

7/20/79 [1]

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MEMO W/ ATT.	From Kraft to The President (6 pp.) re: Director, National Consumer Cooperative Bank/enclosed in Hutcheson to Kraft	7/17/79	C

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CHRISTOPHER LASCH
47 PARKER DRIVE
PITTSFORD, N. Y. 14534

C
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10 June 1979

Dear Mr. Powell:

I've given a good deal of thought to the questions that came up the other night, but I haven't had time to write a careful or complete statement of my own view of ~~these~~ *things*, ~~questions~~. What follows is necessarily a partial and provisional view, somewhat sketchy and schematic and therefore, I'm afraid, not as persuasive as it might otherwise have been. If I had more time, I would qualify or document statements that may appear dogmatic and even indefensible. But since you were kind enough to ask those who took part in the conversation for whatever further thoughts they could provide, I know that you will make some allowance for the haste with which these thoughts have had to be formulated.

The moral crisis of the country--the central focus of our discussion, as I understood it--cannot be adequately characterized, it seems to me, without some reference to the crisis of our political institutions and to the growing part played in the political process by the mass media. That these topics also figured prominently in our talks ^{all} strengthens my belief that _{all} three of these issues are closely linked. I propose to consider them, briefly, in order.

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The moral or cultural crisis of the late twentieth century. The polls that constituted the starting-point of our discussion show a profound reversal of values: decline of the work ethic, rising hedonism, lack of faith in the future, a desire to enjoy life in the present, political indifference and cynicism. It is important to recognize that this reorientation of values, even though it has taken a quantum leap in the late seventies, did not occur overnight. It goes back at least to the twenties, when American industry adopted the two principles that have guided it ever since. Assembly-line manufacture destroyed craft skills and deprived workers of any responsibility for the design of production. Meanwhile new techniques of mass marketing and promotion broke down old habits of thrift and hard work, deliberately fostered a hedonistic mentality, and advertised the consumption of commodities as a cure-all for every form of discontent. In effect, industry held out the compensatory utopia of consumption to people who could no longer take pride and pleasure in their work.

The well-publicized hedonism of the Jazz Age already foreshadowed the main features of a new culture of immediate gratification--the full development of which, however, was delayed by the persistence of old habits, the Depression, and the Depression mentality that survived the return of good times and persisted, in the generations that had

directly experienced the Depression, into the fifties and even the sixties.

Even today, the new values have more appeal to the affluent and educated than to those who struggle merely to make ends meet. True, the media have to some extent universalized the values of "self-expression," self-indulgence, and living for the moment. But large sectors of the public have never wholly been sold on the delights of consumerism, partly because countervailing influences--religion, family, a sense of continuity--still play an important part in working-class and rural cultures, and also because the delights of consumption are still so unevenly experienced by the population. Unequal access to the consumer paradise is likely to become so glaring, moreover, that many people will begin to question its reality and perhaps its validity as an ideal of the good life. In the immediate past, high wages and better working conditions may have held out to the working class the promise of a middle-class standard of living, but today inflation, economic stagnation, and the shortage of resources combine to expose that promise as an illusion. Just at the point when the culture of narcissistic gratification appears to have ~~vanquished~~ vanquished all competing systems of values, and is breathlessly celebrated by cultural trend-setters as the wave of the future, its economic underpinnings are giving way. The

historic compromise in which people accepted a lower standard of work in exchange for a higher standard of ~~and~~ consumption--too often confused with a higher standard of "living"--is now threatened by interlocking economic crises that have called into question the underlying assumption of unlimited growth. Hence the pessimism registered in the polls--pessimism not only about the country's future but about the personal prospects for individuals.

This pessimism may have the immediate effect of intensifying the determination to live for the moment, but in the long run, economic troubles will probably repoliticize the electorate, sharpen class feeling, and lead to bitter conflicts over the distribution of wealth. As has often been pointed out, such conflicts in earlier periods of American history were mitigated by the prospect of limitless growth. In the future, classes will compete for a share of a stable or diminishing pool, not an expanding pool, of goods and resources. Such competition may only give further encouragement to a dog-eat-dog survival mentality; on the other hand, it may give rise to a type of class politics that has played little part in American ~~and~~ history until now. Both possibilities contain threats to ~~democratic~~ democratic institutions, the first because it is so easily exploited by the Right, the second because it might invite authoritarian solutions imposed by the Left.

The main point, however, is that our economy will no longer support a culture of narcissistic self-gratification, except among the privileged few--a class that can be expected to shrink. The future will bear little resemblance to the future imagined by Alvin Toffler and other fashionable theorists of "future shock." It will not be, as they think, a society characterized by an unlimited expansion of consumer choices, in which people becomes disoriented precisely because "overchoice" puts such a severe strain on accepted ~~values~~ values. On the contrary, people will face an ~~increasingly~~ increasingly restricted range of choices, and the future will call for ~~discipline~~ discipline and ~~sacrifice~~ sacrifice. The question is whether sacrifices will be imposed on the public by an elite that still manages to monopolize most of the power and wealth, exhorting others to prodigies of austerity while itself living high on the hog, and imposing authoritarian discipline to silence those who call attention to the discrepancy between rhetoric and results; or whether, on the other hand, the necessary sacrifices will be shared equally by all. The question, in other words, is whether the hard political choices that confront us will be made in a democratic or authoritarian fashion. The Connally candidacy suggests that authoritarian solutions already have wide appeal.

The Decay of Political Institutions. An analysis of the political system leads to similar conclusions about the prospects for our society. The long-term decline in voter participation, mounting apathy and indifference, the prevailing ~~existing~~ cynicism about politics and politicians, all arise from a feeling of powerlessness, fully justified by long-term trends tending to exclude common people from political participation. The exclusion of the ordinary citizen from political power and responsibility parallels the exclusion of the worker from any semblance of power and responsibility in the planning of production.

In industry, the exclusion of workers from control over the design of work went hand in hand with the rise of a new and profoundly undemocratic institution, the corporation, which has ^{centralized} ~~centralized~~ the technical knowledge once administered by craftsmen. In ~~public~~ politics, the exclusion of the public from political participation goes hand in hand with the decline of a democratic institution, the political party, and its replacement by institutions less amenable to popular control. Many functions of administration and political education, formerly exercised by political parties, have been taken over by administrative bureaucracies in the one case and by the mass media in the other. Parties now specialize in marketing politicians for public consumption, and even here the breakdown of party discipline is striking.

The electorate, as Walter Dean Burnham points out, "is no longer bound to party through the time-honored links of patronage and the machine." As a result, politics becomes an "item of luxury consumption, . . . an indoor sport involving a host of discrete players rather than the teams of old." (Incidentally, the same thing has happened to organized athletics themselves.)

Burnham (together with many other political analysts) goes ~~is~~^{on} to note that the decline of party loyalty, the prevalence of split-ticket and single-issue voting, the dissociation of presidential and congressional voting coalitions, and the stabilization of membership in the House (with an increasing proportion of incumbents regularly reelected and giving more attention to the requirements of reelection--to the immediate interests of a particular constituency--than to policy formation or even to the interests of the party as a whole) have created an "institutional deadlock." Many of President Carter's political ~~troubles~~ troubles reflect these underlying conditions and are likely to confront future presidents as well, even those who don't suffer so obviously from the stigma of being outsiders to the Washington political game. Given the ~~decomposition-decompos~~ decomposition of party loyalty (and every other form of institutional loyalty), the growing gap between Washington and the rest of the country, and

the popular demand for presidential leadership that transcends "party politics," the president has become an outsider, in a sense, almost by definition; the ~~conditions~~ ~~that work~~ condition of standing to one side of the Washington scene, a disadvantage in governing, ~~work~~ works to his advantage in political campaigns. The "future for policymaking," Burnham writes, thus ~~is~~ "rests uneasily between the alternatives of reinforced institutional deadlock and of executive imposition of policy on the rest of the system."

