

8/1/79

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8:00 AM

THE WHITE HOUSE
WASHINGTON

July 31, 1979

REPUBLICAN CONGRESSIONAL LEADERSHIP BREAKFAST

Wednesday, August 1, 1979

8:00 a.m.

Family Dining Room

From: Frank Moore

I. INTRODUCTION

The resolution of the energy and anti-inflation problems our country faces will require the leadership of both parties. You should tell the Republican Leadership you hope a spirit of cooperation will prevail and that you look forward to working with them in the fall when they return to complete the first session of the 96th Congress.

I suggest that you say that you are becoming increasingly concerned that Congress will not pass your energy program. Now that gas lines have disappeared, the "heat" seems to be off. Instead of the willingness to act we saw two weeks ago Members and Senators seem more inclined to discuss and debate -- to develop their own individual energy plans. If this continues we'll have 535 plans. Again we will have failed to deal with the energy crisis. You should urge the Leadership to help communicate the nature of the crisis to their constituents and to talk about the merits of our program as they return to their States and districts this month.

II. PRESS PLAN

White House photographer.

III. PARTICIPANTS

See attached list.

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IV. AGENDA

1. Energy Mobilization Board

The Energy Mobilization Board is a critical piece of our energy strategy. The Board is designed to cut through red tape at the Federal, State and local level so that both synthetic fuels plants and other critical facilities can be built.

Our studies show that to be meaningful the Board must be able to deal with procedural snarls at the State and local as well as Federal level. (Example of Sohio pipeline).

Good progress is being made in the House where Interior and the Energy Subcommittee of Commerce have reported bills.

Hopefully the Senate Energy Committee will report a bill.

But we have some concerns -- we want a meaningful bill.

We must have the power to expedite procedures at the State and local level as well as the Federal level (unlike the Udall bill).

The Board's expediting actions should not be subject to Congressional approval or veto. This will slow down the process and weaken the Board's ability to negotiate voluntary compliance with the States. (Dingell has a one-House veto; amendments may be offered in the Senate Energy Committee requiring two-House approval.)

NOTE: Both the Dingell bill as reported and amendments pending in the Senate would give the Board power to override the substance of Federal, State and local law. We have not asked this and we do not believe it is necessary. But we do need a strong Board with power to expedite and cut through procedural red tape at all levels of government.

2. Energy Security Corporation

You should briefly describe the proposal -- \$88.0 billion, 12 year life -- independent corporation with accountability to both the executive and legislative branches. The focus of the corporation will be on synfuels. It will act as a catalyst to encourage investment and involvement by the private sector.

You should indicate your strong desire that both Houses pass the Corporation soon after they return in September.

3. Taxes

Both the House and Senate Republican Policy Committees have issued economic policy statements which call for substantial personal and business tax reductions.

The House plan is more specific in calling for "an immediate and permanent reduction in personal income tax rates of at least 10%".

This is not a totally partisan issue -- Senator Bentsen has also called for a tax cut, perhaps as large as \$50 billion.

You should reiterate your opposition to an across-the-board tax cut.

Giaimo, Ullman and Muskie say they can defeat a tax cut plan in their committees.

4. Foreign Aid Appropriations

In the House, you will be voting on the Foreign Aid Appropriations Bill later today. I want to ask you to hold the line against any further cuts, vote against restrictive amendments, and support ISTC.

The Appropriations Committee has already cut more than \$1 billion from the Administration's request to a level below that of FY 79.

Those amendments which place restrictions on the use of appropriated funds of the multilateral banks jeopardize continued U.S. participation in these institutions. The banks cannot accept our contribution on those terms. The banks play a constructive role in expanding world energy supplies in close cooperation with private enterprise.

The World Bank plans to lend over \$4 billion in the next four years to oil, gas and coal projects involving total investments of 3-4 times that scale, yielding the energy equivalent of 1.5 to 2 million barrels per day of oil.

5. SALT

Since former Secretary Kissinger's testimony has aroused so much comment you may want to say something like the following:

While I do not agree with some of the points made in Dr. Kissinger's analysis, I welcome his general approach to the SALT II agreement and his opposition to its renegotiation or rejection. His testimony contributes to a constructive debate on these vital foreign policy and defense issues.

With regard to overall defense policy, my Administration has and will continue to propose programs to strengthen our strategic and conventional forces and to effectively redress problems that have developed over the past decade.

The SALT debate has underscored the strategic problems which I have recognized and am working to rectify.

REPUBLICAN CONGRESSIONAL LEADERSHIP BREAKFAST

Wednesday, August 1, 1979

PARTICIPANTS

The President
The Vice President

Senator Howard Baker, Minority Leader
Senator Ted Stevens, Minority Whip
Senator Bob Packwood, Chairman,
Republican Conference
Senator Jake Garn, Secretary,
Republican Conference
Senator John Tower, Chairman,
Republican Policy Committee

Congressman John Rhodes, Minority Leader
Congressman Bob Michel, Minority Whip
Congressman Clair Burgener, Secretary,
Republican Conference
Congressman Bud Shuster, Chairman,
Republican Policy Committee
Congressman Trent Lott, Chairman,
Republican Research Committee

Hamilton Jordan
Jody Powell
Stu Eizenstat
Frank Moore
Zbigniew Brzezinski
Jim McIntyre
Dan Tate
Bill Smith

