dealers to help us stop the strikes now being threatened by various state dealer associations if we move forward with hearings on an expedited basis. The support of the National Association will be critical in avoiding strikes.

The additional enforcement effort will also be important to the public. DOE, OMB and we agreed that an additional 200 people must be assigned to this task.

Stu

Stu Eizenstat

THE WHITE HOUSE

WASHINGTON

June 21, 1979

C

MEMORANDUM TO THE PRESIDENT

FROM: STU EIZENSTAT Stu
KITTY SCHIRMER
ANNE WEXLER AW

SUBJECT: GASOLINE PRICE REGULATIONS

The Department of Energy is recommending immediate initiation of a proposed rulemaking to explore the possibility of changes in the current gasoline price regulation system which would make that system more enforceable. DOE also recommends that additional enforcement personnel be made available to enforce the current regulations or any new system which might result from the rulemaking.

This memorandum outlines the issues involved, and seeks your decision on the rulemaking and the additional personnel. Questions associated with the scope of the rulemaking, if it is undertaken, are also addressed.

I. THE PROBLEM

Gasoline price controls, which are only truly useful during periods of shortage since during times of adequate supplies this market is quite competitive, have become increasingly difficult to enforce. About 90 percent of the country's 175,000 stations are independently owned and operated. Under the current system, each station makes its own pricing calculations, based on a system of allowable costs, historical profit margins, and whether the dealer has any "banked costs". Banked costs are those accumulated increased product costs not recovered when market prices were below ceiling levels in prior years. Enforcement of the current control system requires an audit for each independently owned and operated station. These are time consuming, and often dealer records, particularly on banked costs, are inadequate to support cost claims. With prices changing so rapidly for legitimate reasons, i.e. increases in crude oil & product costs, it is becoming increasingly difficult to identify those who are attempting to take advantage of the situation. Recent spot investigations indicate that dealers are exceeding legal ceiling prices in all parts of the country, especially in those areas where gasoline is scarce.

The DOE Budgets for FY 78, 79 and 80 have assumed decontrol of gasoline and therefore no resources are devoted to retailer-level enforcement. Also, as enforcement needs have increased for allocation and investigations of refiners and the spot markets, the scarce audit resources available cannot cover the retail pricing level. DOE now has only about 50-60 auditors diverted temporarily to spot check the more serious violations among the 175,000 retail stations. DOE has offered to delegate enforcement authority to states. Thus far, however, only three states have accepted.

Many retail gasoline dealers are complaining violently that profit margins allowed under the present regulations are inadequate. These dealer complaints are difficult to evaluate given a lack of detailed current data on individual dealer costs or profit margins and the number of stations involved. We do know, however, that the present regulations do not allow upward margin adjustments which would offset decreased allocations to individual stations. In the current shortage situation, many individual dealers have had their monthly allocations cut back by ten to twenty percent or more, with corresponding reductions in gross profits. While some overhead costs can be saved, dealers with high fixed operating costs are being squeezed. Numerous state dealer associations are now threatening strikes if the regulations are not changed -- or if changes are not at least explored in a rulemaking.

On May 14, 1979, DOE gave public notice that it was exploring instituting a rulemaking to determine whether the present price regulations at the retail level should be modified to deal with these problems.

There are now four major options:

1. The status quo -- retain the present rules and maintain present levels of enforcement personnel.

2. Retain the present rules, but increase enforcement personnel to more effective levels.

3. Initiate an expedited rulemaking proceeding to explore how to simplify the present rules and make them more enforceable. Couple this with a substantial buildup of enforcement personnel.

4. Initiate a rulemaking and increase enforcement, as in Option 3, but broaden the scope of the inquiry to include the option of full decontrol.

II. DISCUSSION

Option 1 -- status quo -- avoids the political risks associated with any changes in the current price system which would cause prices to rise. It also avoids some of the period of confusion that any change in this complex system is likely to produce. Current market forces, however, are putting increasingly heavy pressure on the present control system. Unless enforcement personnel are substantially increased, it will be increasingly apparent that the system is unenforceable. Even with increased enforcement, some feel that the current situation is unworkable.