Since the underlying economic crises ~~afflict~~ afflicting our society will have to be faced in one way or another, we can expect that the present political stalemate will give way at some point to further experiments in "executive imposition," the possibilities of which were hardly exhausted by Kennedy, Johnson, and Nixon. The only alternative to such a solution appears to be the revival of genuinely popular movements which insist that the distribution of scarce ~~power~~ resources, the distribution of sacrifices, and the nature of the discipline imposed by economic adversity are all collective decisions that should be made not by elites but by the people as a whole, who have to bear their costs. Let me quote once more from Burnham's essay, "American Politics in the 70s" (in William Nisbet Chambers and Walter Dean Burnham, The American Party Systems, Oxford University Press, second edition) which is invaluable because it

represents the work of an established political scientist (MIT) who can't be accused of tailoring his conclusions to left-wing ~~predilections~~ predilections. In some ways Burnham arrives at conclusions similar to those reached by Robert Heilbroner, another established academician who writes from a liberal, not a socialist point of view, yet concludes that some form of social democracy appears to be our only hope. Burnham, like Heilbroner, stresses the need for "massive public controls" to deal with the energy crisis. These controls, he argues, "cannot be maintained without consent in a democracy," and this consent will require in turn that "more than rhetorical effort to approximate equality of sacrifice will have to be made by policy elites." ~~But~~ Public policy, he concludes, will either have to become "much more social-democratic than it has ever been in the United States, or it will have to be established and imposed by an authoritarian oligarchy." He adds the sobering qualification that the first alternative depends in addition on a "revolutionary change in behavior norms among rank-and-file and elites alike."

Politics and the Media. Since the mass media have assumed many of the functions of political tutelage formerly carried out directly by the political parties (including the ~~new~~ many third parties that flourished in an earlier period of American politics), ^{an} ~~a full~~ understanding of the present

situation requires some discussion of the extraordinary influence ~~played by the~~ exercised by the ~~mass~~ media, both in shaping popular consciousness and in preventing ~~discussio~~ consideration of constructive alternative policies. I sympathize with the President's complaint that the press and television "trivialize" issues. This kind of ~~enid~~ criticism, however, has to be distinguished from the criticism, always appealing to presidents throughout our history, that the press ought to support presidential policy and try to see things from the president's point of view. An edgy and adversarial relation between the press and the president is clearly appropriate in a democracy--all the more so in a democracy where ~~execu~~ ~~execu6~~ executive ~~authorita~~ authoritarianism remains a lively possibility. The problem of making the press more responsible must not be confused with the ~~probac~~ problem of making it less critical of presidential leadership; not should it result in a demand for the kind of controls favored by some members of the Berger ~~court~~ court.

Given the need to protect freedom of the press, even when it is constantly misused, I doubt that there is any immediate answer to the irresponsibility of the media and their "tribal chiefs," as Jesse Jackson calls them. A little historical background, however, may at least help to clarify the nature of the problem. The rise of the mass media is closely related to the developments already

outlined above--the growth of a consumer culture and the transformation of politics into another ~~item of consu~~ article of consumption. The media serve principally as agents of consumer "education," tutors in mass taste. Advertising, entertainment, and news reports, which are increasingly indistinguishable, all serve to surround consumption--whether of goods, services, or politics--with an aura of glamor, celebrity, and sophisticated gossip. The reason the media trivialize politics is that they present political choices essentially as consumer choices. They convey to the public what experts currently think about these choices--in other words, the current state of Washington gossip. ~~As~~ As David Riesman pointed out many years ago in The Lonely Crowd, the political style of a consumer culture is that of the "inside dopester," who is concerned not with programs or policies but with what the insiders are saying to each other. As with advertising, content and substance retreat into the background; everything becomes a matter of "style" and ~~the~~ "image."

The relentless pursuit of the inside story results not only in gross breaches of privacy but in an infatuation with "personalities" and their "reactions" to events. Presidents are judged not on their policies but on how other insiders "react"--preferably in highly quotable form--to their executive "performance." As with the promotion of other commodities, the media seek to determine whether the

president is marketable; like other types of market researchers, political reporters consult public opinion polls and knowledgeable opinion in order to arrive at the most up-to-date inside dope. At the same time, the media surround the political process itself with an air of heady high-class entertainment, dwelling on high-level meetings, a constant air of emergency, the gossipy Washington cocktail party circuit, the heady atmosphere of intrigue. The ubiquitous presence of the cameras themselves ~~serve~~^{serve} to confer added importance to the Washington scene and to heighten its theatrical interest.

"Wherever we see glamour in the ~~object~~ object of ~~the~~ attention," Riesman wrote, "we must suspect a basic apathy in the spectator." Because the consumption of ~~commodities~~^{commodities} and spectacles is a passive act, an irreducible apathy is built into the whole process of mass marketing--hence the desperate attempts to overcome it by non-stop advertising (and by non-stop political reporting indistinguishable from advertising). The only cure for the apathy, indifference, and cynicism now afflicting the country is genuine political participation. A thoroughgoing democratization of politics, by eliminating political consumerism, would also eliminate the main function of the mass media as presently organized. No doubt the media reinforce patterns of political passivity (and of every other form of passivity), but they don't necessarily create those patterns; and ~~is~~^{it is} therefore possible

that a society composed of citizens, rather than clients and consumers, would have no need for mass media as they are now organized. Under those conditions the media might play a very different, and less ~~harmful~~ harmful, role in public life.

These appear to be ^{some of} the main elements in the present situation. It remains only to note that the type of political strategy they seem to indicate is not very likely to unify the country or, as Bill Moyers put it the other evening, to "restore the consensus of 1963." American politics in the future will probably turn more on conflict than consensus, but I think it can be argued that bold executive leadership in the past--in the thirties, for example--has usually been divisive rather than unifying in its initial impact. In any case, policies that really come to grips with the deepening crisis of our society are not likely to please everybody. A new consensus will emerge, in all likelihood, only after a period of upheaval and conflict--a painful prospect, but no worse, certainly, than a gradual slide into some form of authoritarianism.

Yours,


Christopher Lasch

THE PRESIDENT'S SCHEDULE

Friday - July 20, 1979

7:30
(90 min.) Breakfast with Secretaries Cyrus Vance and Harold Brown, Dr. Zbigniew Brzezinski and Mr. Hamilton Jordan - Cabinet Room.

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

9:30 Mr. Frank Moore and Mr. Hamilton Jordan.
The Oval Office.

10:45
(5 min.) His Excellency Jaime Roldos, President-Elect of Ecuador. (Dr. Zbigniew Brzezinski).
The Oval Office.

12:15
(10 min.) Ceremony in Observance of the 10th Anniversary of the Moon Landing. (Dr. Frank Press).
The Rose Garden.

1:45
(15 min.) Governor Hugh Gallen. (Mr. Jack Watson).
The Oval Office.

2:30
(15 min.) Drop-by Reception for White House Conference on the Family. The East Room.

3:00 Depart South Grounds via Helicopter en route
Camp David.

THE WHITE HOUSE

WASHINGTON

20 July 1979

To Secretary James Schlesinger

With regret but with great appreciation I accept your resignation as Secretary of Energy. Under the most difficult of circumstances you have performed your many duties superbly.

The progress you have described in your letter of resignation has been the product of a team effort, and you have headed the team. It may be many

years before the people of our nation can realize the benefits which have already been brought to them by your accomplishments.

During the months ahead, with your advice and support, we will implement the program we have evolved together.

An aroused and united country can then guarantee our vital energy security.

You have my best wishes and thanks.

Sincerely,
Jimmy Carter



The Secretary

July 20, 1979

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

Dear Mr. President:

It is now two and one-half years since you assigned to me the onerous and miscellaneous responsibilities falling to the lot of the "energy czar." My tenure in that anomalous position has by far exceeded that of any of my predecessors. It includes the long battle over passage of the National Energy Act of 1978, the severe short-term difficulties posed by the fall of the Shah, the Iranian shutdown and its aftermath -- as well as such lesser matters as the coal strike of 1978 and the natural gas crisis of 1977.

As we discussed before the Tokyo Summit, it would be far better for you to have in place one who is less scarred by earlier battles. On August 4 I shall have completed two years in this office. I trust that you will accept the resignation that I have previously offered. I would thus hope to be out of office by October 1st -- the second anniversary of the establishment of this Department. In the interim I shall provide steady and continuing support for the new programs you have initiated and steady assistance to Charles Duncan during this period of transition.

