

**President's Trip – “Delta Queen”, Camp David, Georgia and Florida 8/17/79-9/3/79 [No. 1]
[1]**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder:
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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Christopher to Owen (2 pp.) re: Soviet Ballerina Vlasova <i>opened per RAC NLC-126-17-47-1-1, 10/24/13</i>	8/25/79	A
memo w/att	From Owen to The President (4 pp.) re: Soviet Combat Brigade in Cuba <i>OPENED 4/26/94</i>	8/29/79	A
telegram	From Mondale to The President (one page) re: Indonesian Refugee Program <i>opened per RAC NLC-126-17-47-2-0, 10/24/13</i>	8/22/79	A
telegram	From Jordan to The President (one page) re: Robert Strauss <i>OPENED 4/26/94</i>	8/21/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File
 President's Trip - "Delta Queen", Camp David, Georgia and Florida [No.1] [1] 8/17/79-
 9/3/79 BOX 143

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- (A) Closed by Executive Order 12356 governing access to national security information.
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Phil said the folks at NSC/State became quite "active" when they heard you were going to have a meeting with Stone.... and they sent over attached memo of points for discussion.

You should note that there is no specific meeting set...he'll be in greeters, and among other officials....and may raise issues.....but not a scheduled meeting.

Attached is f.y.i, but not for inclusion in briefing book.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

①
/

~~SECRET~~

August 29, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN *HO*
SUBJECT: *Possible talks* ~~Your Meeting~~ with Senator Stone
Thursday, August 30, 1979

Attached is a background memo from Cy Vance, which includes talking points for ~~your meeting tomorrow~~ with Senator Stone in Florida. Warren Christopher has been in touch with the Senator regarding the latest intelligence reports confirming the existence of a Soviet combat brigade in Cuba, and Dave Newsom will be briefing him on this subject next Tuesday afternoon.

I agree with the talking points suggested by Cy. I believe, however, that they should be conveyed in a manner which clearly suggests to Senator Stone that we regard this as a very serious and troubling development.

I do not agree with the background memo on one point: I suspect that it is premature now to draw any conclusions as to whether this Soviet combat brigade does or does not constitute a "threat" to our interests in the Western Hemisphere.

I know that Zbig believes this issue raises important policy questions which he wants to focus on, in conjunction with Cy and Harold, early next week.

~~SECRET~~

Review on August 29, 1985

DECLASSIFIED

E.O. 12356, Sec. 3.4

PER

3/10/93 NXH RE *MR-NLC-92-145*

BY

NARS, DATE *4/5/94*

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THE SECRETARY OF STATE
WASHINGTON

August 29, 1979

~~SECRET~~

MEMORANDUM FOR: THE PRESIDENT
From: Cyrus Vance ^{CV}
Subject: Your Forthcoming ^{appearance} ~~meeting~~ with
Senator Stone

Stone will want to know what we are doing about our new intelligence confirming that the Soviets have a combat brigade-type unit in Cuba. Dave Newsom has given him by phone an outline of the situation, and we have scheduled a briefing in Washington for September 4. It would nonetheless be useful for you to tell him we have already approached the Soviets and to enlist his support for our efforts to deal with the matter.

Background

We have had inconclusive evidence for several years of the presence in Cuba of what appeared to be a Soviet unit of some type. Until very recently we were uncertain as to the size, nature, and configuration of the unit -- which the Soviets refer to in their communications as a "brigade." We have now confirmed through a variety of intelligence means that the unit is indeed Soviet, numbers from 2,000 to 3,000 men, and has organic armor, artillery, and motorized infantry components. We remain uncertain as to its mission and the precise date of its placement in Cuba.

As presently configured and supported, the unit does not appear to constitute a threat to this country or to other countries in the hemisphere. The presence of this unit does not appear to violate our understandings with the Soviets on Cuba, which do not address the question of Soviet ground forces. We therefore think it unlikely

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E.O. 12356, Sec. 3.4

PER 11/5/93 ^{State} BRE AIR-NC-92-146
BY Jug NARS, DATE 4/5/94

~~SECRET~~

-2-

the Soviets would accede to any demands for the unit's withdrawal, and are exploring options for demonstrating to both Moscow and Havana our displeasure over the unit's presence.

The key question for Stone, however, is whether or not the unit's presence constitutes a Soviet base. You advised Stone in a letter of January 1978 in connection with the Panama Canal Treaty ratification effort that the administration would oppose Soviet efforts, direct or indirect, to establish military bases in this hemisphere. In a July letter to Stone, I reaffirmed this position. Based on leaks of our initial, fragmentary evidence on the unit in Cuba, Stone alleged during the early SALT hearings that the Soviets were attempting to establish a "base" in Cuba and challenged the administration to remove it. He suggested our failure to do so would reflect an unwillingness to challenge the Soviets on possible SALT violations.

We would suggest that you defer until his briefing next Tuesday any specific questions Stone may have, focusing instead on steps we have taken to deal with the unit. After interagency consultations, we have made demarches to the Soviets here and to the Cubans in Havana to express concern over the unit's presence. We have told the Soviets we will want to raise the matter with Gromyko when he is here in September for the UNGA.

Attached are suggested talking points and a copy of your letter of January 1978 to Senator Stone.

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

Susan -

Backup with Steve

material

Phil

Talking Points

-- I know that Dave Newsom has outlined for you the new information we have on the Soviet unit in Cuba.

-- I believe you will be receiving more detailed information on the subject next week. I have instructed that you receive the fullest possible briefing.

-- I did want you to know, however, that we have already approached the Soviets and Cubans on the matter.

-- In the meantime, I would hope that you would continue to avoid public statements on the issue as we continue to develop the information.

-- (If asked) I want to assure you that I stand by my letter of January 1978.

THE WHITE HOUSE

WASHINGTON

January 27, 1978

To Senator Richard Stone

Thank you for meeting with me yesterday about the Panama Canal Treaties. You have expressed concerns that are shared by many of our citizens in Florida and throughout the nation.

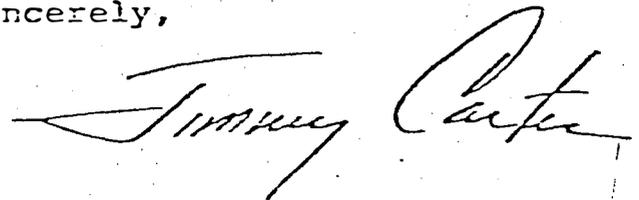
Ratification of the Panama Canal Treaties should not be viewed by any power as signaling a retreat by the United States in Latin America. Our country will continue to play a visible and dynamic role in Western Hemisphere affairs.

In particular, it has been and will continue to be the policy of the United States to oppose any efforts, direct or indirect, by the Soviet Union to establish military bases in the Western Hemisphere. Moreover, we will maintain our military bases in the Caribbean necessary to the defense of the Panama Canal and the security of the United States and its allies in the Western Hemisphere.

You have asked when the Government of Panama plans to hold Assembly elections. I am pleased to inform you that Panama will hold elections for its National Assembly on August 6 of this year. The newly-elected members will take office in October.

You have done much to clarify ambiguities that have developed during the debate on the Panama Canal Treaties. I believe the Treaties are very important to the continuing improvement in our relations with Latin America and I hope they will have your support.

Sincerely,



The Honorable Richard Stone
United States Senate
Washington, D.C. 20510

~~SECRET~~

EYES ONLY

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FM THE SITUATION ROOM //SITTO 012//

TO SUSAN CLOUGH FOR THE PRESIDENT

ZEM

S E C R E T EYES ONLY WH91678

RECEIVED AT DELTA QUEEN COMM CENTER
AT 2:34 PM CDT 21 AUGUST 1979

SITTO 012

TO: PRESIDENT CARTER

FROM: HAMILTON JORDAN

I MET WITH STRAUSS AND CY THIS MORNING. BOTH CONTINUE TO BE CONCERNED ABOUT THEIR RELATIONSHIP AND THE DIVISION OF RESPONSIBILITY. THERE IS NOTHING PERSONAL ABOUT IT, BUT A GENUINE CONCERN ON THE PART OF BOTH MEN AS TO WHETHER THE STRUCTURE AND DIVISION OF RESPONSIBILITY AS IT EXISTS IS WORKABLE. I TOLD THEM BOTH THAT IT HAD TO WORK, THAT WE ARE MID-COURSE IN A VERY DIFFICULT PERIOD AND TIME AND THAT WE SIMPLY HAD TO MAKE IT WORK. MORE ON THIS LATER

WITHOUT KNOWING PRECISELY WHO DID WHAT, I CAN REPORT THAT BOB STRAUSS IS VERY DESPONDENT AND DEPRESSED. I THINK IT WOULD BE A MISTAKE TO HAVE A SUBSTANTIVE TELEPHONE CONVERSATION WITH HIM, BUT I DO THINK THAT IT IS IN OUR OWN INTERESTS TO HAVE HIM FEELING BETTER ABOUT HIMSELF AND HIS ASSIGNMENT THAN HE DOES TODAY. FOR THAT REASON, I THINK A BRIEF TELEPHONE CALL FROM YOU WOULD BE GOOD. IT COULD BE PERSONAL AND SIMPLY IN THE VEIN OF YOUR LOOKING FORWARD TO SEEING HIM WHEN YOU RETURN. WE NEED STRAUSS' HELP IN SMOOTHING THIS THING OVER, AND HE NEEDS TO BE IN A BETTER MOOD TO HELP US SMOOTH IT OVER. HIS POSTURE NOW IS MORE ONE OF DEFENDING WHAT HE HAS SAID AND DONE.