THE PRESIDENT'S SCHEDULE

Wednesday - August 1, 1979

- 7:15 Dr. Zbigniew Brzezinski - The Oval Office.
- 8:00 Breakfast with Republican Congressional
(60 min.) Leadership. (Mr. Frank Moore). First Floor
Private Dining Room.
- 9:45 Mr. Hamilton Jordan, Mr. Frank Moore,
Mr. Dan Tate, and Mr. Bill Cable.
The Oval Office.
- 11:30 Vice President Walter F. Mondale, Mr. Robert
(30 min.) Bowie, Dr. Zbigniew Brzezinski, and Mr. Hamilton
Jordan - The Oval Office.
- 12:00 Lunch with Vice President Walter F. Mondale.
(60 min.) The Oval Office.
- 1:00 Meeting with Congressman Norman E. D'Amours.
(15 min.) (Mr. Frank Moore) - The Oval Office.

breakfast with republican
congressional leadership 8/1/79
THE WHITE HOUSE
WASHINGTON

Repub leaders 8-1-79

- The for confirmations
- En Mob Bd. Procedural. St/Loc
minimal Cong. involvement
- En Sec Corp - Indep Corp. Syn final
- No tax cut = Volcker, etc
- Foreign Aid. World Bank
lead 7B 4b for oil explor.
- SALT

Burgener - Shuster

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THE WHITE HOUSE
WASHINGTON

C

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Quarterly Security Violation Report

Per your request, attached are the security violations for May, June and July.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR: FRANK MOORE
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations Quarterly Report

The President has asked that I make you aware of the following security violation(s):

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
4/18	Les Francis	Unsecured attache case containing Confidential material left unattended at our Embassy in Stockholm (compromise unlikely)
7/2	Meg McAleer	Safe containing Secret and Confidential found open
7/31	Joan Hendricks	Safe containing Secret and Confidential found open

cc: The President

THE WHITE HOUSE

WASHINGTON

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR: DR. BRZEZINSKI
FROM: HUGH CARTER 
SUBJECT: Security Violations Quarterly Report

The President has asked that I make you aware of the following security violation(s):

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/15	Rebecca Sholl	Safe containing classified material found open
5/22	Karla Holsen	Two safes containing Top Secret material found open
7/10	Kirj Soxman	Safe containing classified material found open
7/10	Theresa Dunican	Safe containing classified material found open

cc: The President

THE WHITE HOUSE

WASHINGTON

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR: JIM MCINTYRE
FROM: HUGH CARTER *AL.*
SUBJECT: Security Violations Quarterly Report

The President has asked that I make you aware of the following security violation(s):

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/24	Gloria Goldchain	Safe containing classified material found open

cc: The President

THE WHITE HOUSE

WASHINGTON

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR: MIKE BERMAN
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations Quarterly Report

The President has asked that I make you aware of the following security violation(s):

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/11	Diann Heine	Safe containing classified material found open
6/9	Maxine Isaacs	Safe containing classified material found open

cc: The President

THE WHITE HOUSE
WASHINGTON

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR: JERRY RAFSHOON
FROM: HUGH CARTER 
SUBJECT: Security Violations Quarterly Report

The President has asked that I make you aware of the following security violation(s):

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
6/9	Jerry Rafshoon	Secret and Confidential material found in briefcase and Confidential material found on desk
6/9	Becky Hendrix	Secret material found in desk drawer

cc: The President

THE WHITE HOUSE

WASHINGTON

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR: STU EIZENSTAT
FROM: HUGH CARTER 
SUBJECT: Security Violations Quarterly Report

The President has asked that I make you aware of the following security violation(s):

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/1	Beth Abramowitz	Secret and Confidential material found in desk drawer
6/9	Bob Ginsburg	Confidential material found on top of desk

cc: The President

THE WHITE HOUSE

WASHINGTON

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR: BOB LIPSHUTZ
FROM: HUGH CARTER *HC*
SUBJECT: Security Violations Quarterly Report

The President has asked that I make you aware of the following security violation(s):

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/20	Cynthia Duncan	Safe containing Top Secret and Secret material found open

cc: The President

THE WHITE HOUSE

WASHINGTON

August 1, 1979

ADMINISTRATIVELY RESTRICTED

MEMORANDUM FOR: HAMILTON JORDAN
FROM: HUGH CARTER *H.C.*
SUBJECT: Security Violations Quarterly Report

The President has asked that I make you aware of the following security violation(s):

<u>Date</u>	<u>Name</u>	<u>Nature of Violation</u>
5/15	Tom Beard	Safe containing classified material found open

cc: The President

THE WHITE HOUSE
WASHINGTON
01 August 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

THE WHITE HOUSE
WASHINGTON

C

July 31, 1979

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Special Trade Representative (STR)

We talked with the Vice President and he will sound out Sol Linowitz, Harry McPherson and Don Petrie.

He also wanted to approach Leonard Woodcock. He has a progressive position on trade for a labor leader. This could open a position for Jim Schlesinger.

We would like to talk with Reubin Askew as well. He had been asked earlier and declined interest but we think he might be inclined to consider it now.

RECOMMENDATION

We recommend that the Vice President also explore the STR post with Leonard Woodcock and Reubin Askew.