Mr. President, under your leadership, the energy problems, so easy to ignore, have come to be better understood. Conservation, so widely dismissed a few years ago, has now become a simple reality. The thirty year war over natural gas pricing has been ended. The controls on oil prices -- with their crippling effects -- are being phased out. The nuclear option has been preserved and the age of renewables has been initiated. We have made a start on a synthetics program which promises to become massive. Despite all the difficulties, impressive achievements have occurred during these last two years.

Yet, despite all the efforts, Mr. President, I fear that the depth of our national problem has not as yet been accepted by the American people. The severe impacts on our economy -- and potentially on our political and social institutions -- posed by the prospective oil stringencies of the 1980's have not been fully recognized. Even more important, the geopolitical implications of the dependence of the United States and her allies on the most volatile and vulnerable region in the world should cause the deepest apprehensions, the geostrategic risks are stark -- as is the attendant precariousness of supply. The revolution in Iran, as the embargo before it, should have swept away all ambiguities regarding these geostrategic risks.

The task remaining is therefore, Mr. President, an imposing one. You shall have whatever assistance I can provide -- and my best wishes -- as you continue to grapple with these intractable problems.

Respectfully yours,

James R. Schlesinger

THE WHITE HOUSE

WASHINGTON

July 20, 1979

To Secretary Brock Adams

I accept your resignation with friendship, respect and appreciation for the accomplishments of our nation during your service as Secretary of Transportation. I share your belief that our Country's system of transportation can and must be greatly improved in the future. Your continuing advice and support as

THE WHITE HOUSE

WASHINGTON

We make this progress will
be very valuable.

You and Betty have
my best wishes, and
my thanks on behalf of
a nation which has
benefited from your ser-
vice.

Sincerely,
Jimmy Carter

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

July 20, 1979

The President
The White House
Washington, D. C.

My dear Mr. President:

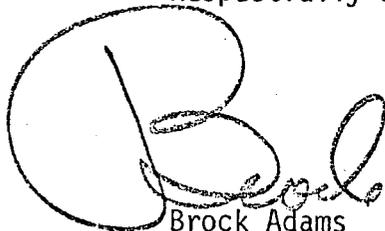
I hereby tender my resignation as United States Secretary of Transportation.

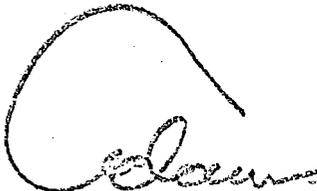
I have appreciated your courtesy and the personal kindness you and your wife have extended to Betty and me during the period I have served as a member of your Cabinet.

I particularly appreciated the position you stated in your Sunday night speech regarding public transportation and the need for a more fuel-efficient automobile. I hope these programs will be fully implemented soon. As you know, during the last two years I have repeatedly urged that more attention be focused on these areas because maintaining American mobility through alternatives to and more efficient use of the motor vehicle are essential to maintaining the American economy and a quality standard of living as we go through the difficult period of the future. I believe the American public shares this view and will support using the resources and technological development necessary to achieve it. The many fine people serving in the Department of Transportation stand ready to help you in this effort.

I hope you find happiness in your job, and I join with the whole Nation in hoping that the remainder of your administration will be successful.

Respectfully submitted,


Brock Adams



THE WHITE HOUSE
WASHINGTON

20 Jul 79

Ambassador Strauss

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

Rick Hutcheson

*Strauss
comment
J*

Gold Kist inc. 244 Perimeter Center Parkway, N.E./P.O. Box 2210 Atlanta, Ga. 30301
Phone (404) 393-5154

D.W. Brooks—Chairman of the Board Emeritus

July 13, 1979

Personal

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

Dear Mr. President:

As you know I have been working with Ambassador Strauss on trade negotiations and it seems now that we are coming to the end of these negotiations and I hope that we will be able to get them through the Congress without much problem.

However, as you possibly know, I was also on the Kennedy Round of trade negotiations and from my experience in the Kennedy Round I know it is not only important to negotiate a trade agreement, but actually the most important thing is to follow through. We have a desperate need in this country of bringing every firm, even the smallest of firms, into the export picture. It is the only way that we are going to take care of our balance of payments problem.

The reason why Germany and Japan have done well is because they developed the will to do it. We are going to have to do likewise if we get our situation straightened out. We have opened the door but it doesn't mean that our people are going to follow through unless we keep some leadership.

Alonzo McDonald, whom we all call Al McDonald, as you know did our actual negotiation in Geneva. He is a very able and brilliant person who was brought into this job by Bob Strauss. I think the most important thing we can do now is to move Al up to the position that Bob Strauss has had and let him stay on top of the implementation of this trade negotiation.

I would appreciate you talking with Bob Strauss on this and I am sure he will agree with my assessment of our situation as well as the assessment of the capability of Al McDonald. I am very hopeful that you can work it out to move Al into the position that Bob will be moving out of as soon as we can get the trade negotiation bill passed.

With best wishes and kind personal regards.

Sincerely,

D.W.

D. W. Brooks

DWB/bwm
cc: Mr. Bob Strauss

*Al has the support
and confidence of Agriculture.*

2892

P

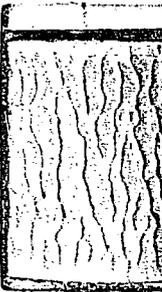
THE WHITE HOUSE
WASHINGTON
7/20/79

Bob Lipshutz

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

cc: Bob Linder
Jack Watson
Jim McIntyre



THE WHITE HOUSE

WASHINGTON

July 5, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Proposed Executive Order:
"Federal Regional Councils"

The attached Order, prepared at OMB, would revise the structure of the ten Federal Regional Councils. It would eliminate the Under Secretary's group and formally give the Interagency Coordinating Council an official policy role.

The Order has been approved by Justice and OMB, and we recommend approval. Watson and affected agencies concur.

Approve

Disapprove

AN INTERVIEW WITH

THE PRESIDENT'S

ONE-MAN KITCHEN CABINET

When Jimmy Carter needs a friend or some down-home advice he turns to Charles Kirbo

BY GLEN EVANS

Charles Hughes Kirbo, 62, is tall, slender, courtly, Georgian to the core—and by everyone's standards, President Jimmy Carter's personal friend, confidant and closest adviser outside the confines of the White House.

Theirs is a special friendship that began 17 years ago when James Earl Carter, then a 37-year-old peanut farmer seeking the Democratic nomination for the Georgia State Senate was cheated out of his primary victory by a stuffed ballot box. Carter was advised by his cousin Don Carter, a newspaper publisher in Macon, Georgia, to visit his former classmate Charles Kirbo, a senior partner in King & Spalding, one of the most prestigious law firms in the South.

Kirbo, a native of Bainbridge, Georgia, whose forte is trial law, agreed to represent the young Carter and proved indeed that the ballot box had been stuffed. Carter was declared the Democratic nominee and went on to win the senate seat and later to become governor of Georgia. As governor, Carter appointed Kirbo chief of staff and was willing to appoint him to succeed Senator Richard Russell, who had died shortly after Carter assumed the governorship. Kirbo politely declined the appointment.

Since then, Kirbo has become a trusted political adviser and by some accounts a one-man kitchen cabinet to the President of the U.S. He urged a reluctant Jimmy Carter to take the plunge and run for the presidency, assumed trusteeship of Carter's agribusiness holdings during his tenure in the White House, supervised the selection of Vice President Walter Mondale and drafted the President's first official order—the pardon of draft resisters.

Throughout the presidency, their relationship has remained strong, with Kirbo quick to understand the changing nature of the relationship.

"I believe, to tell you the truth, that my role is just going to get less and less from now on," Kirbo told James T. Wooten in a March 1977 interview in *The New York Times Magazine*. "The President is far beyond me now. He's got himself into matters that are above me—national and international problems that I don't know a damned thing about—and I just think you're going to hear less and less of me in the future."