Option 2 -- enhanced enforcement of the present rules -- could improve the situation somewhat, but there are very substantial disadvantages to this approach. The complexity of the present rules is such that substantial compliance may not be achievable even with greatly increased enforcement personnel. Dealer strikes are almost certain within the next week to ten days if it becomes clear that the rules will not change.

Option 3 -- initiation of an expedited rulemaking -- has the advantage of providing a means to construct a price control system which would be easier to enforce. With a change in the rules, the public would also be better able to determine whether the price a given dealer is charging is within a legal range, although prices would still not be uniform within a region or even a city. Dealers would also see some progress toward the relief they believe they need to alleviate the current alleged squeeze. The risks of strikes or other actions (such as tow-truck demonstrations in Washington) would decrease, though some dealer associations are still threatening to strike unless the rules are changed under an emergency rulemaking which would become effective within the next week. The increase in enforcement personnel would help with the now rather widespread public perception, which may in fact be accurate, that dealers are allegedly taking advantage of the current situation.

The drawbacks to this approach should also be clearly stated. Almost any change toward simplification of the current regulations would increase the lawful allowable price for gasoline. This subjects the Administration to the charge that we are further acting to increase prices and line the oil companies' pockets even though there is some question whether the prices would actually increase significantly since violations of the current price regulations are probably widespread and the change would not permit increases beyond levels dealers are already charging. It is also unclear at this juncture whether the current control system can be simplified to be more enforceable without creating substantial inequities between types of gas stations. If, for example, the rules were changed to increase allowable profit margins on a uniform cent per gallon basis, it may unduly reward the rural, low-overhead dealer and still fail to adequately compensate the full service gas station located on expensive urban real estate. Creating an exceptions process to handle these kinds of situations would lead us right back to a complex price control system. There is clearly a trade-off between ease of enforcement on the one hand, and equity consideration on the other.

Option 4 -- a broader, non-expedited rulemaking which includes within its scope the possibility of full decontrol -- would have some of the same advantages of Option 3 in that it may lead to a simpler, more enforceable system. Decontrol may well be the best long run answer to the problems posed by the current regulations, although decontrol is very difficult to justify at this time given the shortages. It would also have the advantage of permitting full review of all of the issues, including RARG review of and comment on the final rule before it is issued.

The drawbacks of this approach are several. It would aggravate the retail dealers who would see it as opening the way to yet another protracted period of "studying the issue". They insist that the rulemaking be expedited. It also raises hopes in some sectors that we might decontrol gasoline in the near future even though we are unlikely to want to do so at least until the end of the summer driving season. By the same token, a rulemaking which states we are considering decontrol will exacerbate the adverse reaction from the general public. There is no reason why the RARG group cannot now begin to look at the issues involved, and file its comments with the DOE during the hearing process, even though RARG would not have the complete record of the hearings available during the first part of its analytic work.

RECOMMENDATIONS

Options 1 and 2 are not recommended by any of your advisors.
Option 3 -- an expedited rulemaking coupled with an increase in enforcement personnel -- is recommended by DOE, OMB, DPS, and Anne Wexler. (and Kahn).
Option 4 -- a regular rulemaking which is broadened to include decontrol -- is recommended by CEA and Justice. (and Kahn).

DECISION

________	Option 1	✓	Option 3 J
________	Option 2	________	Option 4

KAHN'S COMMENTS

THE WHITE HOUSE

WASHINGTON

June 21, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN Fred

RE: Eizenstat/Schirmer Memorandum on Gasoline Price Regulations

I urge you to choose both options 3 and 4.

We need to act quickly (option 3) to (a) meet the immediate threat from service stations and their perhaps legitimate complaint while (b) giving credibility to the controls.

On the other hand, to seem to be confining the remedies we are considering to option 3 is absurd on its merits, and would, I think, be fatal politically. Imagine the reaction of motorists already in a fury about the unavailability to gas and its high price, if we appear to respond only by allowing higher prices.