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E.O. 12356, Sec. 3.4

PER 516193 NSC HZRE MR-NLC-92-145
BY Jay NARS, DATE 115104

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EYES ONLY

August 22, 1979

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ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON *R*

SUBJECT: Ed Koch

Mayor Ed Koch called me this morning with the following message regarding the attached article in today's New York Times:

"My commitment to the President is total. If the Governor wants to fuck up, that's too bad. I have always been up front and will continue to be that way now and during the entire re-election campaign. I don't care who comes in the race -- my commitment won't change. If Kennedy comes in, we'll just have to beat him. And I don't care if the press knows about my comments to you."

Attachment

cc: Hamilton Jordan
Tim Kraft
Evan Dobbelle

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Presidential Primary Shift Voted

Continued From Page A1

New York were reflected again at the state-committee meeting when the Democratic state chairman, Dominic J. Baranello, in a slap at the President, again raised the possibility of a favorite-son candidacy by Governor Carey, Senator Daniel Patrick Moynihan or even Lieut. Gov. Mario M. Cuomo, who is expected to head the Carter effort here.

Governor Carey, who had discussed the Presidential race and New York's role in it with Senator Moynihan at a private luncheon at the Century Club in Manhattan on Aug. 9, declined to endorse the favorite-son notion, but he supported "political pressure" as a vehicle for getting attention for issues of concern to New York. "We want to be heard from — we want those at the national level to listen to us," the Governor told the state-committee members at a cocktail party following the committee meeting at the Biltmore Hotel.

Mr. Baranello had also floated the favorite-son notion last spring, and the state committee last May even passed a resolution questioning "the adequacy" of the President's urban policy.

That policy and the President's popularity, assuming he is a candidate, will be

directly tested in the New York primary when only the names of Presidential candidates who have collected at least 10,000 signatures of enrolled Democrats on designating petitions will be on the ballot. A candidate such as Senator Kennedy could decline an unauthorized effort on his behalf, but he does not have to make any positive declaration of candidacy.

Shortly after the primary, each Presidential candidate would sponsor caucuses in each of the state's 39 Congressional districts, at which all Democrats in that district could attend and vote on the delegates to be selected from the district — three to seven delegates per district, depending on the Democratic Presidential vote in the district in the last two elections.

The caucus proposal touched off the only serious difference within the committee as the so-called reform caucus, headed by Barbara J. Fife of Manhattan, proposed that the delegates still be elected in the primary as a more democratic and more participatory system than caucuses. Caucus proponents argued that the delegate candidates would only "clutter" the ballot and divert the attention of voters from the contest among the Presidential candidates.

The Fife proposal was defeated 191 to 61, but equally significant was the fact that the differences were discussed calmly and even in friendly fashion.

STATE'S DEMOCRATS SHIFT PRIMARY PLAN

Agree to Presidential Preference, Then to Select the Delegates

By FRANK LYNN

The Democratic State Committee approved a major change in the state's Presidential primary yesterday. It agreed to hold a preference primary in which only the names of Presidential candidates would be listed on the ballot. National convention delegates would be selected at party caucuses rather than in the primary.

The new system, which is expected to be approved by the Legislature before the end of the year, would simplify the present primary in which voters select delegates directly. Moreover, it would make the state's primary nationally significant since it would provide a direct test of strength of Presidential hopefuls. The primary will be held in late March or April, making it one of the earlier primaries in the country.

The state will send 256 delegates to the Democratic National Convention, which will have a total of 3,317 delegates.

The delegates selected at post-primary caucuses would be bound to reflect the preference-primary results on the first ballot at the Democratic National Convention here next August. The preference primary could also be advantageous to Senator Edward M. Kennedy of Massachusetts if he decided to challenge President Carter's renomination.

The doubts about that renomination in

Continued on Page B3, Column 2

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FM THE SITUATION ROOM
TO SUSAN CLOUGH FOR THE PRESIDENT
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S E C R E T WH91829
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THE FOLLOWING MESSAGE WAS RECEIVED FROM THE VICE PRESIDENT FOR THE PRESIDENT.

1. AT THE CONCLUSION OF THIS BRIEF STOPOVER IN HONG KONG, I BELIEVE THE FOLLOWING POINTS ARE MOST NOTEWORTHY:

--THE CONFIDENTIAL INFORMATION SUHARTO HAS PASSED VIA AMBASSADOR MASTERS THAT HE IS GOING TO PROCEED WITH A REFUGEE REPROCESSING CENTER FOR 50,000 IN INDONESIA IS THE MOST HOPEFUL DEVELOPMENT IN THE REFUGEE CRISIS SINCE THE JULY GENEVA CONFERENCE.

--IN MY TALKS WITH THE BRITISH GOVERNOR OF HONG KONG, SIR MURRAY MACLEHOSE - A MOST IMPRESSIVE PROFESSIONAL, HE HAD HIGH PRAISE FOR YOUR REFUGEE INITIATIVES AND FOR THE OVERALL U.S. EFFORT. HE SAID THE U.S. WAS NOT DESERVING OF ANY CRITICISM WHATSOEVER AND THAT THERE WAS NO NEED FOR US TO THINK THAT WE HAD TO ADD FURTHER TO THE 14,000 MONTHLY QUOTA YOU HAVE ESTABLISHED.

-- THE VISIT TO THE USS MIDWAY WAS A MORALE BOOST FOR THE SHIP'S COMPANY AND INSPIRING FOR ME. THE 7TH FLEET TAKES GREAT PRIDE IN THE REFUGEE RESCUE MISSION YOU HAVE ASSIGNED IT, AND IT IS CLEAR THAT THE OFFICERS AND MEN ARE TACKLING THIS IMPORTANT HUMANITARIAN TASK WITH PROFESSIONALISM AND ENTHUSIASM.

2. I AM LOOKING FORWARD TO PROVIDING A FULLER REPORT UPON MY RETURN.
BEST REGARDS, FRITZ

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7489

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~~SECRET~~

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Per, Rac Project

ESDN: NLC-126-17-47-2-0

BY KS NARA DATE 10/31/13

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~~SECRET~~

THE WHITE HOUSE
WASHINGTON

August 25, 1979

Phil,

Here is a memorandum that Warren Christopher prepared, at my request, summarizing where things stand, as of noon Saturday, in respect to Mrs. Vlassova. I told him that I was sending it to you, for transmission to the President if the President wants to be kept up to date. Warren was up all night, following this case, and has done a superb job. I am staying in touch with him, and have kept Zbig informed.

WO
Henry Owen

Mr Wise

3580
~~SECRET~~
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Per: Rac Project

ESDN: NLC-13C-17-97-1-1

BY kg NARA, DATE 10/31/13

~~SECRET~~

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~~SECRET~~

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-17-47-1-1

BY KS NARA DATE 10/21/3

~~SECRET~~

DEPARTMENT OF STATE
WASHINGTON

August 25, 1979

MEMORANDUM FOR: Ambassador Henry Owen

FROM: Warren Christopher, Acting *WC*

SUBJECT: Soviet Ballerina Ludmila Vlasova

As of noon today, the Aeroflot flight remains at the terminal at JFK, with Mrs. Vlasova on board. We are continuing to insist that we be allowed to meet with her in a noncoercive environment (preferably in the Pan Am terminal at JFK), so that she can make her wishes known.

Because we have had no opportunity to speak to Mrs. Vlasova in private, we do not know whether she wishes to remain in the U.S. with her husband, or to return to the Soviet Union. We do know, however, that Mrs. Vlasova was escorted onto the plane by several burly Soviet "chauffeurs," who are now flanking her on the plane. Her attempted departure was a violation of an understanding we thought we had with the Soviets yesterday that we could interview her in New York.

Last evening after ordering that the plane be detained, we requested that all passengers be permitted to leave the plane, on humanitarian grounds. The Soviets refused. After extensive negotiations, at 2:30 AM this morning, Ben Civiletti and I jointly directed that the Soviets permit all American passengers to leave the plane immediately, and the Soviets complied. All Soviet passengers, however, still remain on board.