Maybe so, but when Carter found the family facing investigation into the alleged discrepancies in the bookkeeping practices of the Carter peanut warehouse operation and his campaign financing, it was Charles Kirbo that he turned to, and most likely will continue to turn to, for advice, counsel and friendship.

Given his long association with Jimmy Carter, we asked Charles Kirbo to tell our readers how he feels the President is doing on the job after two full years in office and to tell us a little about himself as friend, confidant and one-man kitchen cabinet to the President of the United States. Here are his replies:

PASSAGES: Mr. Kirbo, you've been extremely close to President Jimmy Carter for over 17 years now. As a trusted senior adviser and member of his pre-election inner-circle, how have you resisted the call to go to Washington and assume a more formal position at the White House?

KIRBO: I would be happy if I were serving with the President on his staff in Washington, but I have other responsibilities that have prevented me from making the move. There are many matters affecting the President that I can and do tend to here in Georgia, and I do spend some time in Washington.

PASSAGES: You've been described by *Newsweek* as "a man with Georgia roots and values close to Carter's own." Could you tell us a little about what your personal and professional philosophies are—and how you feel they relate to values and views held by the President?



Photograph by Wide World Photos



Photograph by Karl Schumacher

Charles Kirbo and Jimmy Carter became friends in 1962 when Kirbo helped Carter prove that he had been cheated out of his state senate primary nomination. Today, Kirbo's a trusted family counselor

KIRBO: In my early contact with Jimmy Carter, I found him to be scrupulously honest, anxious to serve and to improve the quality of life of all people within his reach. His goals, methods and plans were more nearly compatible with mine than anyone I had known. Over a period of time, I learned that he was competent, courageous and resourceful. We worked together and developed confidence in each other, and I decided to join him and contribute in a small way in obtaining our common goals.

PASSAGES: In that same vein, despite being considered a one-man kitchen cabinet and presidential adviser, you've nonetheless managed to quietly retain your sense of self. Would you care to comment on this aspect of your relationship with the President?

KIRBO: I don't find this strange, and I know he prefers people who maintain a sense of self. I have always been more comfortable and effective when I work quietly without being pinned down on one project.

PASSAGES: Is President Carter the same man you first met while helping him win the legal case that settled a Georgia election in 1962? Has he changed in ways you didn't expect?

KIRBO: Yes. He has aged, of course, and matured considerably since 1962. I wasn't sure in 1962 what sort of executive he would make or how he would handle power, but he is an excellent executive, and he handles power naturally and wisely.

PASSAGES: Politics aside, if that's possible, what is it really like being the close personal friend of a President of the United States?

KIRBO: The White House, that is the building, somewhat intimidated me at first, but I feel relaxed with the President, and he is the same fellow I always knew. It does distress me to see people criticize him and write unfair and untrue stories about him and not be able to help him or defend him. Of course, I am honored to have the President as a personal friend.

PASSAGES: Has your relationship with the President changed these past two years? And, if so, in what ways?

KIRBO: Yes, it has changed. I do not see him as often and do not share problems of his office as much as I would like. When we are together, we have a good time, even under challenging circumstances.

PASSAGES: You have been called the "most conservative" member of the President's team. Do you consider yourself a political conservative? Are you a leavening influence on Jimmy Carter?

KIRBO: My contribution has been more in aiding in the selection of personnel than on issues. President Carter is reasonably conservative, but is wise enough to see the necessity in making large commitments, both in defense and in solving human problems. He is a compassionate man, yet he tries to ensure that all funds are spent wisely and accomplish the purpose for which they were intended. We are not apt to

"If we only had friends that were perfect, there would be few around."

differ on many things—more likely on timing. **PASSAGES:** Behind the famous Carter smile, in the daily win-some-lose-some political arena, how does the President handle and accept his reversals? Does he have a temper?

KIRBO: The President hates to lose but he handles reversals calmly and prepares to come again. He does have a temper which is firm but quiet. Generally, after a defeat he draws on his wit.

PASSAGES: Critics say that Richard Nixon saw the White House as beset by enemies, causing him to rely on a shield of his closest advisers. How important—and difficult—is it for a President to have a friend?

KIRBO: President Carter is beset by problems of our time and not by enemies. He is criticized and mistreated by some because of differences of opinion about issues. He does not rely solely on the people in the White House, but shares his time with many people whom I don't know but who bring him advice and information on a wide range of subjects about which I am not qualified. He has and will continue to have close friends.

PASSAGES: Does it concern you that President Carter, granting his virtues, now seems to put off so many people by what one writer has called "a seeming double standard?" (Columnist Harriet Van Horne, in reference to Carter's steadfast loyalty to Bert Lance.) Does Carter's loyalty to friends blind him to the higher loyalty to truth in government?

KIRBO: I think this feeling exists in the press primarily. If we only had friends that were perfect, there would be few around. We haven't time to discuss the Bert Lance matter, but I don't quite understand what the criticism is now about Carter's relationship with Lance. Lance left Washington and is not now participating in the government. The President loves many people, including Bert Lance, but his highest loyalty is to his God and country.

PASSAGES: What do you see as Carter's major problems in managing the job of the Presidency for these next two years?

KIRBO: One of his major problems is from a substantial segment of the news media. Somehow we have drifted into a period where the test of excellence in the media is to be able to destroy the President or high public figures. This will probably increase as the campaign approaches. So far, he has accepted this in a relaxed and understanding manner, and I am sure he will continue through the balance of the term. If he is not diverted by this, I have no doubt that he can manage the job of presidency and will continue to do a good job.

PASSAGES: The President has a small plaque on his desk that reads: "Oh God, thy sea is so great, and my boat is so small." Given the broadly diverse responsibilities of the Oval

Office, is the presidency proving too much for any one person?

KIRBO: The presidency could not be in better hands. It is a more difficult job because the powers of the President have been reduced in the last few years, and the government structure needs to be changed to some extent. He is in the process of accomplishing this with the aid of the Congress.

PASSAGES: Assuming that President Carter is finding it increasingly difficult to pursue his seemingly impossible dream, his striving for simplicity in all that complexity, of possibilities and probabilities, as one reporter put it, will he run for re-election? And, if he does, will Charles Kirbo be there to help him in his bid for a second term?

KIRBO: I cannot make this assumption because I know he is on the right course and making progress. I definitely will be with him in his bid for a second term.

PASSAGES: There's a "Dump Carter" movement brewing on the West Coast at present, led by several well-known disenchanting Democrats. Will the match go out in California? How does the Administration view this so-called "crisis of leadership" indictment by dissenters?

KIRBO: We are planning on carrying the West this time. I think your question overstates the situation. There are some in most states who would like to defeat the President.

PASSAGES: There are those who say that Rosalynn Carter, the nation's First Lady, seems to be the President's most important confidante. Do you think this is true? Is she as much like the President as she seems to be?

KIRBO: I always look at them as a couple, as they complement each other and give strength to each other. She is very important to him.

PASSAGES: How did you react to Billy Carter taking on his brother Jimmy's closest advisers in his recent series of uninhibited comments (in *Penthouse* magazine), one of which was directed to you?

KIRBO: Billy Carter is basically a nice person, and he and Sybil have been very good to me. They have helped my family and me on several occasions in very meaningful ways. Billy has developed some problems, and I understand the circumstances under which he made the remarks about me. I still like him and consider him my friend.

PASSAGES: What's your opinion of the rash of books presently on the market by former White House aides, associates and staffers, the so-called practice of "checkbook journalism?" Can we expect a book one of these days from you?

KIRBO: I haven't read these books, but I find nothing wrong with writing a book as long as it is accurate. Perhaps I might write one if I outlive the President and Rosalynn. □

Glen Evans, a native of Georgia living in Cos Cob, Connecticut, is a freelance writer and book author.

THE WHITE HOUSE

WASHINGTON

July 20, 1979

*Love
J*

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM.*

I recommend that you call Senator John Stennis
to advise him of your decisions. *AFFECTING DOD*

Schles / Duncan

Adams / Clayton

finis

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THE WHITE HOUSE
WASHINGTON

Mr. President:

Joan Baez called last night after you visited with the boat people to thank you. If you want to return the call she can be reached by the WH operators after 10 am this morning.