So we clearly need a combined simultaneous announcement incorporating both options. In the longer-term inquiry, we should announce an intention to look at direct demand limitations, including coupon rationing, as well as full decontrol.

THE WHITE HOUSE

WASHINGTON

22 June 79

FOR THE RECORD:

THE ORIGINAL OF THE ATTACHED WAS GIVEN TO ESTHER PETERSON FOR APPROPRIATE HANDLING.

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		SANDERS
		WARREN
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Call Esther

CONSUMER'S RESOURCE HANDBOOK

The Consumer's Resource Handbook was designed with one basic purpose in mind -- to help American consumers resolve their complaints about goods and services both inside and outside of government quickly and efficiently.

We recognize that many consumers do not take advantage of the existing resources available to them, simply because they do not know what they are, or where to find them. This Handbook was developed to address that problem. It can help you find your way through the maze of Federal, state and local agencies and put you in touch with the right source for assistance.

We believe this Handbook will do more than help individual consumers. It can provide assistance to businesses and professionals who rely on satisfied customers to do a better job. Solving consumer problems benefits all of us and the Consumer's Resource Handbook should be a valuable resource tool for every American.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

June 22, 1979

Rick -

This is designed to be the first page of the new consumer resource book. The last time such a book was published, more than 2 1/2 million were distributed. It is a useful and positive book, a description of which is attached, for your information.

Can you get this suggested statement from the President cleared for me?

Thanks.

Esther

The *Consumer's Resource Handbook* was designed with one basic purpose in mind -- to help American consumers resolve their complaints about goods and services both inside and outside of government quickly and efficiently.

We recognize that many consumers do not take advantage of the existing resources available to them, simply because they do not know what they are, or where to find them. This *Handbook* was developed to address that problem. It can help you find your way through the maze of Federal, state and local agencies and put you in touch with the right source for assistance.

We believe this *Handbook* will do more than help individual consumers. It can provide assistance to businesses and professionals who rely on satisfied customers to do a better job. Solving consumer problems benefits all of us and the *Consumer's Resource Handbook* should be a valuable resource tool for every American.

Jimmy Carter

CONSUMER'S RESOURCE HANDBOOK

Description

The Consumer's Resource Handbook has been designed to inform consumers of the best ways to handle problems with goods and services and tells where to go for help with such common problems involving auto repair, airline overbooking, false advertising and many more. The Handbook describes a variety of mechanisms available to consumers for assisting with the satisfactory resolution of consumer problems, including state and local consumer agencies, small claims courts, Better Business Bureaus, consumer arbitration panels, Federal agencies (where appropriate), action lines, legal service agencies, and others.

How It's Organized

The Handbook consists of three main sections:

(1) A primer of complaint handling outlining numerous complaint resolution procedures to be followed, and descriptions of both governmental and non-governmental sources of help such as those listed above. This section gives basic information (such as a sample complaint letter pointing out what information should be included) as well as more sophisticated information, such as an explanation of small claims courts and how to use them. A chart highlighting general complaint handling procedures,

agencies and organizations that can provide help, and various options open to consumers, is also included in this section.

(2) <u>A listing with descriptions of Federal consumer offices</u> arranged by topics ranging from "advertising" to "warranties". Federal offices having jurisdiction or otherwise dealing with these topical areas are described under each heading. Addresses and phone numbers (including toll-free numbers) are given, and a key and legend system tells readers if agencies will handle consumer complaints; if they can merely provide information; if they collect consumer complaint data but will only act when a broad public interest will be served if these data point to generic, safety or other problems with a particular product; and references to other listed related agencies or regional offices.

This section explains which agencies should be contacted, when, and under what circumstances for consumer information or assistance with problems.

A listing of Federal Regional offices is also included in this section and is referred to when these offices are the most appropriate sources of help.