We have suggested to the Soviets this morning that this matter could be resolved if they would agree to abide by the understandings we reached yesterday, under which we would be permitted to meet privately with Mrs. Vlasova and they would be permitted to have a similar meeting with her husband. Thus far, however, the Soviets have not accepted this proposed solution.

~~SECRET~~

RDS 2-3 8/25/99 (Christopher, Warren)

~~SECRET~~

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- 2 -

Don McHenry, who has been at JFK all night, has been our negotiator on the scene. We have also had frequent telephone conversations with the Soviet Charge in Washington, who delivered a formal protest to us promising "serious and unpleasant consequences if the plane does not leave immediately." We will shortly deliver a counter protest to the Soviets, which will emphasize that it is the Soviet's failure to abide by their agreement with us which has produced the present impasse.

~~SECRET~~

~~SECRET~~

THE WHITE HOUSE
WASHINGTON
30 Aug79

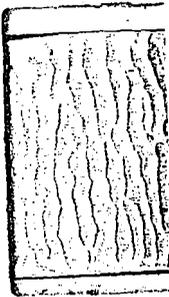
Secretary Duncan
Stu Eizenstat

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
X 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
X SCHLESINGER <i>Donovan</i>
STRAUSS
VANCE



THE WHITE HOUSE
WASHINGTON

8/29/79 6:55 p.m.

Mr. President:

The attached memorandum was just received. The need for your immediate review prevents senior staffing.

Rick/Bill



Department of Energy
Washington, D.C. 20585

To Charles
Stu
J

August 29, 1979

MEMORANDUM FOR

THE PRESIDENT

FROM

CHARLES DUNCAN
STU EIZENSTAT

*Charles
Stu*

SUBJECT: Extension of \$5 Entitlement

On Friday the Administration's special \$5 entitlement to encourage greater importation of home heating oil will expire. We need a decision as to whether the entitlement should be allowed to expire or should be extended to either October 31 (when 240 million barrel target should have been reached) or March 31 (when the home heating season is over). If you decide to extend the entitlement, we will need a decision today so that we can properly notify the countries represented at the Tokyo Summit.

The entitlement was initially put into effect to increase imports of distillates at a time when U.S. supplies were precariously low. It has worked in bringing in more home heating oil; we estimate about 2 to 3 million barrels through the end of July had been added to our stockpile as a result of the entitlement. If continued between now and October 31, the distillate entitlement would result in increased distillate imports of 1-5 million barrels, with a best estimate of around 2 million barrels. However, in DOE's judgment, that additional amount of home heating oil will not be needed to meet the 240 million barrel target. DOE believes that target can be met without any extension of the entitlement. For that reason, and particularly because of the foreign concerns over the entitlement, all of your advisors would recommend not extending the entitlement if the issue could be decided on the merits alone.

However, all of your advisors believe that political factors exist which require a decision by you on more than just the substantive merits. Those factors include:

- o The wide perception in the Northeast that we will not meet the 240 million barrel target;

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- o The lingering distrust in the Northeast over the Administration's concern for that region's energy problems;
- o The clamor created in the Northeast over the sale of fuel to Iran - seen by many in the region as taking away home heating oil that is needed in the Northeast.
- o The importance of the Northeastern Congressional delegations and the Governors in helping us pass your energy program, particularly a tough windfall profits tax.

Again, these factors do not go to the substance of the decision, but they are vital in illustrating the context in which the decision must be made.

If you decide not to extend the entitlement, we believe you will be criticized in the Northeast for taking actions which will impede our ability to meet the 240 barrel target and to ensure adequate heating oil supplies. Our claims to the contrary are likely to get lost in the press, which can be expected to point out less home heating oil will be available as a result of the decision. In light of that news, it will be difficult to avoid a great deal of criticism from political leaders in the Northeast.

To date, the Northeast has been largely silent on the issue. Secretary Duncan met with the Northeast Governors yesterday and none raised this issue to him. Subsequent to that meeting, however, Governor Gallen called and expressed his concern over this issue. Very few members of Congress from the Northeast have called about the issue. We suspect that is because few know the entitlement is about to expire. There have been no press stories, and we have not engaged in overt consultations with the Governors and Congress.

Stu did quietly talk to the Speaker's Chief Staff person, who thought the Northeast's silence should not be taken as acquiescence. They were said to be unaware that the entitlement expires Friday. He indicated virtually every Member from the Northeast would sign a letter to you within 24 hours seeking its extension.

On the international side, the issue is equally one of perception, or misperception. The predicted adverse impact on Europe has not occurred; spot prices have not increased

(except for the two week period immediately after the initial announcement), and heating oil stocks have been built on schedule. If the entitlement were to be extended, DOE does not believe there would be a measurable effect in either European spot prices for home heating oil or on Europe's ability to meet its stockpile targets.

The effect of extending the entitlement, therefore, would be one of having the Europeans believe that our action will continue higher prices and adversely affect their stocks. That perception will produce adverse comments from European leaders, who feel the U.S. fully intended to end the entitlement on August 31 and would be unjustifiedly reducing earlier pledges. In fact, there has never been a formal commitment to allow the entitlement to expire, though that impression may have taken hold in Europe and not been actively rebutted by us in previous meetings.

Aside from the public criticism any extension would receive from Europe, it is possible that European leaders may use the fact of the extension to our detriment. Henry Owen believes, for example, that European attitudes toward effective follow-up on Summit energy agreements may be harmed. But, out of desire to avoid giving a possibly misleading signal, Henry and State have not been in touch with European leaders over the possibility of an extension, so their position and substantive reaction cannot be known at this time.

The basic options available include:

Option 1: Renew the entitlement through October 31. This option would keep the incentive to accelerate imports in effect up to the target date of achieving stocks of 240 million barrels. It would thus allow us to indicate we are continuing to take every action available to meet the 240 barrel target. Once it has been met, the entitlement could be lifted in an atmosphere of greater security in the Northeast about the winter's supply of heating oil.

Option 2: Renew the entitlement through March 31. This option would keep the entitlement in effect through the winter heating season, and would thus represent the maximum effort we could take to increase heating oil supplies. If the 240 target is met, we are still not guaranteed that all portions of the Northeast will have adequate supplies of fuel. You thus might be faced with this same decision in two months if Option 1 is chosen. However, Option 2 would create the greater international criticism.

Option 3: Allow the entitlement to expire. This option would not create international problems. It would, however, create concern in New England that the administration was not fully committed to assuring that home heating oil needs for this winter would be met.

Recommendation: We recommend Option 2. Northeastern interests will view extension of the entitlement to March 31 as a firm commitment by the Administration to meet their home heating oil needs over the entire course of the winter. Unlike extension of the entitlement to October 31, Option 2 avoids the need to reconsider extension of the entitlement in the event the 240 million barrel target is not met at that time. The international community should immediately be informed of a decision to extend the entitlement.

DOE and DPS favor Option 2 -- renewable through March 31. State, Treasury, NSC, CEA and EPA favor Option 3 -- no renewal.

OMB favors Option 1 -- extension through October 31. If the entitlement is to be extended, State, Treasury and NSC believe it should be extended only through October 31. EPA could live with extension to October 31 as a fall-back.

Stu believes that if you decide in favor of extension, you should not call Giscard and Schmidt, but should have them notified through normal diplomatic channels. If you decide to extend the entitlement, Stu believes you should call Governors Gallen and Grasso.

I agree

Duncan can do.

c.c.: Hamilton Jordan
Jody Powell

*Option 1
J.C.*

THE WHITE HOUSE

WASHINGTON

August 29, 1979

Mr. President,

I believe, as does State, that this memo substantially understates the disadvantages of extending the U.S. distillate charge.

Schmidt and Giscard personally protested the earlier imposition of this charge. When Francois-Poncet conveyed Giscard's concern to you, you said that "this was a temporary activity"; he clearly took this as meaning that it would not be renewed. Similarly, the European countries at the Summit assumed that the distillate charge would not be renewed, if they accepted the U.S. proposal for national import ceilings. (Indeed, Jim Schlesinger indicated in U.S. Government meetings before the Summit that he would find non-renewal in this circumstance acceptable, although he did not want to convey any assurance in this point to the Europeans.)

Given this feeling, the Europeans will feel doubly aggrieved -- both because we extended the charge and because this violated what they took to be an implicit understanding. This is not surmise; it is based on reports from our missions in Brussels and Paris.

Those in the German government who argue for new measures to restrain oil consumption, on the ground that this was pledged at Tokyo, will be weakened; those who argue that these pledges can be evaded will be strengthened. In this and other ways the gains registered at the Summit, which are important from the standpoint of the U.S. national interest in stabilizing the oil market, will be placed in jeopardy. Our mission in Brussels adds that the resulting "perception of Western confusion would almost certainly contribute to upward pressure on crude prices."