Phil

J *Called her*
J

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Nov 2: 30

RECEPTION FOR WHITE HOUSE CONFERENCE ON THE FAMILY, 7/20/79

*Jerry -
oh - (Had you
seen this?)
J*

The American family is under unprecedented pressures,
and it's good to meet with people who plan to ~~talk about~~ *think and learn*
before we act
~~it, not just do something. Too often, as soon as we see~~
~~a problem, we run out and unthinkingly do something, and~~
~~end up making the situation worse instead of helping.~~

~~I am glad you are going to talk and think before you~~
~~go out and do.~~ The purpose of this conference is not to
set up some big, new, expensive federal program; it is
to see what we can do *-- not as a government -- but* as a nation to strengthen *American* families.
In *many* ~~some~~ instances, that may mean just getting out of their *Government*
way.

You will be looking at what public and private organi-

zations are doing now at all levels, to see how these activities affect families. I hope you will look not just at programs that are intended to affect families, but also at those that ^{may} have ^{damaging} effects that were never foreseen.

You must reach out not only to scholars and experts, but most of all to citizens all around the country who know ^{from experience} what makes a family strong, ~~because they are part of~~ one.

~~The last two decades have been~~ ^{Our generation has} ^{through} a time of great social and technological change, affecting the way we live and work and the way we think about ourselves. Our institutions do not seem to offer the support they once did for the family, and the signs of strain are all around us.

I talked last Sunday about a crisis of confidence in

our country, and the family is very much part of that --
part of the problem and certainly ^{a major} part of the solution.

For couples who married in the early years of this century, one marriage in ten ended in divorce. For marriages since World War II, it is one in three. The rate of teenage suicide has doubled in the past ten years. Half a million youngsters each year are classified as runaways. Too many older people are lonely and cut off. Without question, the American family is in trouble.

The family has survived many a social and technological revolution, and ^{our families can} ~~I believe it will~~ survive the current changes and stresses. ^{They are} ~~I believe it is~~ too precious, too basic, too essential not to survive. ~~I believe that~~ ^Ultimately the family ^{may} ~~will~~ emerge stronger out of the current changes. ^{This} But ~~it~~ will not be automatic or easy.

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Change, after all, is nothing new. The people who created this nation were engaged in changes that shook old institutions and old ways of living. The pioneers who pushed West, the immigrants who added to the rich diversity of our people, were cut off from old certainties just as we are today. They too had to live with dramatic, often wrenching change, and to adapt to new patterns of living.

They quickly learned to rely on each other, to build new families and new communities. They saw change not as something to be feared, but as opportunity. They learned to hold onto their real values within those changes, to make change work for them as individuals, as families, as a nation.

We often feel nostalgic for what we see as the simpler world of the past. We can learn from the past, but we

must not limit our vision of what a good family is to what good families have been in former times. Instead we must find meaning in meeting today's challenges and realities -- honestly, creatively, with courage and compassion.

Our people are searching for freedom and opportunity as they always have, and that search is having profound effects on the modern family. For many it is liberating and rewarding, but it also leaves many who are unsure, lonely and afraid.

Lily Tomlin jokes that "We are all in this alone," but for too many of our people those words seem desperately, tragically true. Too many feel they have no one they can turn to in their moment of need.

These problems are real. But they are also the kinds of problems families have always specialized in solving.

Many of our toughest problems -- from energy to the decay of our cities, from inflation to coping with old age -- ^{even the strengthening of a nation's spirit... resolved} ~~can be broken down to manageable size~~ if every family does its share and takes seriously its responsibilities to its own members and to its community.

Families ~~come in all ages and sizes~~. They are more than just households. They are a network of relationships rooted not only in kinship but in shared experiences, shared joys and sorrows, and most of all -- in love that crosses over distances and generations.

Families are
~~The family is~~ groups of people -- some small, some large -- who do not necessarily live together in one place but who do take responsibility for each other.

There is an old Yiddish proverb, "God gave burdens, also shoulders."

Not only our own shoulders, but shoulders to help us bear the burdens that are too heavy for us alone, shoulders to cry on, shoulders to receive pats of encouragement, shoulders to help others bear their loads.

That's what a family is -- a collection of shoulders.

We are not in this alone.

#

1:45 pm

THE WHITE HOUSE
WASHINGTON

July 20, 1979

done
J

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
SUBJECT: Meeting with Governor Hugh Gallen
of New Hampshire; Friday, July 20
at 1:45 p.m. (15 mins.) (Oval Office)

Press Plan and Participants

Governor Hugh Gallen

Dayton Duncan, Press Secretary

Jack Watson

No press at event; Gallen will have a press briefing
on the lawn at 2:30 p.m.

The White House photographer will be on hand.

Background Information Attached

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THE WHITE HOUSE

WASHINGTON

July 19, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

Your Meeting with Governor Hugh Gallen

Hugh has a report he wants to make to you based on your request that he look into the home heating oil supply situation in New Hampshire. You should know that:

1. The national reserve is currently around 151 million barrels. Refiners are operating within a range of 85-90%. We are running about 10 million barrels behind in the rate of reserve build-up to achieve the 240 million barrel goal by October 1, 1979.
2. It appears from our data that, while this rebuilding of the primary distillate reserve is taking place, secondary and tertiary reserve (supplier and end-user tanks) are below usual levels. Suppliers say this is because they are concentrating on primary build-up. Others believe companies are waiting for higher prices. Whatever the explanation, we must have a balanced program tuned to secondary and end-user reserves as well as primary. I am asking DOE to sample quickly the secondary and tertiary reserves to get an accurate measure of their status, since we are relying now totally on assertions by customers of this status. I will have a DOE decision paper on options to best meet this goal on Friday, July 27, 1979.
3. During August we will get a better picture of the situation and will be able to issue refiner yield orders based on our findings as late as September 1st after the peak driving season has passed.

You can assure Hugh:

1. We will meet our goal;

2. We will have a balanced program, getting as much in tanks at current prices as possible;
3. Jack Watson will stay on top of this and work with you every step of the way.

What follows is a summary of the current situation in New Hampshire based on state and DOE data sources.

Overview

- ° New Hampshire is primarily supplied by Northeast Petroleum (15%), Shell/C.H. Sprague (34%), Exxon (19%), Mobil (6%), Texaco (4%), and Gulf (3%).
- ° The latest figures reported to DOE indicate that New Hampshire's current supply situation is not critical relative to the general supply situation in the Northeast.
- ° In July of 1978, New Hampshire received 275,000 bbls as compared to a projected 357,000 bbls for July 1979. This is a supply ratio of 1.3 as compared with an average supply in Region 1 of 1.02. The projected amount for July 1979 in New Hampshire equates to a 30% increase over last year's deliveries. Region I projections for July 1979 will reflect a 2% average increase over last July's regional deliveries.
- ° The Governor's 4% set-aside for July is approximately 872,000 gallons. Of this, one-half has been distributed as of July 17th.
- ° Due to the reduced allocation fractions of the prime suppliers, this set-aside is less than anticipated. For example, Gulf's portion of the set-aside has dropped from 40,000 - 50,000 to 13,000 gallons.

Potential Problems

- ° Secondary stocks are down approximately 50% from last year's levels according to a State Energy Office telephone survey of retail dealers. The volumes of heating oil used in New Hampshire are relatively small (approximately 10,000 bbls per day) and could be readily augmented in an emergency.

- On July 1, 1979, Shell Oil indicated they would no longer supply No. 2 fuel to the second largest seller in New Hampshire, Sprague Energy, and that Sprague should locate a new supply source. This has been indicated to Sprague by Shell in both July 1977 and July 1978.
- However, Sprague has purchased, without contract, 880,000 barrels from Shell between June 1, 1978, and June 1, 1979.
- Shell has assured DOE that they will continue to supply jobbers and terminal operators who are unable to locate alternate sources of supply, including Sprague.
- We have been informed that Shell is willing to supply Sprague with its heating oil needs this winter. Next week Mr. Powers, President of Sprague, will meet with Shell to work out the details.
- Sprague also operates a 13,000 barrel a day refinery in New Hampshire which it uses to help meet approximately half of its demand in the State.
- Due to higher prices, Sprague has refrained from purchasing No. 2 fuel on the spot market.
- DOE is concerned with the withdrawal of Shell Oil from the New England market for home heating oil. We have requested from Shell information on the size, location, and utilization of its terminals in New England.