 / agree disagree

J

**Electrostatic Copy Made
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1:00 PM

THE WHITE HOUSE
WASHINGTON

July 31, 1979

MEETING WITH CONGRESSMAN NORMAN D'AMOURS

Wednesday, August 1, 1979
1:00 p.m.
The Oval Office

From: Frank Moore

I. PURPOSE

To discuss ways of assuring adequate home heating oil to New Hampshire this winter.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: D'Amours has requested this meeting because he is concerned that there will not be sufficient home heating oil for his state this winter, despite Department of Energy action. He feels that the President has statutory authority to reallocate Number 2 home heating oil. There is probably no more volatile issue in the state at this time, and Senator John Durkin (D-New Hampshire) is threatening to run for President as a favorite son because of this.

D'Amours has proposed legislation to give tax credits for woodburning stoves, which is very similar in intent to legislation you have proposed. In addition, the White House has agreed to accept a woodburning stove from D'Amours and install it here or at Camp David, although no decision has been made yet on the location or the model.

Participants: The President, Congressman D'Amours, Frank Moore, Jack Watson

Press Plan: White House photographer only

III. PERSONAL INFORMATION

The Congressman's wife's name is Helen, and they accompanied you on your trip to New Hampshire last April.

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IV. ISSUE BACKGROUND:

You do have the authority to impose an allocation system for middle distillate fuels as Congressman D'Amours suggests. None of your advisors recommends such controls. In any event, the matter is moot since the specific problem he has identified appears to be close to solution.

Shell Oil Company has refused to contract with a New Hampshire company, C.H. Sprague and Soc., Co., to provide home heating oil which Sprague supplies to retail customers.

Shell decided to remove itself from this market two years ago. In the intervening months, the regional need for the Shell product has been so great that public pressure has kept Shell supplying Sprague.

Sprague and Shell have once again reached an ad hoc agreement for this coming heating season. It is verbal and will not be consummated with a contract. Its components are:

1. Sprague will be supplied for the coming heating season in proportion to all other Shell customers with Number 2 oil (i.e., Sprague will get the same allocation fraction other Shell customers receive);
2. Shell will "loan" Sprague Number 2 oil to begin its summer fill program;
3. Sprague will pay Shell back with naptha (Sprague owns a refinery which produces naptha) which Shell will convert to gasoline.

The details of this swap agreement are still being worked out. Congressman D'Amours must be cautioned about publicly revealing the details of this commercial agreement. Premature publicity would hamper the negotiations.

An agreement will require Sprague to provide naptha to Shell at competitive prices. Sprague has been selling its naptha on the spot market during summer gasoline shortages at much higher than normal prices. Shell will not take the naptha for purposes of this agreement at spot prices. Hence, the delicacy of current negotiations.

As you know, this general issue was discussed with Governor Gallen when he visited with you on July 20th. Attached is a copy of the briefing memorandum prepared for the Gallen meeting.

The background facts in the Gallen memorandum remain essentially unchanged except for:

1. The primary reserve is now at approximately 157 million barrels, rather than 151 million barrels.
2. DOE is increasingly optimistic that we will be able to handle the coming winter's home heating needs without serious problems; and
3. Significant progress has been made since you were last briefed in getting primary suppliers to provide contracts for product to retail dealers for the coming heating season.

You should know that the Shell/Sprague relationship has been tracked by the Energy Shortage Task Force and that considerable pressure from DOE directly and the White House indirectly brought Shell to this point.

Attachments

July 11, 1979

The Honorable Jimmy Carter
The White House
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. President:

I am writing to bring to your attention a problem of extreme importance to New Hampshire and much of the Northeast.

The Shell Oil Company has recently announced that they will no longer supply No. 2 heating oil to the Northeast portion of the United States in order to utilize their No. 2 oil as petrochemical feedstock in the Gulf Coast. In New Hampshire, the C. H. Sprague & Son Company which supplies 45,000 New Hampshire families with No. 2 heating oil, receives 60 percent of its home heating oil from Shell. Sprague has been a customer of Shell's for 22 years and last year received 800,000 barrels of oil from Shell (June 1, 1978 to June 1, 1979).

As a result of the current energy shortage, Sprague has been unable to obtain a contract for home heating oil from any other oil company. I am informed by colleagues from New York state that other companies have encountered problems identical to Sprague's. In fact, one such company contacted 104 different oil suppliers in an unsuccessful effort to obtain replacement stocks of home heating oil.

I am well aware, and sincerely appreciative, of the efforts your administration has undertaken to increase the supply of crude oil available to the United States, and to set aside 240 million barrels of distillate for home heating oil by October 1, 1979. However, unless action is taken to insure that the effects of Shell's decision are avoided, this additional fuel and set aside will be of little use to those people of New Hampshire, and other areas of the Northeast, who are heavily dependent on Shell for their home heating oil.

Shell has informed me that while it will not sign a new contract with Sprague and while it cannot guarantee any specific deliveries or quantity of oil, it will try, on a month-to-month basis, to provide Sprague and other companies which have been unable to obtain new suppliers of home heating oil with some unspecified proportion of their previous allocations. This is obviously totally unacceptable because it still leaves Sprague without a certain supply of home heating oil for tens of thousands of New Hampshire families.