State (Cy Vance and Dick Cooper), Treasury (Bill Miller and Fred Bergsten), and I recommend, for the reasons indicated above, against extension of the charge.

If the charge is to be extended, we recommend extension until October 31 -- but only if this can be accompanied by a firm decision not to extend it thereafter, which seems unlikely in light of the attached memo.

Given the shortness of time and the criticism we got last time for lack of consultation, State and I recommend that you phone Giscard and Schmidt if you decide in favor of extension. Notification through our missions one day before the decision could not plausibly be represented as consultation.

WD
Henry Owen

THE WHITE HOUSE

WASHINGTON

August 29, 1979

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE
BOB THOMSON

Bob

SUBJECT: \$5 ENTITLEMENT

We concur with Stu's memorandum recommending extension of the \$5 entitlement. There are two additional factors supporting that recommendation that are not explicitly set out in the cover memo.

1. Currently, the spot market for middle distillates is \$8 higher in Rotterdam than in New York City. Consequently, the \$5 subsidy cannot now be an effective incentive for American distributors to raid the Rotterdam market to the detriment of our European allies.
2. The shortage of middle distillates - particularly diesel fuel - is more than a Northeastern problem. Church, Culver and others have alerted us to current spot shortages of diesel during the current harvest season. DOE admits that such spot shortages will occur throughout the harvest season in the Midwest, West and South. If the entitlement were allowed to lapse at this particular time, the perception would be we scrapped it when it was needed the most for farmers during harvest. Democratic Members up for reelection would have difficulty explaining such a decision.

THE WHITE HOUSE
WASHINGTON
29 Aug 79

Sarah Weddington

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

Rick Hutcheson

3579

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
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WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

W. W. W. W.

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

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



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

August 25, 1979

*Sarah -
Meet w/ Rosalynn
soon
J*

TO: The President
FROM: Sarah Weddington *SW*
RE: Weekly Summary

1. I attended the State Democratic Chairs Association meeting. Due to my travels the past year, I knew at least half of them. All expressed support for the Administration except Jim Klonoski of Oregon. He introduced a resolution calling for the Association to encourage other candidates to run for President; it was defeated in the Executive Committee.

The Indiana Chair and Vice Chair, Donald Michael and Patty Evans, showed a precinct training film their State Committee had prepared that was very good. It had many excellent shots from your visit there for the J-J Dinner.

2. I drafted a set of goals and responsibilities regarding the new job. I met with Hamilton about it, am redrafting to include his suggestions, and will get it to you next week.
3. I have been exploring with others possible names for my political deputy. So far I've consulted Hamilton, Bob Strauss, Jack Walsh, Mike Berman, and will contact John White and Tim Kraft when they return.

*Sounds ok
to me*

The lead name right now is Morley Winograd. He has the asset of being head of the State Chairs Association and well known in the Democratic Party. He has been loyal to us and is well respected.

He has some economic concerns about employment after such a job. If the idea of having him in the White House appeals to you, I will follow up with others to see if those concerns could be worked out.

4. Plans for the Labor Day picnic are in good shape. We are inviting Mississippi for the state briefing on September 6 and Florida for September 14.

5. I visited with Governor Ariyoshi at some length. He suggested that we should now be contacting the Democratic governors to ask their political help and said that he wanted to help. He particularly wants you sometime to publicly emphasize Hawaii's work in alternate energy sources, especially the OTEC (Ocean Thermal Energy Conversion) project. I will submit appropriate information to the speechwriting staff.

cc: Hamilton Jordan

THE WHITE HOUSE
WASHINGTON
29 Aug 79

Frank Moore

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

Rick Hutcheson

Stu Eizenstat

3573



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WARREN
WISE

ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
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HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE



THE WHITE HOUSE
WASHINGTON

Frank J

August 17, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore

SUBJECT: Recommended Telephone Calls - House

The attached package went out to Cabinet Members on August 8th requesting them to make a total of 168 calls to Members of Congress sometime during the break. I will assign additional calls to Members to the Senior Staff and Assistant Secretaries. Your general instructions to me were to have the Cabinet Members call and ask how things were going and what kind of response they were getting from their constituents. I didn't follow those instructions exactly but asked that the calls be more specific, especially on energy.

I would suggest that your calls fall into three categories on energy: 1) Energy Security Corporation, 2) Energy Mobilization Board, 3) the Windfall Profits Tax. The Vice President is going to New Jersey on Thursday to deliver a speech on mass transportation. He will be talking to the key Members of Congress on this issue at that time. There is an additional issue that should be brought up with some of the House Members on the list, Hospital Cost Containment. We will have three additional calls for you to make on this issue in a few days.

I am suggesting that you make one courtesy call to the Speaker - "how are things going; what are you doing".

From past experience I know that you work up your own scenario so I am providing you with the talking points for EMB, ESC, WPT and HCC and also I am attaching the Roper poll.

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THE WHITE HOUSE

WASHINGTON

August 8, 1979

MEMORANDUM TO ALL CABINET SECRETARIES

FROM: FRANK MOORE

SUBJECT: ENERGY CALLS OVER THE RECESS

As the President mentioned at the dinner Monday night he would like for each Secretary to call 10 to 12 Members of the Senate and House during the recess on the Administration's energy program.

Your Congressional liaison officer has worked with my office to compile the attached list of names. Each Member should be called at least once over the recess in an effort to establish new personal relationships or to build on older ones.

I hope the following talking points on the energy program will be helpful to you in making your calls. In addition, please fill out the attached form for each Member and return them to:

Lisa Bourdeaux
Ground Floor, West Wing
The White House 20500
456-7010

Thank you very much for your help.

Attachment

TALKING POINTS FOR CABINET PHONE CALLS

Introduction

How are things going? What are your constituents telling you? Are people concerned about energy? Now that gas lines are gone, do people perceive the crisis as being real?

After discussing the Member's/Senator's experiences in the district or state, try to move the conversation to a pitch for one or two elements of the President's energy program.

Energy Security Corporation

The Corporation will act as a catalyst for private sector development of synfuels. The Corporation's mandate will be to stimulate through variety of financing tools, new production of 2.5 million barrels per day by 1990. We need the large scale production of new fuels in order to meet our national goal of reducing oil imports by 4.5 million barrels per day by 1990.

Energy Mobilization Board

We need a mechanism to cut through red tape and existing roadblocks so we can get new energy production facilities built and operating. The Board must be able to put the compilation of energy facilities on a "fast track" after it has determined they are critical for the realization of our energy goals.

Windfall Profits Tax (Passed by House, Pending in Senate Finance)

WPT is essential to provide funding for the energy production necessary to provide energy security for our country. The tax must be a strong one, and exemptions should not be provided especially for newly discovered oil. Exempting newly discovered oil from the tax will take away a third (\$50 billion over 10 years) of anticipated revenues.

NOTE: Additional talking points on each of the three facets of the energy program are attached

III. THE ENERGY SECURITY CORPORATION

Structure and Organization

The President is asking Congress to enact legislation creating an independent Energy Security Corporation which will make investments in the production of synthetic fuels, both liquids and gases, from coal, biomass, peat, and oil shale, and in the development of our enormous reserves of unconventional natural gas.

The Corporation will be an independent, government-sponsored enterprise with a Congressional charter. It will be located outside the Executive Branch, independent of any governmental agency. The Corporation will be managed by a 7-person Board of Directors. A Chairman and three other outside directors will be appointed by the President and confirmed by the Senate. In addition, the Secretaries of Energy and Treasury and one other Department will sit on the Board.

The officers and staff of the Corporation will be exempt from Civil Service rules, and the Corporation itself will be exempt from a number of rules which normally apply to government agencies.

The Corporation will have a 12-year charter which will be sufficient to enable it to meet its 1990 production goal. At the end of its life, its charter could be extended; otherwise its liabilities and assets will be assumed by the Treasury.

The Corporation's Mandate

The Energy Security Corporation will direct the investment of \$88 billion to produce 2.5 million barrels per day of substitutes for imported oil by 1990. Funds for the Corporation will come out of the receipts from the President's proposed windfall profits tax. The Corporation's exclusive objective will be the development of domestic production capacity; it will not engage in research and development activities.

The Corporation will be authorized to invest in or develop directly, production capacity from coal liquids, coal gases, peat, biomass, shale oil, and unconventional natural gas.