REPORT ON HEATING OIL SUPPLY

IN THE STATE OF NEW HAMPSHIRE

Prepared by: Governor's Council on Energy
2½ Beacon Street
Concord, New Hampshire 03301
603-271-2711

July 18, 1979

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SUMMARY

This report addresses the question of the inventories and availability of home heating oils in the State of New Hampshire. Although there have been some encouraging signs in the past few weeks, the prospects for the coming winter remain quite uncertain and generally unfavorable. In particular, three significant issues threaten to so disrupt supplies of heating oil for the coming winter that the health and welfare of a substantial number of citizens would be jeopardized. These issues are current inventory levels, supply contracts for the independant terminal operators, and financial arrangements for oil dealers. Our conclusions in these three areas are as follows:

- Secondary storage inventories are down 49.7% from last year. Additionally, primary inventories are down 29.1% in the state, and tertiary inventories are down 25.2%. Two-thirds of the total estimated shortfall of 31.1 million gallons results from low inventories in secondary and tertiary storage.
- Independant terminal operators, who supply over 50 percent of New Hampshire's heating oil, are facing substantial delays, reductions and cancellations in their attempt to renew supply contracts with major refiners.
- Oil dealers in the state are facing intensified financial pressure due to rising prices, more stringent credit and payment terms, and expanding accounts recievable. Many dealers, particularly smaller ones, may be forced into bankruptcy as the heating season arrives, thereby creating a severe, localized supply problem.

Although this report is focused on the question of availability, as that poses the most immediate threat to the health and welfare of the citizens of the state, the question of economic effects must also be addressed in the near future. The dramatic rise of retail prices in one year will entail substantial economic impacts and potentially severe disruptions, particularly for lower and fixed income citizens.

HEATING OIL INVENTORIES

1. Introduction

New Hampshire depends on summer heating oil inventories to meet a substantial portion of the winter heating oil demands. Storage capacity exists at three levels: bulk or primary storage at supplier's terminals; secondary storage by dealers and jobbers throughout the state; and storage in tanks owned by end users. In the past, no information was ever collected on storage capacity and inventories at any level but primary. However, due to the distorted market conditions and shortages of distillate supply experienced since early spring, this information is now essential for evaluating the severity of our supply problem and planning for the winter ahead.

In a series of surveys of dealers, jobbers and suppliers in the state, information was collected to address these questions. Although there are numerous gaps and uncertainties in the data, the results clearly indicate that a severe problem has developed with heating oil inventories in the state. The summary of the data collected is presented in Table 1.

2. Primary Storage Facilities

Five of the state's twelve or so major heating oil suppliers, including the three independent terminal operators, Northeast, Sprague and Belcher (Union), operate terminals in New Hampshire at Newington or Portsmouth. These five suppliers account for approximately two-thirds of the heating oil supplied to the state, although some of their delivered product may be pulled from terminals out of the state. The remaining supplies all originate out of state, either in Chelsea or Revere, Massachusetts or Portland, Maine. The independent terminal operators alone supply over 50 percent of the state's heating oil supplies.

Primary storage capacity for the five terminals ^{in the state} is 1,390 Kbbbls. Virtually all of this capacity is dedicated to heating oil accounts in the state. No data is currently available to us on historical or current inventory levels at these terminals. However, an estimate of inventory shortfall can be made by examining data for New England.

As of the 1st week in July, API data indicates that New England primary storage inventory is down some 29.1 percent from historical levels (3-year average). In addition to this obvious shortfall, most of the major suppliers have put their accounts on allocations, indicating a difficulty in obtaining supplies for the region and/or a desire to build inventories. The allocation levels for home

TABLE 1
In-State Heating Oil Storage and Inventory

	Storage Capacity (Million Gallons)	Inventories			
		1st week July 1978 (M.gals)	1st week July 1979 (M.gals)	Shortfall (M.gals) Percent	
Primary Storage ¹	58.4	38.5 ²	27.3 ²	11.2 ³	29.1
Secondary Storage ⁴	17.1	8.1	4.1	4.0	49.7
Tertiary Storage ^{4,5}	63.3	50.8	34.9	15.9	25.2
Total Estimated Shortfall				31.1	
Total Yearly Demand				236.0	

FOOTNOTES

¹Includes terminals of five suppliers at Newington, NH, and Portsmouth, NH, three of which are independent terminal operators.

²Based on API data for New England distillate stock levels, these estimates are very approximate. For the first week of July, 1979, New England distillate stocks at primary facilities were down 29.1 percent from a three year historical average. Over this same historical period, the inventory at this time averaged 66 percent of the maximum buildup for the year, which we assume approaches 100 percent of storage capacity.

³This figure may seriously underestimate the shortfall in primary storage inventory for the state because it does not include out of state primary storage dedicated to satisfying accounts in the state. The five suppliers with terminals at Newington account for about two thirds of the NH market share in heating oil, but they may also draw product from out of state terminals to satisfy NH accounts.

⁴Based on a survey of over 50 percent of the dealers accounting for an estimated two thirds of the residential accounts in the state.

⁵These figures are derived using estimates of the total number of residential accounts for heating oils in the state rather than on the number of dealers due to the bias resulting from a better response rate from larger dealers.

heating oil have been very unstable, varying from 50 to 100 percent, but at present, for July, the state weighted average is near 85 percent.

According to the historical API data on New England inventories, inventories in the week of July 1 average approximately two-thirds of the maximum inventory buildup for that year. Assuming that this figure and the 29.1 percent shortfall apply to New Hampshire's bulk terminals, the shortfall at these terminals is 11.2 million gallons of home heating oil.

3. Secondary Storage

Secondary storage capacity of No. 2 oil in the state of New Hampshire is estimated at 17.1 million gallons. Individual dealer storage capacity varies anywhere from 20,000 gallons to 1.5 million gallons.

The Governor's Council on Energy conducted an extensive survey on July 11 of 113 dealers representing 67% of the state's total number of residential heating oil accounts. This survey sampled more than 50% of the total dealers in the state and included such variables as the size of dealer capacity, geographical factors and source of supply. The results of the survey indicate a significant decrease in current inventories compared to those inventories of last year. The percentage shortfall is currently at 49.7%. The present inventory shortfall affects large and small dealers whether supplied by major oil companies or independent terminal operators. Two examples: Fern's Oil of Concord has a storage capacity of 1.5 million gallons. On July 1, 1979, 57,479 gallons were inventoried, down from 800,000 gallons inventoried on July 1, 1978. Burnham Fuel of Goffstown has a capacity of 80,000 gallons. On July 1, 1979 12,000 gallons were in storage compared to 60,000 gallons on the same date last year.

The fact that many suppliers have imposed allocation fractions as low as 52% further aggravates the difficulty of building up inventories at the secondary level. Unless the frequency and volume of product deliveries are increased significantly and rapidly, New Hampshire oil dealers will fall even further behind last year's inventory levels.

4. Tertiary Storage

Information on storage in residential tanks was collected during the July 11 survey of oil dealers. Most dealers were able to provide good estimates of percentage fill for their residential customers. From this survey, and using data on total number of residential units, and percentage of units using oil, available from state sources and the Better Home Heat Council of New Hampshire, the following estimates were made.

Tertiary capacity in New Hampshire is approximately 63.3 million gallons. Current tertiary storage is estimated at 34.9 million gallons, 25.2 percent less than last year's figure of 50.8 million gallons. Many dealers have expressed concern over the fact that they are significantly behind last year in the summer fill program.

Although these figures are subject to considerable error, the fact that tertiary storage is significantly behind where it should be is undeniable. Secondary storage inventory simply is not available at the present time to make up the difference, and unless deliveries increase substantially in the near future, the state will arrive in the heating season with a substantial deficit in tertiary storage.