Every member of the New Hampshire Congressional Delegation and Governor Gallen have been working to resolve this situation but it is my opinion that only a decisive action on your part will bring about the satisfactory solution we all hope for.

For that reason I would request that you meet with Governor Gallen and the New Hampshire Congressional Delegation upon your return from Camp David. The purposes of the meeting would be to fully appraise you of the magnitude of the problem and to explore the legal options at your disposal to rectify the situation.

Among the options which should be considered is your discretionary authority under Section 4 of the Emergency Petroleum Allocation Act of 1973 as amended by the Energy Policy and Conservation Act of 1975 (15 USC § 753) to impose mandatory allocations to insure Sprague, and other similarly affected distributors in the Northeast, a fair and adequate supply of the nation's home heating oil in order to meet the mandate set forth in subsections (b)(1)(A) and (b)(1)(F) which provide for priority to be given to the protection of public health, safety, and welfare (including maintenance of residential heating) and for equitable distribution of refined petroleum products at equitable prices among all regions and areas of the United States.

I would also strongly recommend that responsible officials from the Department of Energy be invited to attend because my efforts to involve that Department in the search for a solution were met by contradictory and conflicting interpretations of your authority to take action in such a situation.

Sincerely,



Norman E. D'Amours
Member of Congress

NED/sb

cc: Governor Hugh Gallen
Senator John Durkin
Senator Gordon Humphrey

nd

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.

THE WHITE HOUSE
WASHINGTON
8/1/79

Anne Wexler

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

Rick Hutcheson

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

		ADMIN CONFID
		CONFIDENTIAL
		SECRET
		EYES ONLY

ACTION
FYI

		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
		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 31, 1979

Good
J

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *AW*

SUBJECT:

Speakers Program on Energy

Previous to your conversation with Hamilton (at whose request I am writing this memo) I had already moved to set up a Speakers Bureau on Energy. Last Thursday, July 26, sixty representatives from thirteen federal departments and agencies were briefed by Eliot Cutler of OMB and Omi Walden of the Department of Energy in the first training session for an administrationwide speakers bureau to cover both short-term and long-term energy issues, including conservation.

The Speakers Program will be organized as follows --

I. Speakers

1. The Cabinet and high-level White House officials will be asked to fill high visibility speaking engagements and to add a portion on energy issues to all of their speeches.
2. Most of the speeches will be made by assistant and deputy assistant secretary level officials in the various departments who will be carefully trained and briefed. They will be expected to take speaking engagements at the request of the President's Speakers Program as well as their own agency.
3. Regional directors and Secretarial representatives will handle smaller local speaking engagements.

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II. Training

The initial training session was held on July 26, 1979. The sixty administration spokespeople briefed at that session have been responding to requests from Pat Bario for radio and television interviews.

For the long-term, letters will be sent to the major national organizations announcing the availability of energy speakers. Briefing materials, speech inserts, and additional training will be available by mid-August. We will have qualified speakers on the road before Labor Day.

We will also do training sessions for regional officials in the field: in Boston, Denver, and Chicago. When this program is completed we will have the capacity to respond to many levels of invitations from local Rotary and Kiwanis clubs to major national conventions and the proper level of speakers for all of them.

III. Media Coverage

The President's Speakers Program and the Department of Energy will develop a plan for media coverage in coordination with Pat Bario of the White House Media Liaison Office. This coordination will ensure that when a speaker is sent out on energy that the appropriate local radio, TV and newspaper interviews also take place.

THE WHITE HOUSE
WASHINGTON

8/1/79

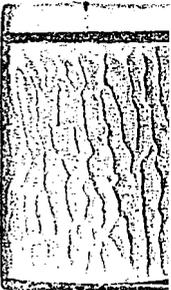
Jody Powell

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

Rick Hutcheson

cc: David Rubenstein

3253



	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
✓	EISENSTAT DR
	JORDAN
	KRAFT
	LIPSHUTZ
✓	MOORE
✓	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	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

August 1, 1979

cc Tody
J

4-5 yrs ago study made
Service not advisable

Case in court
Sep Ex/Judy
Inform Pres of
outcome
of
Case

MEMORANDUM FOR: PHIL WISE
FROM: DAVID RUBENSTEIN DR
SUBJECT: Call to Smitty Richard Taylor
Chairman Kentucky Utility Regulatory
Commission

At your request, I called Mr. Taylor to get the facts about the telephone rate problem raised in yesterday's town hall meeting and to see if there is anything the President could appropriately do about the problem.

Here are the facts:

1. Bullit county, where the woman questioner resides, does not have toll-free telephone service to adjacent Jefferson County (Louisville). Calls from residents in Bullit County to Louisville cost 35¢ (added to monthly charge), unless the caller has subscribed to a special telephone company service. That service permits virtually unlimited calls to Louisville for an additional monthly charge of \$9.50.
2. This system is in place because repeated surveys, dating back to 1974, by the Utility Regulatory Commission have shown there is little interest among Bullit County residents in having toll-free service if their rate base would have to be increased to pay for the expanded equipment that would be required. The increase would add about \$4.00 to everyone's rate base in Bullit County (less than the existing special service charge but more than most want to pay). Telephone traffic between the two counties is relatively light, Bullit County having only 3 small towns.
3. The Commission was recently petitioned by the woman questioner (Mrs. Smith) to change its policy and require the toll-free service. The Commission, for the reasons discussed above, decided to maintain its current policy. She sued and lost in the district court. The case is now pending in the Kentucky Court of Appeals.