The Corporation will determine the mix of the sources and technologies which will be used to meet its 2.5 million barrels per day mandate. The following table, however, shows an illustrative division of sources for meeting the 1990 target:

o coal liquids, coal gases;	1.0 to 1.5 MMB/D
o oil shale;	.4 MMB/D
o biomass; and	.1 MMB/D
o unconventional gas	.5 to 1.0 MMB/D

Financing Tools

The Corporation will have a wide range of financing devices available to it to maximize its leverage within the private sector. These include: price guarantees, federal purchase agreements, direct loans, loan guarantees, and a limited number of government-owned and operated (GOGO) or government-owned, company-operated (GOCO) plants. The Energy Security Corporation will not have authority to participate in joint ventures or other forms of equity ownership, and its use of the budget authority granted to it will be on a one-time basis.

Budget authority for the Energy Security Corporation will be provided at the time it is created. Direct funding will be provided for operating expenses, and \$33 billion in budget authority will be provided for direct obligations and debt guarantees. The Energy Security Corporation will receive the proceeds from the sale of small denomination Energy Bonds which will be sold by the Treasury and which will bear the same interest rate as U.S. Savings Bonds. Up to \$5 billion of Energy Bond sales will be authorized to support the Corporation's activities.

IV. THE ENERGY MOBILIZATION BOARD

The Administration has already acted under existing authority to reduce delays in the permitting of critical energy facilities. These actions already taken include:

- o Procedures for setting decision schedules for critical energy facilities were established in April 1979 under the direction of the Office of Management and Budget.

- o Regulations reforming and streamlining requirements of the National Environmental Policy Act (NEPA) were issued by the Council on Environmental Quality in November 1978.

- o A Cabinet-level Energy Coordinating Committee chaired by the Secretary of Energy was established by Executive Order in September 1978.

In order to meet the 1990 targets for oil import reduction, however, substantial additional authority is needed to accelerate the development of the domestic energy production capacity. The President will submit legislation to Congress to create an Energy Mobilization Board (EMB). The EMB will have three members and will be located within the Executive Office of the President. EMB members will serve at the pleasure of the President and will be confirmed by the Senate.

The Board will be authorized to designate certain non-nuclear facilities as critical to achieving the nation's import reduction goals and to establish binding schedules for federal, state, and local decision-making with respect to those projects. Judicial review of EMB decisions will take place in the Court of Appeals for the Circuit in which the facility is located on an expedited basis.

If a federal, state or local agency fails to act within the specified time frame, the Board will be empowered to make the decision in place of the agency, applying the appropriate federal, state or local law. The Board also will have the authority to waive procedural requirements of federal, state, or local laws in order to expedite the development and construction of a critical energy facility. To avoid delays once construction has begun, the Board could also waive the application of new substantive or procedural requirements of law which come into effect after the construction of a project has commenced. These waivers would be granted on a case by case basis. Any EMB exercise of its waiver authority would be subject to Presidential veto.

Description of the Windfall Profits Tax

The Windfall profits tax is an excise tax imposed at a 50% rate on domestic price increases whether they result from either decontrol or OPEC increases in world oil prices.

The tax is applied to crude oil which is classified into three "tiers". The tax structure is the same for all three tiers: each tier has a different base price and the tax is imposed on increases above that base price.

In tier one, as price controls on "old" oil (oil produced from fields in operation in 1973) are phased out between January 1980 and July 1984, the tax will be applied to every increase above its base price (above \$6).

In tier two, "new" oil (oil produced from fields placed in operation since 1973 as well as "old" oil production to the extent it exceeds a base period, adjusted by a decline curve) is taxed as it rises above its base price of about \$13 a barrel. This \$13 base price is phased up to the tier three level of \$16 between 1986 and 1990. Thereafter, it is taxed as tier three oil.

In tier three (newly discovered oil, stripper oil, Alaskan North Slope oil, incremental tertiary oil and Naval Petroleum Reserve oil) the tax is 50% of the difference between the actual selling price and \$16 per barrel, adjusted for inflation.

assistance to individuals who can least afford increased energy costs.

The windfall profits tax is a fair way to accomplish the President's goals for America. Such a tax is not unique. Other oil-producing nations do not allow the "benefits" of rising OPEC prices to simply pass into private hands. Some capture revenues through taxation -- others through the more drastic action of nationalization.

While unjustified enrichment must be prevented, the Administration recognizes that the oil industry has an important role to play in our national energy plan. Therefore, the windfall profits has been tailored to allow reasonable and adequate profits to the oil industry -- amounting to \$96-\$117 billion between 1979 and 1990.

WINDFALL PROFITS TAX

(1) Why a Windfall Profits Tax

To encourage American producers to explore for and develop American oil reserves, the President has decontrolled the price of oil.

While decontrol will stimulate U. S. production, the OPEC cartel has raised "world" oil prices to levels much higher than needed to induce new American exploration, so high in fact that American producers stand to make unwarranted, excessive profits. The President does not want the oil industry to reap such a windfall at the expense and sacrifice of the American people. Nor does he want working Americans to pay twice for energy security -- once in the form of higher energy costs and again in subsequent personal income tax increases to finance purposes which can only be carried out on a national basis by government.

Therefore, the President has proposed an excise tax on the oil industry to recapture their excessive profits and to use the funds collected from the industry to pay for an energy security program for the American people.

The President's program includes development of alternative energy sources which have little near-term profit potential (and thus have difficulty attracting private investment), expansion of mass transportation, improvement of vehicle fuel efficiency, encouragement of conservation through tax and other national incentives, and

North Slope Oil now in production (sadlerochit reservoir) is taxed at a 50% rate.

After 1990 all oil will be taxed as tier three oil.

The Tax and Its Uses

Estimates for the windfall tax receipts range from \$142 billion up to \$270 billion over the 1980-1990 period depending on world oil price assumptions (greater OPEC price increases result in greater tax revenues.)

All windfall profits receipts will go into the Energy Security Fund, out of which the President's energy program will be funded. Obviously, to the extent that the windfall profits tax receipts are decreased through exemptions from the tax, the scope of the President's program will have to be reduced.

Assuming that the windfall profits tax brings in revenues of approximately \$142 billion over a ten year period, the revenues would be used as follows:

Energy Security Corporation	\$88 billion
\$3 oil shale tax credit	\$ 1 billion
50¢/mtc unconventional gas tax credit	\$ 1 billion
utility oil use reduction	\$ 5 billion
residential/commercial conservation	\$ 2 billion
transportation efficiency	\$16.5 billion
low income assistance	\$24 billion
Solar Bank & Tax Credits	\$ 3.5 billion

House Members:

Speaker Thomas P. O'Neill, Jr.

The Speaker is presently saying that he is for a strong EMB. You should continue to encourage him to make sure that Dingell and Udall produce a fast track and not a slow track piece of legislation. The Speaker's assistance on the ESC will probably be his most crucial contribution to our energy package. Corporation legislation will be under the jurisdiction of several House Committees and floor coordination will be done in the Rules Committee where the Speaker should have control.

*Will contact
Cathleen re
Pope's visit -
Disputed E
golf game*

Majority Leader Jim Wright - Energy Security Corporation

The Majority Leader's help will be crucial on the EMB and ESC. Again the ESC will need his help the most. If the Congress chooses not to use our program, the whole package could unravel.

*Outlook ok vs news
People support Energy
legis - no panic
re oil spill*

John Dingell - Energy Mobilization Board, Energy Security Corporation and, additionally, Hospital Cost Containmentment

Congressman Dingell has been our best friend on EMB legislation. In fact his proposal is even stronger than ours concerning substantive law waivers but his legislation will be advantageous to us in working our compromise with a weaker version in the Senate. You should thank Dingell for his yeoman service in passing a gas rationing bill in the House and for, at the same time, giving a very strong EMB piece of legislation. Dingell's Subcommittee will also be taking up the ESC after the recess. His views on this legislation differ from ours in how the money is used. You should also ask for his help on Hospital Cost Containmentment and getting a bill out of Commerce Committee.

*Vacation - not
working -
Doing well on
EMB - Peril
re rationing -
Don't push Republic
Need time to
negotiate - Will
work w Jim Free
Proclamation re
Nat Hand Day*

Harley Staggers - Energy Mobilization Board

Chairman Staggers has told us that he is for the strong EMB legislation but you should request that he continue to support the Dingell version of the bill. Chairman Staggers will have just returned from a trip to the Peoples' Republic of China and you should inquire about his trip and thank him for his continued support.

*Will send written
report on PRC -
wants to be able
to announce SRC
plant at
Morgantown*

Phil Sharp - Energy Mobilization Board, and Hospital Cost Containmentment

Congressman Sharp is a crucial vote on the EMB in the House Commerce Committee. You should explain to Phil that even though Dingell's bill is not exactly what you want, it provides the Administration with the best vehicle to reach compromise producing legislation close to our specifications. You should also ask for his help on HCC.

*Sharp on vacation -
Indif. upset
strong int in
energy - Supports
WPB*

-- House Members cont.