Consumer tips on a number of products and services are given throughout this section to help avoid or resolve common consumer problems. There are tips on:

ADVERTISING	HOUSING
APPLIANCES	INVESTMENTS
BANKING AND CREDIT	MAIL ORDERS
CLOTHING AND FABRICS	MOTOR VEHICLES
DRUGS	TRANSPORTATION
FUNERALS	WARRANTIES

(3) A directory of state and local government consumer offices listing some 800 offices and agencies where consumers can turn for information or for help in resolving complaints. An introduction to this section explains what these offices generally do, and how readers can contact them. In addition to inclusion of what might be referred to as "traditional" consumer offices, the *Handbook* also lists offices dealing with specific subject areas including state offices on aging, energy, insurance, state chartered banks, transportation and utilities, and weights and measures.

THE WHITE HOUSE

WASHINGTON

June 22, 1979

C

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: TRUCKING STRIKE STATEMENT

Attached is a draft of the statement that will be released at 3:30 p.m. today.

The Independent Truckers Strike

Over the past few days the actions of the nation's independent truckers have had a serious impact on the country's transportation system. The White House staff has met with a number of trucking industry representatives to learn first hand of their concerns, and has kept the President closely informed of developments. The truckers have many legitimate concerns. Some can be remedied speedily, some will take time and much hard work to improve.

The key problems that face the truckers are the same as those that face all of us: too little fuel at too high price. Because of OPEC price increases and the cutback in Iranian oil production, our nation's long-term energy problem has become a critical shortage of diesel fuel both for truckers and for other transportation industries.

While the steps the Administration intends to take to address the truckers concerns are important, the President wishes to underscore the statement he made yesterday deploring the acts of violence that have accompanied the truckers strike. None of the problems faced by the independents can justify the lawlessness that has occurred in some parts of the country. We will not tolerate shootings, vandalism or violations of individual rights. Law enforcement is primarily a state responsibility, but the federal government will provide every assistance to the states to help them preserve order.

To help increase supplies of diesel fuel, a number of steps have already been taken. Two weeks ago, incentive entitlement payments for importation of middle distillates, which includes diesel, were increased by $5.00 per barrel. Since then these imports have increased substantially. In addition, every effort is being made to increase refinery output of diesel, gasoline and other products. With rising crude oil imports additional supplies of diesel and gasoline should be refined as quickly as possible. This Administration will not tolerate any withholding of available supplies. A major audit of the nation's refineries is now underway as part of the Administration's efforts to insure maximum refinery utilization.

Besides increasing overall diesel supplies, we must insure that available fuel is distributed where it is most needed.

To accomplish this the Department of Energy recently instituted a special program, Special Rule #9, to provide farmers and others with 100% of their needs.

This allocation was based on the critical importance of timely planting to insure adequate national food supplies. Because of weather problems, farmers were far behind in their planting schedules earlier this year. Each day of delay due to fuel shortages could have cost the nation millions of dollars in lower crop yields and higher food prices.

As Secretary Bergland indicated this morning, Rule #9 has succeeded well in solving that potential problem. Despite weather problems, planting is now complete in most areas. The danger of severe crop loss is now past.

But the special allocation to farmers has forced other diesel users to cut back sharply. Truckers, rail and barge companies and other users have experienced severe reductions.

Because Rule #9 has succeeded in its initial purpose, and may now be creating significant supply dislocations, Secretary Schlesinger, after consultations with Secretary Bergland and the President, has suspended Rule #9 effective immediately. This action will allow the normal distribution system for diesel distribution to operate. This does not mean that farmers will lack supplies necessary for their operations. Farmers' needs continue to be critical, and the President intends to insure that they will be adequately supplied. To insure that farmer's needs are provided for the President has asked Secretary Bergland, in coordination with Secretary Schlesinger, to monitor the farm situation on a daily basis and to report to him immediately if the situation changes.

The President also urges the governors to use their state set-aside allocations to protect farmers against fuel shortages. We will continue to monitor the situation closely so that we can make adjustments later if necessary.

In suspending Rule #9 only one allocation has been retained. This involves the priority for mass transit operations. During a period of shortages of both gasoline and diesel fuel it would be self-defeating to allow diesel shortages to divert commuters from energy efficient buses to automobiles. Because transit utilizes only 2% of the nation's diesel, this allocation should not significantly impact on other diesel users.