I do not think there really is anything the President can, or should, do to change the telephone rate system, particularly in light of the Commission's recent review and the pending litigation. I would therefore recommend the following:

- (1) Have the President call Mr. Taylor, who has been repeatedly asked today by the Kentucky press about whether the call has been made.
- (2) The President should indicate that he understands the situation and, because the matter is in litigation, does not believe it appropriate for him to do anything at this time.
- (3) Our press office should respond to the inquiries from the Kentucky press by saying the call was made as promised and the President is now aware of the facts and does not believe any further action on his part would be appropriate because of the pending court case.
- (4) The President should send a brief note to Mrs. Smith saying he made the call and then explaining the situation. That might be released as well. I will draft a note if you want.

THE WHITE HOUSE
WASHINGTON

31 July

Mr. President

On our first letter to Pell,
I failed to notice in my proofing
that we had the date of Pell's
floor statement wrong. I am
sorry for the inconvenience of asking
you to sign a replacement letter with
the same P.S. The first letter was
not sent.

Bob Thomson

THE WHITE HOUSE
WASHINGTON

7/31/79

Frank Moore

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

Rick Hutcheson

LETTER TO SENATOR PELL

THE WHITE HOUSE

WASHINGTON

July 30, 1979

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE
BOB THOMSON

Bob

SUBJECT: Senator Pell

Senator Pell gave a very positive speech about you on June 19, just before you left for Europe. (See attached.) We drafted a telephone request for you to thank him, but did not pursue it because of Tokyo and Camp David.

Pell was dismayed because he thought you had not noticed his statement of praise, even though we thanked him. The attached letter thanks him and answers his letter to you on synthetic fuels, as well.

Please add the following handwritten P.S.: "Thanks for your work on the Harris and Reiche nominations." These were Federal Election Commission nominees that Pell got confirmed.

THE WHITE HOUSE

WASHINGTON

July 30, 1979

To Senator Claiborne Pell

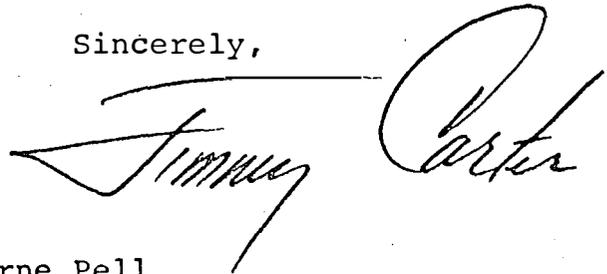
I have asked my staff to carefully examine your synthetic fuels proposals. My initial reaction is that the Energy Security Corporation concept I proposed offers greater leverage in developing synthetic fuels.

My proposal takes into account the large initial investments that are required for synthetic fuel facilities. Moreover, it will involve only those who want to produce synthetic fuels and submit acceptable plans to do so. The government's role will be to specify products and to provide price guarantees and assistance in arranging financing.

I appreciate your advice on this complex subject and will consider it further as energy legislation moves through the Congress. You have helped me and my administration in many ways. Your statement of July 19 was especially important to me, since I was about to embark on foreign travel.

You are one of my good friends in the Congress and I will not forget it.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Claiborne Pell
United States Senate
Washington, D.C. 20510

*p.s. Thanks for your good work
on the Harris & Reiche Confirm-
ations -*

A handwritten flourish or signature consisting of a horizontal line above a downward-pointing arrowhead shape.

would create the impression, rightly or wrongly in the United States, that they are cheating on the SALT II totals. This then would create the seeds of destruction of SALT III, a treaty which will be even more complex and difficult to negotiate than SALT II.

For these reasons, therefore, I opposed this authorization bill.

Mr. President, I yield the floor.

GRAIN FOR OIL

Mr. EXON. Mr. President, while we are presently consumed with the important SALT II deliberations, a major trade development in our favor goes all but unnoticed. It is important that the Congress, the administration, and indeed, the American people, be alerted to what certainly appears to be unmistakable signals of major food shortages in the Soviet Union and their pending major grain purchase in the United States. If we have the where-with-all to act in a timely fashion, and assuming that we have not already had a repeat of the great grain robbery of 1973-74, this Nation could move aggressively now to barter grain for oil. We could supply the U.S.S.R. the grain they need and receive in return what they export and we need, petroleum products.

The June 14 edition of the Journal of Commerce reports that the Soviet Union has just chartered 28 bulk carriers to haul grain with every indication that they will charter even more. I ask unanimous consent, Mr. President, that a copy of this article be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. While the article was written in the guise of the economic benefits it would bring to the maritime industry, as under law one-third of these ships must be American-flag vessels, the underlying significance is one which signals increased exports of grains thereby impacting favorably the price of grain.

The reports that the current year's harvest in the Soviet Union will range between 190 million and 200 million tons of grain is a significant departure from the last 3 years of bumper crops enjoyed by the Soviet Union according to CIA sources. Additionally, the CIA has estimated grain usage in the Soviet Union to be at 230 million tons for the year. Even USDA reports, which are sketchy at best, indicate that the Soviet production of grain could be far less than previous estimates due to weather problems incurred this spring.