Bill Moorhead - Energy Security Corporation

*Vacation -
Pol sit in W Pa
pretty good
Leroy Travis, former
Speaker, eager to
help. L Martin call*

As you know, Congressman Moorhead was a leader in the House along with Majority Leader Wright on synfuels legislation. His service of our legislation on ESC is essential. You should ask his advice and help on how to produce legislation that would be close to what we want.

Mo Udall - Energy Mobilization Board

*Doubt, confusion -
can work
Dingell*

Thank him for getting out an EMB bill and tell him you hope that he and Dingell get together on a strong bill and that his support of EMB on the floor is crucial.

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THE WHITE HOUSE
WASHINGTON

29. Aug 79

Frank Moore

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Rick Hutcheson

Stu Eizenstat

3572



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FM FRANK MOORE
TO SUSAN CLOUGH FOR THE PRESIDENT (DELTA QUEEN)
ZEM
UNCLAS WH91637
THIS IS THE REMAINDER OF DACOM 11 SENT TO
ST PAUL.

RECEIVED AT DELTA QUEEN COMM CENTER
AT 10:35 PM CST 17 AUGUST 1979

Frank J

THE WHITE HOUSE
WASHINGTON

AUGUST 17, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE
SUBJECT: RECOMMENDED TELEPHONE CALLS - SENATE

I RECOMMEND THAT YOU CALL THE FOLLOWING TEN SENATORS DURING YOUR TRIP DOWN THE MISSISSIPPI. THE MAJOR COMPONENTS OF YOUR ENERGY PROPOSAL (THE ENERGY SECURITY CORPORATION, THE ENERGY MOBILIZATION BORAD, AND THE WINDFALL PROFITS TAX) ARE LARGELY IN THE HANDS OF THESE MEN. SOME WILL HAVE A SPECIFIC INTEREST OF CONCERN WITH ONLY ONE COMPONENT, WHILE OTHERS WILL HAVE DISAGREEMENTS OR PROBLEMS WITH ALL THREE. THE GENREAL PROBLEMS THAT EACH WILL ENCOUNTER IN THE SENATE ARE DESCRIBED BELOW.

WINDFALL PROFITS TAX

A WINDFALL PROFITS TAX WILL PASS THE SENATE. THERE ARE ONLY A HANDFUL OF SENATORS WHO ARE OPPOSED TO ANY TAX AT ALL. HOWEVER, A GROWING NUMBER OF SENATORS HAVE THE MISTAKEN NOTION THAT BY PROVIDING CERTAIN EXEMPTIONS FROM THE TAX DOMESTIC OIL PRODUCTION CAN BE SUBSTANTIALLY INCREASED. THE MOST COMMOM ERROR THEY MAKE IS TO ASSUME THAT AN EXEMPTION FOR NEWLY DISCOVERED OIL WILL STIMULATE EXPLORATION AND DRAMATICALLY INCREASE PRODUCTION. THEY ARE UNAWARE THAT YOUR DECONTROL PLAN-- EVEN WHEN COUPLED WITH THE WINDFALL PROFITS TAX -- WILL RESULT IN AN ADDITIONAL ONE MILLION BARRELS OF OIL PER DAY, AND THAT AN EXEMPTION FOR NEWLY DISCOVERED OIL WILL RESULT IN ONLY AN ADDITIONAL 100,000 TO 125,000 BARRELS OF OIL. YOU SHOULD STRESS WITH THEM THE FOLLOWING THEMES:

1. DECONTROL -- EVEN WITH THE TAX -- WILL PROVIDE AMPLE INCENTIVES FOR NEW PRODUCTION.

END OF PAGE 01

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2. EXEMPTIONS FROM THE TAX WILL NOT SUBSTANTIALLY INCREASE PRODUCTION AND WILL RESULT IN THE OIL INDUSTRY REAPING WINDFALL PROFITS WHILE THE GENERAL PUBLIC IS CALLED ON TO MAKE SACRIFICES.
- " THE REVENUES FROM THE TAX ARE NEEDED TO FUND LONG-TERM ENERGY PROJECTS WHICH AT THIS TIME SHOW LITTLE PROFIT POTENTIAL AND ARE THEREFORE UNATTRACTIVE TO PRIVATE INVESTORS.

ENERGY SECURITY CORPORATION

MOST MEMBERS OF THE ENERGY AND NATURAL RESOURCES COMMITTEE AND THE BANKING COMMITTEE WHICH SHARE JURISDICTION OVER THIS PROPOSAL ARE LUKEWARM FOR THE FOLLOWING REASONS:

1. MOST MEMBERS OF CONGRESS DO NOT WANT TO CEDE THEIR ROLE IN AUTHORIZING SPECIFIC PROJECTS TO A CORPORATION, BUT WANT TO RETAIN CONTROL ON A STEP-BY STEP BASIS.
2. SEVERAL MEMBERS ARE DEEPLY CONCERNED WITH THE POSSIBLE ENVIRONMENTAL INJURY WHICH COULD BE DONE BY THE MASSIVE USE OF COAL WHICH WILL SERVE AS THE BASIS FOR OUR SYNFUELS PROGRAM.
3. MANY SENATORS FROM WESTERN STATES FEAR THAT THEIR REGION WILL BE DESECRATED BECAUSE OF THE TREMENDOUS AMOUNTS OF WATER WHICH WILL BE REQUIRED FOR MOST SYNFUEL FACILITIES AND THE TREMENDOUS AMOUNT OF WESTERN COAL WHICH WILL BE MINED.
4. MANY SENATORS FROM EASTERN COAL-PRODUCING STATES ARE DISSATISFIED BECAUSE THE SYNFUELS PROGRAM WILL RELY LARGELY ON WESTERN COAL.
5. SEVERAL SENATORS REJECT THE NOTION THAT A MASSIVE SYNFUELS PROGRAM IS NEEDED AND BELIEVE INSTEAD THAT OUR GOALS CAN BE REACHED THROUGH INCREASED EMPHASIS ON CONSERVATION AND RENEWABLE RESOURCES SUCH AS SOLAR.

ENERGY MOBILIZATION BOARD

MOST SENATORS AGREE WITH THE CONCEPT OF AN ENERGY MOBILIZATION BOARD IN THE ABSTRACT. THEY FAVOR CUTTING REDTAPE AND PROCEEDING AS RAPIDLY AS POSSIBLE WITH NEEDED ENERGY FACILITIES. HOWEVER, THOSE SAME SENATORS OFTEN HAVE GREAT DIFFICULTY IN SUBORDINATING THEIR STRONGLY HELD VIEWS ON ENVIRONMENTAL PROTECTION AND STATES RIGHTS TO THE NEED TO ACHIEVE ENERGY SECURITY. SPECIFICALLY, MOST MEMBERS OF THE ENERGY COMMITTEE

FEEL THAT THERE IS NO SUCH THING AS A PROCEDURAL WAIVER AND BELIEVE THAT THE NATIONAL ENVIRONMENTAL PROTECTION ACT SHOULD NOT BE TAMPERED WITH IN ANYWAY BY THE ENERGY MOBILIZATION BOARD.

RECOMMENDATIONS

I RECOMMEND THAT YOU CALL THE FOLLOWING SENATORS. WHERE APPROPRIATE I HAVE INDICATED THE SPECIFIC COMPONENT OF THE ENERGY PLAN WHICH SHOULD BE DISCUSSED WITH EACH.

SENATOR HENRY M. JACKSON

HIS MAJOR PROBLEM THUS FAR HAS BEEN WITH OUR PROPOSAL TO ALLOW THE ENERGY MOBILIZATION BOARD TO GRANT PROCEDURAL WAIVERS FROM ENVIRONMENTAL LAWS. HE ALSO APPEARS SKEPTICAL OF OUR SYNFUELS PROGRAM PRIMARILY BECAUSE HE FEELS THAT THE FINANCE COMMITTEE WILL NOT PASS A TAX STRONG ENOUGH TO FUND A MASSIVE PROGRAM.

not called

SENATOR BENNETT JOHNSTON

SENATOR JOHNSTON IS THE PRIMARY MOVER OF THE ENERGY MOBILIZATION BOARD. HE WANTS TO GO EVEN FURTHER THAN WE PROPOSED AND ALLOW THE BOARD TO WAIVE BOTH PROCEDURAL AND SUBSTANTIVE ENVIRONMENTAL LAWS. HE APPEARS TO BE ALL RIGHT ON THE ENERGY SECURITY CORPORATION.

10 days in la. split on WPT for EMB ? re synfuels

SENATOR WENDELL H. FORD

THE SENATOR IS LUKEWARM ON THE ENERGY SECURITY CORPORATION HIS MAJOR PROBLEMS INVOLVE HIS AVERSION TO DELEGATING AUTHORITY TO THE CORPORATION AND HIS FEELING THAT THE SYNFUELS PROJECT WOULD LARGELY RELY ON WESTERN RATHER THAN KENTUCKY COAL. HE CAN BE MOVED THROUGH A CALL FROM YOU.