Increased supplies and more efficient distribution should do much to help ease supply shortages and to slow the recent price spiral.

To help ease the price squeeze caused by rising fuel prices, the ICC last week implemented a new system to allow an automatic, 100 percent pass through of fuel cost increases. This system will provide independent truckers leasing to regulated carriers with significant immediate revenue increases. This index will be adjusted weekly to cover any further price increases, and the surcharge must be passed through to independent operators.

The President fully supports this change in ICC procedures which will benefit the majority of independent truckers.

For exempt haulers who are not regulated by the ICC, this fuel price surcharge published by the ICC should form one basis for negotiations concerning a fair price for hauling exempt commodities. In addition to this standard the President has asked the Departments of Agriculture and Transportation, working with the ICC, to develop plans for publishing an index of prices charged for hauling various exempt commodities. Updated in a timely fashion, this index could provide another basis for negotiations between brokers and exempt haulers, helping to insure fair prices.

In addition to the critical issues of price and availability of diesel fuel, the independent truckers have raised a number of other concerns. For many independents one of the most aggravating problems is the wide variety of taxes, permits, and standards under which they must operate in the different states. The President will immediately call together a number of the nation's governors to discuss with them ways in which we can bring about greater uniformity, simplicity and reciprocity in state and federal regulation and taxation of the trucking industry.

At the federal level the President has asked Secretary Adams to speed up the implementation of several programs to develop systems to allow truckers to stop only once during any one trip to file fuel, registration, and licensing fees. This program would allow for computerized figuring of state tax shares and would allow truckers to make only one payment greatly simplifing the paperwork and administrative burdens that independent operators must deal with. The program will be implemented in six states by December of 1980.

One aspect of the differing state regulatory requirements is the variation in allowable truck weights and lengths permitted on the nation's highways. Although federal law sets maximum truck weights, it allows the states the right to set limits below these levels. Obviously in each state the question of truck weights involves complex issues of road capacity, cost allocation, and safety. The President believes that the states should continue to make the final judgements on these difficult issues.

However, there could be substantial benefits to the nation's transportation system if allowable truck weights were standardized nationwide. The President urges the governors and state legislatures of those states below the federal minimum to consider these potential benefits and to review carefully their decisions on truck weight and size limits in light of the current situation.

There are other problems that plague the nation's truckers. For example, there are many reports of illegal and unfair overcharges of truckers at loading and unloading docks. One approach to the problem has been suggested by Congressman Neal Smith of Iowa in his bill, H.R. 753. This bill, or a measure designed to accomplish its goals, deserves early and favorable consideration by the Congress and has the Administration's full support.

Also, as part of the Department of Transportation's program to develop a "new automobile", DOT will support research to improve diesel engine efficiency.

On these and other longer term problems the President is prepared to work with the Congress, the governors, and the truckers to devise sound solutions. The federal government in Washington cannot solve every problem with a law or a ruling. But working together we can accomplish a great deal.

While this work goes forward, all independent truckers should return to work to provide the nation with vitally needed transportation services. This is a time for cooperation rather than confrontation. Only by acting together can we solve our energy problems.

THE WHITE HOUSE

WASHINGTON

6/22/79

FOR THE RECORD:

STU AND PHIL WERE GIVEN COPIES OF THE HANDWRITTEN NOTE TO STU.

NO COPIES OF MEMO GIVEN OUT.

THE WHITE HOUSE
WASHINGTON

6-22-79

To Stu

I've talked to Brock & Tom Murphy.

Brock will treat the decision as that of DoT only.

Tom does not desire to submit additional data.

Set up meeting with me when I return, including interested staff and Cabinet officers - no outsiders

J.C.

Do you still advise public hearings in the Oval Office to require increased use of gasoline?