Mr. President, I believe that we have seen by this Soviet action the rearing of the "Great Bear's" Achilles heel. We have known in this country for years of the inability to predict food production in the U.S.S.R., yet we in this Nation continue to close our eyes to the potential which lies within our reach. This Nation has the opportunity to barter with the Soviet Union in need of our food. I suggest to this body and to the administration that strong consideration be given to bartering food for fuel. It

seems to come down to the point of who needs who and who needs what. The Soviets need food, we need fuel.

The noted economist and syndicated columnist, Eliot Janeway, has for years been pointing out that America must use its greatest economic asset "food power" as a barter. This is a time, Mr. President, for our Government to put aside the dollar as the only instrument of exchange and deal straight forward with the Soviets on a fair exchange of so many bushels of grain for so many barrels of oil. It would benefit equally both countries. To allow them to buy our devalued grain with devalued dollars plays directly into their hands.

Indeed, Mr. President, if we move aggressively, we could possibly arrange for the Soviet Union to transfer-ship gasoline and diesel products from Japanese and Netherland stockpiles, to be replaced with Soviet crude to those countries. The message is all too clear: They need food, we have it; we need petroleum and they have it.

It is going to take far more than "dollar-business as usual" to work our way out of our energy problems.

Mr. President, it is my hope that the administration will take the necessary steps forthwith and seize on this opportunity to deal with the Soviet Union. If both nations are as interested as some maintain, to improve American-Soviet relations and indeed, pave the way to a successful SALT understanding, then reasonable cooperation on fundamental trade understanding so obviously good for both could be a major breakthrough.

EXHIBIT 1

SOVIETS CHARTER 28 BULK CARRIERS TO HAUL GRAIN

(By David Ellis)

LONDON.—Soviet ship charterers were estimated to have chartered about 28 bulk carriers in the international freight markets Wednesday in efforts to cover their July North American grain import program. All the ships were believed to have been hired in one massive swoop, which will put further pressure on an already firm Atlantic shipping market.

At the same time, there were also rumors that the Soviets have bought another 5 million tons of U.S. grain, although dates of shipment were not known and there was no verification that the sale had actually taken place.

Although the 28 vessels booked Wednesday apparently have been taken only for one time charter trip each, instead of a long-term basis, the psychological boost to ship owners engaged in the freight markets will, it is thought, result in a substantial increase in rates which may last through the summer months.

Traditionally, the trans-Atlantic freight markets go into a decline during July and early August because, by that time, most of the old grain harvest has been shipped and there is a hiatus pending the arrival at Gulf ports of the new harvest.

MARKET ALREADY FIRM

However, at this time, such major Soviet chartering comes when the market was already firm because of grain demand by other countries and more recently, a revival in Japanese steel making, calling for more iron ore and coal imports, and a resurgence in old stand-by trades, such as fertilizers for India.

Although the Soviet program was quickly covered, it is not necessarily true that they

were trying to pre-empt freight rate increases in the near future by snapping up ships before anybody else could, brokers said.

In recent weeks, there have been many psychological attacks on the market and brokers believe that many orders had been held back in efforts to bring freight rates down. It may be, the brokers said, that the Soviets just could not hold out any longer.

This theory tends to be supported by the fact that the Soviets have to nominate the actual ships in the July program to the Maritime Administration by next Monday at the latest, and thus need to complete their chartering program quickly. The need to nominate the ships is to ensure that Soviet grain shipments, up to one-third of the total program, are made available to American-flag vessels.

Currently, MarAd sources said, there perhaps would be only three U.S. ships available, as most others are gainfully employed carrying oil. Thus, the Soviets would need to go into the freight markets in a big way.

On average, it appears, the Soviets have been booking ships in the 50,000-ton range. Thus brokers estimate that the 28 ships so far reported would represent about 1.5 million tons, and therefore a few more ships may still be needed.

All told, the Soviets are considered to be a good source of employment in the freight markets this year. Earlier the Central Intelligence Agency estimated a need to import 25 million tons of grain, while latest figures show that: this year's harvest in the U.S.S.R. will amount to 180 million to 200 million tons.

Soviet grain usage this year has been put at 230 million tons, although short supplies and higher prices could force the Soviets to slaughter cattle in extra numbers so as to reduce consumption. In recent years, the Soviets have not been willing to take this measure, preferring rather to have a regular supply of beef at steady prices for domestic consumption.

Meanwhile, there have also been reports of a major shakeup in Soviet management for ship chartering. In the past, this has been done by two agencies, Sovimflot, covering the cargo liner trades and Sovfracht, covering the bulk cargo trades. According to the reports these have now been merged into one agency, under the command of George Maslov, former head of Sovimflot.

SOVIETS PAYING WELL

Meanwhile, the Soviets are also reported to be paying well with vessels in the 40,000-dwt ranges getting around \$11,000 a day, going up to \$16,000 daily for bulkers in excess of 60,000 dwt.

This sudden rush also raises the specter of possible port tie-ups in the U.S.S.R., which would further slow down vessel turn-arounds and therefore decrease the available capacity in the marketplace.

One sour note, however, is that Soviet grain imports depend a great deal on the ability of American farmers to deliver the commodity to U.S. ports. But now barge lines are saying that fuel shortages up and down the Mississippi may force them to suspend operations. And, if grain cannot reach the ports, the owners' hopes of higher rates will come to nothing.