Too much rain. Pretty good at the time = Rinaldo's to a utilites > coal ESC +, GPR +, WPT. Tar sands.

SENATOR PETE V. DOMENICI

ALONG WITH SENATOR JOHNSTON, SENATOR DOMENICI IS A VIGOROUS BACKER (AND AN ORIGINAL SPONSOR) OF THE ENERGY MOBILIZATION BOARD CONCEPT. BEING A WESTERNER, HOWEVER, HE IS CAUTIOUS OF THE ENERGY SECURITY CORPORATION SINCE HE SHARES THE CONCERN OF MANY OF HIS WESTERN COLLEAGUES THAT THEIR REGION WILL BE RAPED IF WE LAUNCH A MASSIVE SYNFUELS PROGRAM. THESE CONCERNS CAN AND SHOULD BE OVERCOME. HE WANTS TO BE A LEADER IN THE ENERGY FIELD.

Tough on WPT 70% believe in energy crisis. Need 5 min a Pres. Concern re EMB ESC but need good programs

SENATOR DALE BUMPERS

SENATOR BUMPERS HAS BEEN CRITICAL OF YOU WITH RESPECT TO ALL

THREE MAJOR COMPONENTS OF THE ENERGY PLAN. HE QUESTIONS THE NEED FOR A MOBILIZATION BOARD AND OPPOSES ANY WAIVER AUTHORITY WHATEVER. HE IS SKEPTICAL OF THE CORPORATION AND THE SYN-FUELS PROGRAM, PREFERRING INSTEAD TO RELY ON CONSERVATION AND RENEWABLE RESOURCES. HE OPPOSES DECONTROL OF DOMESTIC OIL PRICES AND BELIEVES THAT OUR TAX IS NOT STRONG ENOUGH TO PREVENT WINDFALL PROFITS. HE HAS BEEN PUBLICLY CRITICAL OF YOU BUT WE NEED HIS HELP AND HIS LEADERSHIP SINCE SEVERAL OTHER ENERGY COMMITTEE MEMBERS LOOK TO HIM FOR GUIDANCE (METZENBAUM, BRADLEY, TSONGAS AND DURKIN).

*Visited 50 places.
"Why can't Congress
act on energy?"
More concern re
future than present.
This needs to meet
in few after labor
Day.*

SENATOR GARY HART

SENATOR HART WAS APPOINTED BY CHAIRMAN MUSKIE TO HEAD THE BUDGET COMMITTEE'S TASK FORCE WHOSE MISSION IS TO MAKE AN ECONOMIC ANALYSIS OF THE SYN-FUELS PROGRAM AND TO FILE A REPORT IN EARLY SEPTEMBER. THE SENATOR IS PERSONALLY AGAINST SYN-FUELS. HE IS CONCERNED ABOUT THE PROGRAM'S ENVIRONMENTAL IMPACT IN HIS STATE; ITS HEAVY RELIANCE ON WATER; AND THE LIKELIHOOD THAT COLORADO WOULD BE SEVERELY IMPACTED. HE STRONGLY FAVORS A BOLD CONSERVATION EFFORT AND RELIANCE ON RENEWABLE RESOURCES SUCH AS SOLAR. THE TASK FORCE REPORT WILL ALMOST CERTAINLY BE UNFAVORABLE TOWARD THE ENERGY SECURITY CORPORATION.

*At AF Academy -
Good econ situation -
Oil shale going fwd.
High on C. Demarc.
Gary will support
Pres. contrary to
some news report.*

SENATOR HENRY BELLMON

BESIDES BEING FROM AN OIL PRODUCING STATE, HE SHARES THE FAIRLY TYPICAL WESTERN VIEW THAT THEIR REGION WILL BE TAKEN ADVANTAGE OF IF THE UNITED STATES EMBARKS ON A MASSIVE SYN-FUELS PROGRAM. HE IS IMPORTANT TO US BECAUSE OF HIS MEMBERSHIP ON THE ENERGY COMMITTEE AND HIS POSITION AS A RANKING MINORITY MEMBER ON THE BUDGET COMMITTEE.

*In Alta. State
in good state -
2 in concerning
energy. EMB all
for it - less support
for EPC - tax cut
vs budget bal. (not
Ford to stop tax
cut*

SENATOR ED MUSKIE

AS THE "FATHER" OF THE CLEAN AIR ACT IN THE SENATE, SENATOR MUSKIE HAS GRAVE CONCERNS ABOUT BOTH THE ENERGY MOBILIZATION BOARD AND THE ENERGY SECURITY CORPORATION. HE WAS INSTRUMENTAL IN SECURING THE \$50 BILLION AUTHORIZATION FOR THE CORPORATION IN THE BUDGET COMMITTEE AND WILL BE A KEY ALLY OF OURS IN PUSHING FOR A STRONG WINDFALL PROFITS TAX.

*Vacation time -
Pres & Maine for
fishing in Sept -
Will see energy
in Wash re budget*

SENATOR ABRAHAM RIBICOFF

AS A MEMBER OF THE FINANCE COMMITTEE, SENATOR RIBICOFF SURPRISINGLY FAVORS EXEMPTING NEWLY DISCOVERED OIL FROM THE WIND-FALL PROFITS TAX. WE HAVE SOFTENED HIS STAND ON THIS SOMEWHAT, BUT HIS SUPPORT IS ESSENTIAL IF WE ARE TO ACHIEVE PASSAGE OF A TAX CLOSE TO THE ONE YOU PROPOSED ORIGINALLY

*Loafing -
Jews lost re
Young -
Energy, inflation
top issues =
No malaise
Energy long run
prob -*

(HE WILL BE A CONFEREES ON THE TAX).

SENATOR ROBERT BYRD

HIS LEADERSHIP ON ALL THREE COMPONENTS WILL BE NECESSARY
IF WE ARE TO ACHIEVE OUR GOALS.

1446
6783

*Will see me
Tues - Frank
Work out time*

NNNN

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THE WHITE HOUSE
WASHINGTON

August 29, 1979

Mr. President --

Jody read the following statement to UPI, AP, Reuters and ABC:

"I want to make a simple and unequivocal statement with regard to the ABC News report that the residence of Ambassador Young has been bugged or wiretapped by United States intelligence agencies. It has not.

"The Attorney General, at the President's direction, has inquired of the heads of each United States intelligence agency. All stated without qualification that there was no bugging, wiretapping or other electronic surveillance of Ambassador Young, his residence or of his meetings with Mr. Terzi or the Kuwaiti ambassador by any United States intelligence agency."

Rex

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THE WHITE HOUSE
WASHINGTON

August 29, 1979

MEMORANDUM FOR THE PRESIDENT

FROM

Frank Moore/Jim Free

1 Bob T

SUBJECT

Administration Testimony on the Export
of Oil to Iran

Chairman John Dingell, in a letter to Secretary Kreps dated August 23rd, had requested all information in regard to the export of oil to Iran including the basis for our determination that such export will have no adverse impact on energy supplies in this country. The subcommittee had already scheduled hearings for September 5th to determine if we were to have adequate supplies of home heating oil this winter. This subcommittee hearing will now directly address the Iranian oil sale as it relates to the adequacy of home heating oil.

We convened a meeting in the White House on Thursday, August 23rd to discuss the materials and documents which would be made available to Chairman Dingell's committee. The group reassembled with such documents on Friday, August 24th with a deadline of 6 p.m. that evening to sign off on approved material to be sent to the Hill. Such documents were sent by the Department of Commerce to Chairman Dingell Monday afternoon.

Chairman Dingell's committee has advised us that they want Deputy Secretary O'Leary to act as the lead witness for the Administration with back up people from both Commerce and the Department of State. Those back up people will be Mr. Converse Hettinger, who is the licensing officer from the Department of Commerce; and, Mr. Henry Precht who works on the Iranian desk at the Department of State. Mr. O'Leary will give the lead testimony with four or five minute statements from Mr. Hettinger and Mr. Precht.

Page two

Then, the committee will have all three gentlemen serve on a panel to receive the questions from the subcommittee members. This afternoon Chairman Dingell's staff will be briefed by a DOE representative of O'Leary's, Mr. Precht of the State Department and Mr. Hettinger of the Department of Commerce. This briefing will be to discuss certain classified material which could not be openly discussed at the full subcommittee hearing.

Dingell's staff has had several conversations already with Leon Hess and seem satisfied with the answers to their questions that he has supplied. Their main questions revolve around the fact that 1) the price was cheaper than it should be, 2) that there is no commitment from the Iranian government at all, 3) that they could possibly resell this oil at a higher price, and 4) why did they not purchase from the same market as we buy from.