5. Kerosene

Although the problem of kerosene supplies cannot be documented in any great detail, suppliers and dealers continue to report serious problems with storage and with the availability of reliable supplies. Dealers in the state supply an estimated 26,000 residential accounts with kerosene, and storage capacity at all levels is extremely limited. In particular, secondary and tertiary storage is close to non-existent. Many residential kerosene users only have 50 gallons of storage capacity, and many dealers have none other than the truck in which the product is delivered.

Several factors exacerbate the kerosene problem and make it a more difficult problem to address than that of #2 oil supply. First, although #2 oil is often used to blend with or as a substitute for kerosene, this procedure is generally not possible at times when demand is highest, due to the need for a fuel that flows freely in very cold weather. Traditionally, kerosene users have above ground tanks and feed lines. Secondly, kerosene users are spread out throughout the state and are often in rural areas. Although some mobile home parks may provide exceptions, kerosene users do pose a distribution problem. Thirdly, kerosene is generally used in lower cost housing such as mobil homes and unrenovated older houses, and is therefore a particularly important fuel for lower and fixed income families. Fourthly, kerosene delivery is a marginally profitable or losing proposition for an oil dealer, and a number of traditional kerosene carriers have either dropped the product or gone out of business.

Although kerosene meets less than 10 percent of the state's heating oil demand, it is still a critical energy source for the state.

The supply problems reported by dealers and suppliers alike indicate an acute shortage of kerosene for use as a heating fuel in the state. This trend is explained in part by the strength of the kerosene jet fuel market, where stocks have been at record levels, and the tendency by refiners to answer the needs of their largest customers in times of short supply. Nevertheless, the shortage of kerosene for heating has yet to improve.

CONTRACTS

While the current situation regarding the signing of contracts between major suppliers and independent terminal operators has improved slightly during the past two weeks, New Hampshire still faces serious problems. Two of the state's largest suppliers of home heating oil, who provide approximately 40% of the heating oil consumed, have yet to sign contracts for the amount of product they historically receive. Under normal conditions, most of these contracts are signed by early June. To date, agreements have been signed with only two suppliers. Last year at this time, one of the independent terminal operators had signed contracts for 14,750,000 barrels of #2 oil. Currently, they have contractual commitments for only 6,000,000 barrels. This volume represents two signed agreements. Four contracts remain to be negotiated and signed.

The other large independent operator has yet to sign any contracts. It's largest supplier, Shell Oil, who last year supplied 63% of it's total #2 oil has indicated that it is unwilling to provide them with product on a contractual basis. A meeting has been scheduled for Wednesday, July 25, 1979, in an attempt to resolve this matter.

While the signing of some contracts during the past two weeks is a favorable indication and represents some progress, it is necessary to remain alert to the fact that these contracts have been signed at reduced volumes compared to last year. In addition, these contracts are subject to supplier-imposed allocation fractions.

As a result of the independent terminal operators' failure to obtain contracts, and the fact that these contracts signed represent reduced volumes, they have been prevented from contracting with local retailers. We have passed the mid-July point, yet few local dealers know what volume of product will be made available to them. This tends to exacerbate the supply problem and increase the level of uncertainty at the local level. If the independent operators do not obtain contracts they may be forced to rely on the spot market. Prices will be higher, and the likelihood of obtaining a reliable supply for the upcoming heating season will be jeopardized.

DEALER CREDIT PROBLEMS

Fuel oil dealers will face financial pressures this winter unlike anything in recent years. On the one hand, they must contend with even-tighter credit requirements of their suppliers (Payment terms as stringent as five to seven days will be common when rising prices effectively deflate the dealer's credit limit with his supplier, forcing payment before additional product is made available.). On the other hand, dealers can expect difficulty in reducing the age of their accounts receivable as more and more consumers approach and/or exceed their ability to pay.

It should be noted that the 50% expected increase in fuel oil prices over last year's level does not simply require a 50% increase in the dealers' credit requirements. The forces described above, combined with the need to finance the entire increment of working capital through borrowing rather than a combination of loose supplier credit, retained earnings, and borrowing, all result in a dramatically increased need for credit.

Because a large percentage of oil dealers in New Hampshire have very limited fixed assets to use as collateral, lending institutions can be expected to be reluctant to extend the necessary financing. Such a situation could place several hundred to several thousand homeowners in jeopardy. The bankruptcy of even one dealer, to say nothing of many, is an intolerable prospect in times of short supply when other dealers are unwilling or unable to take on new accounts.

Three courses of action could be taken concurrently to minimize the chances of oil dealer bankruptcies. First, bankers can be alerted to the extraordinary working capital needs of the local dealers. If they can be helped to understand and anticipate the dealers' needs, fewer serious credit problems are likely.

Second, dealers and consumers can be urged to establish and take advantage of budget plans. In this way, cash flow problems can be eased for both parties.

Third, Federal assistance in the form of loan guarantees from organizations such as the Small Business Administration can be pursued. Preliminary steps taken by SBA to alter the eligibility requirements to allow more dealers to qualify for loans, and to extend seasonal lines of credit are vitally important, but deserve careful review to determine their adequacy.

THE WHITE HOUSE

WASHINGTON

July 19, 1979

PHOTO SESSION WITH CONGRESSMAN BO GINN AND FAMILY

Friday, July 20, 1979
12:15 p.m., (2 minutes)
The Rose Garden

From: Frank Moore *F.M./BR*

I. PURPOSE

Photo session with Congressman Bo Ginn and his family.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: Rep. Bo Ginn (D-1-Ga.) and his family will be attending the flag presentation ceremony involving the Astronauts. His family lives in Millen, Georgia and he wanted very much to have them come to the White House since they visit here only once or twice a year. His son "Bo Bo" is quite excited about seeing you and the Astronauts.

At the end of the ceremony, there will be a brief photo session with you and the Congressman's family in the Rose Garden.

Rep. Ginn is ranked 30th on the House Appropriations Committee and has a cumulative support average for the 96th Congress of 85.7%. He voted with us on standby gasoline rationing, Alaska lands, and the Department of Education legislation.

Participants: The President, Congressman Bo Ginn, Gloria Ginn (his wife), Bo Bo Ginn (his son), and Julie Ginn (his daughter).

Press Plan: White House Photographer

III. TALKING POINTS

Usual courtesies.

12:15 PM

THE WHITE HOUSE

WASHINGTON

July 19, 1979

MEETING WITH APOLLO 11 CREW

Friday, July 20, 1979

12:15 (10 minutes)

The Rose Garden

From: Frank Press 

I. PURPOSE

To commemorate the 10th Anniversary of the first landing on the Moon.

II. BACKGROUND, AGENDA, PARTICIPANTS, AND PRESS PLAN

Background: You will meet with Astronauts Neil Armstrong, Buzz Aldrin, Mike Collins and their families to commemorate the 10th Anniversary of the first landing on the Moon. Celebrations will be taking place around the country; a large public ceremony will be held earlier in the day on the steps of the National Air and Space Museum. You have proclaimed the period July 16th - 24th as "US Space Observance" and will release a White House statement commemorating the Apollo 11 Anniversary. It is important that we recognize this feat; the Soviet Union has been getting considerable headlines in space with lesser events. It is a good opportunity to remind the world of our unchallenged technological strength.

Neil Armstrong, the first man on the Moon who said, "that's one small step for man, one giant leap for mankind," will present you with a small flag from the Apollo 11 mission. You may wish to respond thanking the astronauts for the flag and thanking them for the contribution that they made not only to the nation but to mankind. Moreover, you will have the opportunity to state that your Administration's space policy is designed to maintain such American leadership in the future.

You may also wish to use this opportunity to discuss a similar challenge that we face today--energy independence. You should caution that it will be much more difficult to accomplish a politico-economic, technological goal such as

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moving toward energy independence than a technological goal of going to the Moon. However, many similar elements of society--engineers, skilled workers, and administrators--will need to commit themselves to make your attack on energy as successful as Apollo.