PRESIDENT CARTER

Mr. PELL. Mr. President, during recent months the President of the United States has been subjected to a steady barrage of criticism and disparaging commentary. As any elected official knows, criticism is an expected part of public service. Indeed, it is an essential part of our open democratic society. History has shown all too often that gov-

ernment systems or government officials that do not countenance criticism or screen themselves from it do not serve the people well. And the results can be tragic.

Public criticism of Presidents of the United States, however, tends to have a bandwagon effect. Criticism becomes fashionable instead of thoughtful and in the process becomes less constructive. Critics begin to ignore the substantive problems and address themselves to matters of style, like court gossips remarking on the king's moustache instead of debating his tax policies.

In recent months, I think we have seen something of this nature happening in public commentaries on President Carter.

At such a time I think it is useful to put aside the critical fashion of the moment and take a more serious and thoughtful look at the performance of the President.

At a time when the United States is confronting a series of major, troubling, and intractable problems, President Carter has formulated and submitted to the Congress responsible and carefully reasoned proposals and programs designed to deal with them.

Faced with an inflation of huge velocity when he took office, the President put in place a system of guidelines to restrain inflation and asked for voluntary compliance by all sectors of the economy to avoid the stifling effect and economic distortions of mandatory wage and price controls.

Regrettably, the President has had less than full cooperation and full compliance in this voluntary program.

Confronted with an energy supply problem that had developed over a period of 30 years in the lack of firm national policy, the President, in 1977, submitted to the Congress a comprehensive program of energy conservation and energy resource development.

The Congress, however, approved only a truncated and watered-down version of the comprehensive proposal.

To curb the astronomical increases in health care costs, the President submitted a hospital cost control proposal that struck at the very core of the health cost spiral.

The 95th Congress failed to enact this key proposal to control health costs, and thus far the legislation has had slow going in this Congress.

Responding to a congressional directive, the President submitted to the Congress a proposal for standby authority to ration gasoline in the event of an emergency. That proposal fell victim to competing parochial and regional interests in the Congress, leaving the Nation in danger of chaotic confusion should a serious gasoline supply emergency occur.

Not all of President Carter's proposals have been thwarted. Indeed, there are significant accomplishments that are often forgotten or overlooked in the rush to criticize.

The President had the courage to complete negotiation of the Panama Canal treaties, resolving a long-standing and potentially dangerous conflict in our relations with Latin America. Despite emo-

tional opposition he saw those treaties through to ratification by the Senate.

Moving to curb inflation and Government spending, the President submitted to the Congress a budget which substantially slows the rate of growth in Government, curbed the inflationary Federal deficit, and reduced Federal spending as a percentage of gross national product. And, he has succeeded in persuading the Congress that this is the right policy.

Confronted with a Federal civil service bureaucracy that had lost too much of its flexibility and responsiveness, the President proposed a thoughtful overhaul of the civil service system to improve its efficiency and performance. And that proposal, with some modifications, was enacted by Congress.

Recognizing the deterioration of public trust and confidence in the integrity of Government, the President imposed new ethics, conflict of interest, and disclosure requirements on policy-level employees of the executive branch, then worked with the Congress to produce a new and strong Ethics in Government Act.

Overall, I think the record is clear that the President has responded to the major problems confronting our Nation with thoughtful, reasoned, and timely proposals. And, indeed, he has had a good measure of success in seeing these proposals through to enactment.

Furthermore, he has presented these proposals and argued for them with both vigor and an admirable respect for the opinions of those who may differ with his proposals. It is a mark of his Presidency that he has refrained from the inflammatory rhetoric, the emotional appeals, and the divisive political strategies that are so often used by political leaders determined to have their way at all costs.

The President of the United States, under our Constitution, carries a particular responsibility for the conduct of foreign affairs, and in this area President Carter's performance has been outstanding.

The President's consistent and evenhanded insistence that human rights is an essential component of our foreign policy is having a cumulative and highly beneficial impact on the way in which the United States is viewed in the world.

In a world which is in the process of rapid and tumultuous change, a world in which there are constant challenges to the influence, the economic strength, the military posture, and the leadership of the United States, President Carter has withstood the challenges without the loss of a single American life as a result of military actions around the globe.

The temptation to reinforce diplomatic strength with military might has been resisted, and no American soldiers have been dispatched to Iran, Cambodia, or the Near East.

And, at the same time, the President has provided the personal leadership that has produced a new and major agreement on international trade, a tenuous and difficult peace in the Middle East, and a new agreement on limit-

ing the proliferation of strategic weapons.

President Carter is a man guided by compassion and reason. In a world awash with appeals to emotion, he seeks to appeal to man's good instincts and to man's rational nature.

I, as one American, have become increasingly impressed with the fine qualities—the intelligence, the integrity, the decency, and the industry—with which President Carter has conducted his office. Those steady qualities serve us well.

I wish him well and trust the perseverance in his path will be rewarding both for him and for our Nation.

DEATH OF SENATOR LEVERETT SALTONSTALL OF MASSACHUSETTS

Mr. McGOVERN. Mr. President, Leverett Saltonstall was a man who practiced economy in the use of words and of all other resources, so my eulogy to him will be brief, as he would wish.