J

THE WHITE HOUSE

WASHINGTON

June 22, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT Stu
ANNE WEXLER Anne
FRED KAHN Fred
CHARLIE SCHULTZE CLS

SUBJECT: Fuel Economy Standards

Yesterday, Brock Adams announced that the DOT staff recommendation to him opposed any changes in the pacing of the fuel economy standards and that this amounted to the final Administration position. As you may remember from Tom Murphy's call to you last month and the subsequent meeting with the auto executives, the industry is required to produce car fleets which average 27 mpg by 1985. The industry accepts that standard but would like to have DOT change the 1980-1985 timetable by having the mpg requirements increase evenly during this period rather than disproportionately in the earlier years. At DOT's insistence, however, the industry has not formally applied for a change; it has awaited an indication from DOT as to the appropriate time to file an application.

We have been concerned about the enormous consumer cost of requiring the industry to meet current standards, and have had lengthy consultations with DOT on the subject. We are not yet prepared to recommend a change in the standards, in part because of the serious energy and environmental questions raised, but we do believe the industry should at least have the opportunity to present its case before the Administration makes a final decision.

We had thought that opportunity remained when Brock indicated to us about a week ago his intention to announce the DOT staff's recommendation. As he explained the announcement to us, that announcement was explicitly intended to offer the industry and the public generally an opportunity to comment on the DOT staff recommendation. The impression was to be left that the Administration was still receptive to hearing from the industry. Unfortunately, Brock went beyond his understanding with us in announcing the staff recommendation. He indicated, as you can tell from this morning's paper (attached) and his press release (attached), that the Administration had made a decision not to change the standards. The clear implication was that you had sanctioned Brock's statement and that the matter was now closed as far as the Administration is concerned.

To compound matters, prior to making the announcement, Brock called the Chairmen of GM, Ford and Chrysler to inform them of the decision. In those conversations, he made it clear that his announcement represented the definitive Administration position. The auto executives were very upset by the calls, for they felt that you had made a personal commitment to them in the recent meeting to review the matter before the Administration adopted a final position. Brock made it clear that while you had not reviewed the matter, the position was the final Administration position. Tom Murphy feels that he has been misled; we understand that he may try to call you.

There are essentially two issues presented by this situation: can we allow Brock, by virtue of his public announcement, to reverse a position agreed upon by the White House and thereby foreclose your ever getting an opportunity to make a decision? Can we allow your credibility with the auto executives to be destroyed in this manner? Our view is that the answer to both questions must strongly be no. But unless action is taken immediately, the answers will be yes.

We recommend that you call Brock and indicate your concern that this decision was announced as a final one when in fact it was not. We also recommend that Jody be allowed to indicate to the press, without making a major production of it, that the decision was only a staff decision; that public comments on the staff study are invited; and that a final decision will be judged on the merits. Fred and Anne will call the auto executives to let them know.

__________ Agree

__________ Disagree

cc: Hamilton Jordan
Jody Powell

U.S. Department of Transportation
news:
Office of Assistant Secretary for Governmental and Public Affairs
Washington, D.C. 20590

FOR RELEASE 2:00 PM EDT
Wednesday, June 20, 1979

NHTSA 57-79 (PARIS)
Tel. 202-426-9550

R, 466-3869

LOWER GAS MILEAGE LIMITS REJECTED BY DOT

The U.S. Department of Transportation announced today it has denied requests from General Motors and the Ford Motor Co. to reduce fuel economy standards for model year 1981 through 1984 passenger cars.

The department's National Highway Traffic Safety Administration said, however, that it has decided to lower the fuel economy standard for 1981 model year two-wheel drive light trucks, but is holding firm on the standard for four-wheel drive trucks.

The agency's decision not to reopen rulemaking on the passenger car standards is detailed in a report made available to the public today.

The decision on passenger cars was made by NHTSA after careful evaluation and analysis of documents submitted between last January and May by the auto companies. GM and Ford argued that the additional fuel savings expected from the current schedule of fuel economy standards in comparison to their proposal would be outweighed by increases in auto prices caused by compliance during the model years the standards are effective.

NHTSA concluded that the arguments raised by the two manufacturers did not warrant lowering the standards. Neither Ford nor GM argued that the current standards are not feasible. In fact, the agency said, both companies submitted plans for complying with the standards.

Transportation Secretary Brock Adams said, "After much deliberation, we have decided that the standards originally set by the department two years ago are the most equitable for the nation as a whole.