Agenda:

- 12:15: Dr. Frosch, Dr. Lovelace, Apollo 11 crew and families escorted to Rose Garden
- 12:16: The President greets NASA Party.
- 12:17: Dr. Frosch introduces the Apollo 11 crew to the President.
- 12:19: Neil Armstrong, in behalf of crew, presents U.S. flag flown on Apollo 11 to the President.
- 12:21: President responds.
- 12:24: President meets families and departs.
- NASA Party departs.

Participants: The President, Bob Frosch (Administrator, NASA) and wife Jessica Frosch, Alan Lovelace (Deputy Administrator, NASA) and wife Kathryn Lovelace, Neil and Jan Armstrong, Rick and Mark Armstrong (children), Mike and Pat Collins, Kate and Ann Collins (children), Edwin "Buzz" Aldrin and Joan Aldrin, Micheal, Janice and Andrew Aldrin (children), Senators Glenn and Schmitt (former astronauts), Bo Cutter, Eliot Culter, Stu Eisenstat, Zbigniew Brzezinski, and Frank Press.

Press Plan: Press opportunity, press photographers and White House photographers.

III. TALKING POINTS

Working with the speech writers, we have developed a brief statement that recognizes the Apollo feat and links that effort to the challenge of energy independence. The speech writers will provide this statement separately.

Addendum: Congressman Bo Ginn will be attending ceremony to have his picture taken with the President after the ceremony with wife (Gloria) and children (Ronald and Julie).

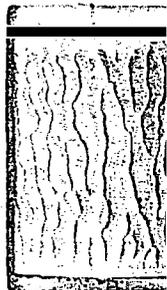
THE WHITE HOUSE
WASHINGTON

20 Jul 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



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

ACTION
FYI

		ADMIN CONFID
		CONFIDENTIAL
		SECRET
		EYES ONLY

		VICE PRESIDENT
		EIZENSTAT
		JORDAN
		KRAFT
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		WEXLER
		BRZEZINSKI
		MCINTYRE
		SCHULTZE

		ARAGON
		BOURNE
		BUTLER
		H. CARTER
		CLOUGH
		COSTANZA
		CRUIKSHANK
		FALLOWS
		FIRST LADY
		GAMMILL <i>Am</i>
		HARDEN
		HUTCHESON
		JAGODA
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		PRESS
		RAFSHOON
		SCHNEIDERS
		VOORDE
		WARREN
		WISE

		ADAMS
		ANDRUS
		BELL
		BERGLAND
		BLUMENTHAL
		BROWN
		CALIFANO
		HARRIS
		KREPS
		MARSHALL
		SCHLESINGER
		STRAUSS
		VANCE

THE WHITE HOUSE

WASHINGTON

July 19, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AM*

SUBJECT:

Presidential Appointment

We join Secretary Andrus in recommending William Edward Hallett to be Commissioner of Indian Affairs in the Department of Interior.

Mr. Hallett is a member of the Red Lake Band of the Chippewa Indian Tribe and currently is employed by the Department of Housing and Urban Development as Assistant Regional Administrator, Office of Indian Programs, in Denver, Colorado.

RECOMMENDATION:

We recommend that you nominate Mr. Hallett to be Commissioner of Indian Affairs:

approve disapprove

J

**Electrostatic Copy Made
for Preservation Purposes**

PERSONAL RESUME OF WILLIAM E. HALLETT

Present Address: 1065 W 154th Ave
Broomfield, Colorado 80020

Telephone: 303 - 452-4850 Home
FTS - 327-2963 Office

EDUCATION

High School: Red Lake Indian High School, Red Lake, Minnesota.
Graduated June 1960

College: Brigham Young University, Provo, Utah. September 1960
to June 1962 and Summer session 1964. Major field of
study was accounting.

Bemidji State College, Bemidji, Minnesota. January 1963
to June 1965. Received a Bachelor's Degree in Business
Administration with Minor's in Economics and Psychology.

University of New Mexico, Albuquerque, New Mexico.
August 1974 to August 1975. Attended the University
under the HUD Career Education Program. Areas of study
included Business and Public Administration, with emphasis
upon Organizational Behavior. Grade point average was 3.67.

WORK EXPERIENCE

9-75 to Present: Assistant Regional Administrator, Office of Indian Programs,
(GS 15/4) Region VIII. Administers and directs the
delivery of all HUD resources and services available to
Indian Tribal Governments. Resources consist of the Low-
Rent Public Housing Program (Production, Management, ACC
Amendments, Modernization and Management Initiatives For
Indian Housing); and the Community Planning and Development
Programs (701 Planning and the Community Development Block
Grant Programs).

8-70 to 9-75: Special Assistant to the Regional Administrator for Indian Affairs, (GS 13 and GS 14) Region VIII. Principal advisor to the Regional Administrator and to other divisions and units within the Regional Office on overall policy and administrative aspects of the programs affecting Indian communities.

4-70 to 8-70: Independent Consultant to the following:

1. National Council on Indian Opportunity, Washington, D.C. "Project Outreach," an evaluation of the delivery of Federal resources to Indian Reservations.
2. George Washington University, Washington, D.C. Review and comment on various reports.
3. IDEAS, INC., Washington, D.C. "Submarginal lands and Indian Reservations."
4. President's National Advisory Council on Minority Business Enterprise, Washington, D.C. Developed report on Indian business enterprise.

11-68 to 4-70: Director, Industrial Development, National Congress of American Indians, Washington, D.C. Supervised and directed a National effort to attract developmental investments for American Indian Reservations .

6-67 to 11-68: Director, Housing and Manpower Programs, Red Lake Band of Chippewa Indians, Red Lake, Minnesota. Set up and directed the Tribal Home Construction Company and developed and secured funding for various training programs.

8-65 to 6-67: Personnel Technician, Chicago Police Department, Chicago, Illinois. Conducted various classification studies, supervised various special projects and developed and conducted various Departmental examination and evaluation programs.

HUD AWARDS AND PROMOTIONS

December 1971: Quality Within-grade Step Increase
May 1972: Promotion from GS 13 to GS 14
June 1973: Quality Within-grade Step Increase
June 1974: Selected to participate in the HUD Career Education Program
September 1975: Promotion from GS 14 to ARA GS 15

PERSONAL DATA

Full Name: William Edward Hallett
Date of Birth: May 18, 1942
Place of Birth: Red Lake Indian Hospital, Red Lake, Minnesota
Social Security # 473-46-0526
Marital Status: Married to Kathryn Rae (Johannsen) on November 8, 1968.
Two children, Peter William born September 19, 1971 and Mary Kathryn, born November 20, 1972.
Activities: Football, basketball, baseball and track at Red Lake High
Football and wrestling at Brigham Young University
Football at Bemidji State College
Background: Born and raised on the Red Lake Indian Reservation.
I am 3/4 Chippewa Indian
Both parents still reside on the reservation.
References: All Tribal Councils of Region VIII and Roger Jourdain,
Chairman, Red Lake Band of Chippewa Indians, Red Lake,
Minnesota.



THE SECRETARY OF THE INTERIOR
WASHINGTON

JUN - 1 1979

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

Dear Mr. President:

I recommend the nomination of William Edward Hallett for Commissioner of Bureau of Indian Affairs of the Department of the Interior. He is a member of the Red Lake Band of the Chippewa Indian Tribe and currently employed by the Department of Housing and Urban Development as Assistant Regional Administrator, Office of Indian Programs, in Denver, Colorado.

Members of my staff and I have met with Mr. Hallett and have discussed the critical issues confronting the Indian people of this country. We believe that he is well qualified to carry out the duties and responsibilities of the position and will be a credit to your Administration.

I am enclosing Mr. Hallett's resume and other documents necessary for the nomination.

Respectfully,


CECIL D. ANDRUS
Secretary

Enclosures

Resume of William E. Hallett
Personal Information Sheet
Standard Form 86 (5 copies)
Information requested in Mr. Lipshutz'
memorandum and Confidential Financial
Statement
1976, 1977 and 1978 Tax Returns
Educational Consent Letter (5 copies)
FBI Consent Letter (5 copies)
IRS Consent Letter (5 copies)
Standard Form 278A
Commitment Letter to the President