I remember Senator Saltonstall as a man of quiet courage, commonsense ideas, and absolute personal integrity. I think there has been no more thoughtful and courteous Member of the Senate during my years in this body than Leverett Saltonstall. In that respect, he reminds me of our former colleague, now a Washington counselor at law, John Sherman Cooper.

I regret that Senator Saltonstall is no longer with us, but I rejoice in his noble life of service to the Senate, to the State of Massachusetts, and to the people of the United States.

CORRECTION OF POSITION OF SENATOR RANDOLPH ON VOTES 133 AND 134

Mr. CRANSTON. Mr. President, I wish to correct the Record of yesterday on the announcement of Senator Randolph's voting position on Senator Humphreys's amendment No. 200 to H.R. 3892, a bill to extend the veterans' program.

On rollcall No. 133, the Senator from West Virginia (Mr. RANDOLPH) would have voted "nay." On rollcall No. 134, the motion to lay on the table the motion to recommit, Senator RANDOLPH would have voted "yea."

Mr. President, I ask that the permanent Record be corrected.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. LEVIN). Is there further morning business? If not, morning business is closed.

INTERNATIONAL DEVELOPMENT ASSISTANCE ACT OF 1979

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 588, which the clerk will state by title.

The legislative clerk read as follows:
A bill (S. 588) to amend the Foreign Assistance Act of 1961 to authorize develop-

CLAIBORNE PELL, R.I., CHAIRMAN

HOWARD W. CANNON, NEV.

MARK O. HATFIELD, OREG.

ROBERT C. BYRD, W. VA.

HOWARD H. BAKER, JR., TENN.

HARRISON A. WILLIAMS, JR., N.J.

JOHN TOWER, TEX.

WENDELL H. FORD, KY.

RICHARD S. SCHWEIKER, PA.

DENNIS DE CONCINI, ARIZ.

WILLIAM MC WHORTER COCHRANE, STAFF DIRECTOR

CHESTER H. SMITH, CHIEF COUNSEL

MARTIN B. GOLD, MINORITY STAFF DIRECTOR-COUNSEL

United States Senate

COMMITTEE ON
RULES AND ADMINISTRATION

WASHINGTON, D.C. 20510

July 17, 1979

ACK. FM/SE
CONGRESSIONAL
LIAISON

JUL 19 1979

cc: Thomson

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

Dear Mr. President:

I am writing in regard to your new energy policy proposals.

First, I congratulate you on your presentation of your new energy policy initiatives. Your message to the nation has defined the energy issue and focused public attention on comprehensive, workable solutions.

In that regard I bring to your attention a synthetic fuels production bill (S. 1509) which I recently introduced in the Senate.

This legislation has the same objective as your proposal for development of a synthetic fuels production capability of about 2 million barrels a day by 1990. My proposal, however, would leave development responsibilities to the private sector but guarantee the incentive of an assured market by requiring refiners to use a minimum percentage of synthetic fuels for feed stocks, with the percentage increasing to 10 percent by the year 1990.

This proposal is based on a concept which was originated and developed through extensive research by Professors Carroll L. Wilson and Hoyt C. Hottel, both professors emeritus at Massachusetts Institute of Technology and both of whom are recognized as world authorities on energy resources and economics.

The method proposed in the bill is the same mechanism used with such success in mandating improvement in automobile gasoline mileage. As you know, in that case the government mandated a realistic objective and left it to the industry to achieve it through whatever means it found most efficient and effective.

I believe this approach is a good one which would best harness the competitive and enterprising forces of our economy to meet a priority national objective. I hope you will give it consideration as you work out the legislative mechanics of your energy policy proposals.

With regard and respect, I am

Ever sincerely,

Claiborne Pell
Claiborne Pell

SUO1
EN02

THE WHITE HOUSE
WASHINGTON

8/1/79

The Vice President
Stu Eizenstat
Jack Watson
Jim McIntyre

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

Rick Hutcheson



THE WHITE HOUSE

WASHINGTON

August 1, 1979

MEMORANDUM FOR

THE HONORABLE CHARLES W. DUNCAN, JR.
Secretary-Designate of the
Department of Energy

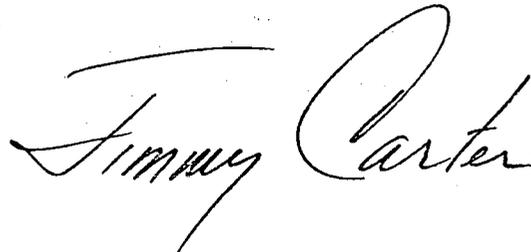
It is vitally important that the Administration speak and act with a single voice on energy policy matters.

I expect you to exercise lead responsibility within the Executive Branch for the formulation, coordination, dissemination and implementation of energy policy. This includes development of the necessary strategies and programs to present our policies to the Congress and to the public.

To help achieve this end, I am asking the White House staff to coordinate their energy policy-related activities with you. With the exception of guidance provided directly by me or the Vice President, all formal White House staff guidance will be transmitted to you or whomever else you choose to designate using a formal procedure as worked out by you and Hamilton Jordan. Of course, I do not intend for this procedure to inhibit the free and open exchange of information between staffs on an informal basis.

I am asking Jim McIntyre to make the same arrangements with respect to the Office of Management and Budget staff.

Please advise me of any breach of these instructions.

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.