"We must do everthing we can," Adams continued, "to reduce gasoline consumption. The technology is available to improve gas mileage and it must be put to use as quickly as possible."

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On June 30, 1977, Secretary Adams established passenger car standards that require manufacturers to achieve an average fuel economy of 22 miles per gallon in 1981, 24 mpg in 1982, 26 mpg in 1983 and 27 mpg in 1984. Under the Motor Vehicle Information and Cost Savings Act, the Congress set the 1980 standard at 20 mpg and the 1985 level at 27.5 mpg.

GM and Ford had asked that the standards be reduced to levels requiring annual improvements in fuel economy of 1.5 mpg from the 1980 level, or 21 1/2, 23, 24 1/2, and 26 mpg for model years 1981-84, respectively.

NHTSA Administrator Joan Claybrook said, "Our analysis of the information submitted by Ford and GM indicates that the increases in automobile prices because of industry compliance with the current standards will be more than offset by the overall savings to consumers from reduced gasoline consumption."

Claybrook said "The agency report, which is based on the manufacturers' own product plans, fuel economy benefit estimates and consumer price information, concludes that the nation's consumers would reap net benefits worth between $500 million and $680 million more under the current standards over the life of the vehicles."

The report supporting the decision to turn down the GM and Ford requests focuses on the impact of energy conservation and also deals with the serious consequences of our growing reliance on imported petroleum.

In the response to a petition by Chrysler Corp., NHTSA agreed to reduce the fuel economy regulation for 1981 two-wheel drive light trucks (pickups and vans) with a gross vehicle weight rating up to 8,500 pounds. The agency, however, rejected a similar request on four-wheel drive trucks after evaluating new information supplied by the company and other manufacturers.

The decision sets the standard for 1981 models at 17.2 mpg for the two-wheel drive vehicles while retaining the 15.5 mpg standard for four-wheel drive light trucks.

In March 1978, the DOT announced fuel economy regulations for model year 1981 light trucks at 18.0 and 15.5 mpg for two and four-wheel drive vehicles, respectively. The Chrysler petition, filed last September, requested that the standards be reduced to 16.5 and 14.5 mpg for the two categories of vehicles.

-more-

Chrysler claimed in its petition that without a reduction in the standards it would have to either close down some of its truck plants and limit the sale of the company's less fuel efficient trucks, or violate the law.

As a result of new information, NHTSA concluded that its earlier estimate of the ability of Chrysler and other manufacturers to increase fuel economy of model year 1981 two-wheel drive light trucks was too high. However, for the four-wheel drive vehicles, the agency concluded that a reduction in the standard was not warranted.

In setting fuel economy standards, NHTSA is directed by Congress to balance the difficulties which individual manufacturers may have in meeting a given level of fuel economy against the benefits to the nation of complying with a higher standard. In the case of the 1981 two-wheel drive truck standards, the amount of gasoline at stake is approximately 710 million gallons over the life of those trucks.

NHTSA also concluded in reviewing the Chrysler petition that there were clear risks facing the company and that the potential civil penalty or marketing difficulties which could confront Chrysler in its attempt to meet the higher standards for two-wheel drive vans and light trucks outweighed the extra petroleum savings. This was not the case for the four-wheel drive vehicles.

The agency noted, however, that the reduction results in standards which are at the maximum feasible levels that the manufacturers can meet.

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INFORMATION SHEET ON FUEL ECONOMY

PASSENGER CARS

The fuel economy standards established by the U.S. Department of Transportation on June 30, 1977 for model year 1981 through 1984 passenger automobiles are:

1981 -- 22 miles per gallon

1982 -- 24 mpg

1983 -- 26 mpg

1984 -- 27 mpg

The reduced levels in the standards requested by General Motors and Ford for those model years and rejected by DOT are:

1981 -- 21 1/2 mpg

1982 -- 23 mpg

1983 -- 24 1/2 mpg

1984 -- 26 mpg

LIGHT TRUCKS AND VANS

The fuel economy regulations set by DOT in March 1978 for 1981 model year two wheel and four-wheel drive light trucks (pickups and vans) with a gross vehicle weight rating up to 8,500 pounds are:

1981 -- two-wheel drive light trucks, 18.0 mpg

four-wheel drive light trucks, 15.5 mpg

The reduced levels in the standards requested by Chrysler Corp. for model year 1981 light trucks are:

1981 -- two-wheel drive light trucks 16.5 mpg

four-wheel drive light trucks, 14.5 mpg

The new DOT standards for 1981 model year two-wheel drive light trucks is:

1981 -- two-wheel drive light trucks, 17.2 mpg

four-wheel drive light trucks, 15.5 mpg (NO CHANGE)

Adams Cites Long Gas Lines

By Larry Kramer

Washington Post Staff Writer

Citing the current gasoline crisis, the Carter administration yesterday rejected auto industry demands to weaken federal fuel efficiency standards for passenger cars in the early 1980s.

"I've got people all over this city in gas lines blocks long," Transportation Secretary Brock Adams said in announcing the government's decision. "We've got to maintain mobility in this country. We are in an energy crunch and it will continue." He said the nation will save 7.7 billion gallons of gasoline by sticking to the standards.

The administration decision came despite months of intensive lobbying by the auto industry to weaken the standards, including White House visits by the top executives of the three major automakers, Ford, General Motors and Chrysler. "They went every-place in town," Adams said of the industry lobbyists.

The automakers told the Department of Transportation two years ago that they could meet the standards, which call for new car fleets to average 17.5 miles per gallon by 1985.

In recent months, however, industry lobbyists have attempted to persuade the administration that the cost of meeting the standards would be highly inflationary when reflected in new car costs.

Transportation Department officials said the White House was at least particially receptive to those arguments, because General Motors has been the largest and strongest supporter of the administration wage and price guidelines.

But ultimately Adams and Joan Claybrook, administrator of the National Highway Traffic Safety Administration, held firm. Supported by the current fuel crisis, the two officials were able to preserve the standards despite pressure from the White House and the Department of Commerce which had publicly supported industry arguments.

After yesterday's announcement, Assistant Commerce Secretary for Policy Jerry Jasinowski said "the decision shows that the Department of Transportation has no understanding of the capital, competitive and technological problems facing the auto industry. The problems the industry faces demand a more thorough and objective hearing."

The Transportation Department did make one minor concession, however. It agreed to lower the fuel economy standard from 18 mpg to 17.2 mpg for two wheel-drive light trucks in 1981. But Claybrook said that change was made after the department had studied new data and determined the change to be fair.

The fuel economy standards for automobile fleets, the average of all vehicles made by the manufacturer, require the following averages: 1981, 22 miles per gallon; 1982, 24 mpg; 1983, 26 mpg and 1984, 27 mpg. This year's fleets have a 19 mpg requirement. The standards were set in 1977.

General Motors and Ford had requested that those numbers be revised to: 1981, 21.5 mpg; 1982, 23 mpg; 1983, 24.5 mpg and 1984, 26 mpg.

But "after much deliberation," Adams said, "we have decided that the standards originally set by the department are the most equitable for the nation as a whole."

"We have to have vehicles that will run the greatest number of miles on a gallon of gas," Adams said. "This is one of the few ways we have to press American technology to give the consumer a break."

The automakers had argued that if they were given more time to reach the tougher standards, they could ultimately save consumers money through the use of more advanced technology.

But Claybrook responded yesterday by saying "our analysis of the information submitted by Ford and GM indicates that the increases in automobile prices because of industry compliance with the current standards will be more than offest by the overall savings to consumers from reduced gasoline consumption."

She said the nation's consumers will reap net benefits of between $500 million and $680 million over the life of their 1981-1984 vehicles because of the present standards. She said those figures were based upon "information supplied by Ford and GM."

Although the agency did reduce the requirements for two-wheel-drive light trucks (under 8,500 pounds), in response to a petition from the Chrysler Corp., it rejected another Chrysler proposal to lower the 15.5-mpg requirement for 1981 four-wheel drive trucks.