Congressional Liaison's impression is that Chairman Dingell agreed with our decision, even though he is somewhat perplexed that he was not informed earlier of such a decision. The minority members of the subcommittee and certain New England congressmen will undoubtedly try to embarrass the Administration, but the Administration's testimony seems to be orchestrated in such a way as to present sound reasons for our decision.

THE WHITE HOUSE
WASHINGTON

30 Aug 79

Hamilton Jordan
Arnie Miller

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

Rick Hutcheson

The original has been given to
Bob Linder for appropriate handling.

cc: Ambassador McDonald
Stu Eizenstat

3586

THE WHITE HOUSE
WASHINGTON

cc to

- HS
- Arnie Kully
- Binder

THE WHITE HOUSE
WASHINGTON

8/29/79

Mr. President:

Hamilton has no comment.

Rick/Bill



Department of Energy
Washington, D.C. 20585

August 29, 1979

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

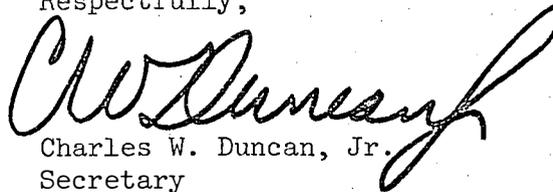
Dear Mr. President:

By letter dated July 9, 1979, John F. O'Leary requested that you accept his resignation as Deputy Secretary of the Department of Energy to be effective September 4, 1979.

You honored his request by letter dated July 20, 1979.

Having just assumed the role of Secretary and pending the nomination and Senate confirmation proceedings for the new Deputy Secretary, I have asked John to continue serving as Deputy through September 30. He has agreed, provided this is acceptable and convenient to you.

Respectfully,


Charles W. Duncan, Jr.
Secretary

APPROVED: F.C.

DATE: 8-29-79

FROM Stu Eizenstat

Re Energy Announcement
Suggestion

VZCZCWG043

00 WTE18

DE WTE 6903 2330236

O 210046Z AUG 79

FM STU EIZENSTAT //SITTO 08//7

TO SUSAN CLOUGH FOR THE PRESIDENT, DELTA QUEEN

INFO JODY POWELL, DELTA QUEEN

ZEM

UNCLAS WH91672

RECEIVED AT THE DELTA QUEEN COMM CENTER
AT 12:14AM CST 21 AUGUST 1979

C

SITTO 08

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MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: ENERGY EXTENSION SERVICE

ATTACHED IS MATERIAL ON THE EXPANSION OF THE ENERGY EXTENSION SERVICE WHICH WOULD BE AN ATTRACTIVE ANNOUNCEMENT DURING YOUR TRIP.

AFTER MY CONVERSATION WITH JODY TODAY I DETERMINED THAT THIS WOULD BE SENT TO YOU SHORTLY ANYWAY, AND ALL NECESSARY CLEARANCES HAVE ALREADY BEEN GIVEN. THE EES STRESSES LOCAL AND COMMUNITY ACTION AND WOULD FIT WELL WITH THE THEME OF YOUR TRIP.

IN ADDITION TO A DRAFT ANNOUNCEMENT, I AM ALSO ATTACHING A BREAKDOWN OF THE FUNDS THAT WOULD BE PROVIDED TO EACH STATE. KITTY SCHIRMER OF MY STAFF CAN PROVIDE YOU WITH ADDITIONAL INFORMATION.

A FEW POINTS SHOULD BE MADE:

1. THE EES WOULD BE FUNDED OUT OF GENERAL REVENUES, NOT OUT OF THE WINDFALL PROFITS TAX.
2. THIS PROGRAM WAS INITIALLY RUN ON A PILOT BASIS AND WE ARE NOW READY TO EXPAND IT NATIONWIDE. CONGRESS HAS SHOWN ENTHUSIASM FOR THE PROGRAM (WHICH IS ALREADY AUTHORIZED) AND THE HOUSE HAS ALREADY APPROPRIATED NEEDED FUNDS. THE SENATE SHOULD ACT SOON AFTER THE RECESS. THIS WOULD BE THE FIRST PUBLIC ANNOUNCEMENT OF THE ADMINISTRATION'S SUPPORT FOR FUNDING THIS PROGRAM NATIONWIDE.
3. THE VALUE OF THIS PROGRAM IS THAT IT PROVIDES INFORMATION AT THE LOCAL LEVEL WHICH WOULD BE USEFUL TO SMALL BUSINESSES, HOMEOWNERS, AND LOCAL GOVERNMENT OFFICIALS ON METHODS TO CONSERVE ENERGY AND TO SWITCH FROM FOSSILE FUELS TO RENEWABLE ENERGY RESOURCES.

3/11

OMB AND ALL OTHER AGENCIES HAVE SIGNED OFF ON THIS PROGRAM. DOE IS ORGANIZED TO FOLLOW UP WITH BACKGROUND LETTERS TO THE GOVERNORS. IF YOU DECIDE TO GO AHEAD WITH THIS, PLEASE LET KITTY SCHIRMER KNOW SO THAT SHE CAN COORDINATE THIS EFFORT WITHIN DOE.

PRESIDENT ANNOUNCES EXPANSION OF
ENERGY EXTENSION SERVICE TO 50 STATES

THE PRESIDENT TODAY ANNOUNCED AN EXPANDED ENERGY EXTENSION SERVICE (EES) PROGRAM THAT WOULD PROVIDE FEDERAL GRANTS TO 57 STATES AND TERRITORIES TO ASSIST FAMILIES, OWNERS OF SMALL BUSINESSES AND LOCAL GOVERNMENT OFFICIALS TO TAKE PRACTICAL STEPS TO SAVE ENERGY AND SWITCH TO RENEWABLE ENERGY RESOURCES.

THE PROGRAM WOULD BE ADMINISTERED UNDER THE ASSISTANT SECRETARY FOR CONSERVATION AND SOLAR APPLICATIONS IN THE DEPARTMENT OF ENERGY.

FUNDING FOR THE PROGRAM INCLUDES \$27.7 MILLION IN GRANT FUNDS AND \$2 MILLION FOR ADMINISTRATIVE COSTS, SUBJECT TO FINAL CONGRESSIONAL APPROVAL.

N 30 mil

STATE ENERGY OFFICES ARE ENCOURAGED TO IMMEDIATELY BEGIN THE 180-DAY PLANNING PROCESS. ALL STATES ARE EXPECTED TO HAVE THEIR EES PROGRAM OPERATING BY EARLY 1980.

AS A RESULT OF A HIGHLY SUCCESSFUL TWO-YEAR DEMONSTRATION IN 10 STATES, THE EES IS BEING EXPANDED TO ALL 57 STATES AND TERRITORIES AND WILL PROVIDE A FEDERAL/STATE PARTNERSHIP TO GIVE PERSONALIZED INFORMAL SH AND ASSISTANCE ON ENERGY CONSERVATION TO SMALL-SCALE USERS OF ENERGY.

THE TWO-YEAR EES DEMONSTRATION BEGAN UNDER THE NATIONAL ENERGY EXTENSION SERVICE ACT OF 1977. THE TEN DEMONSTRATION STATES, ALABAMA, CONNECTICUT, MICHIGAN, NEW MEXICO, PENNSYLVANIA, TENNESSEE, TEXAS, WASHINGTON, WISCONSIN, AND WYOMING EACH RECEIVED \$1.5 MILLION. THE OTHER 47 STATES AND TERRITORIES RECEIVED \$45,000 EACH TO FOLLOW AND LEARN FROM THE DEMONSTRATION.

AS A RESULT OF THE DEMONSTRATION PROGRAM MANY RECIPIENTS HAVE MADE AND ARE PLANNING TO MAKE MORE ENERGY CONSERVATION IMPROVEMENTS THAN PEOPLE WHO WERE NOT CONTACTED. THE EES PROGRAM IS COST EFFECTIVE BECAUSE

THE VALUE OF THE ENERGY SAVED EXCEEDS THE PARTICIPANTS INVESTMENT AND THE FEDERAL COSTS OF THE PROGRAM. UNDER THE EES GRANT PROGRAM EACH STATE DECIDES WHICH SMALL-SCALE ENERGY USERS NEED THE MOST INFORMATION AND ASSISTANCE ON ENERGY CONSERVATION, WHAT TYPES OF SERVICES THEY NEED, AND WHAT INSTITUTIONS IN THE STATE CAN BEST DELIVER THOSE SERVICES.

EACH STATE PLAN WILL BE DESIGNED AND IMPLEMENTED BY THE STATE. THOSE INTERESTED IN PARTICIPATING IN THEIR STATE ENERGY EXTENSION SERVICE PROGRAM SHOULD CONTACT THE STATE ENERGY OFFICE FOR DETAILS.

A LIST OF EACH STATES SHARE OF THE GRANT FUNDS IS ATTACHED.

- DOE -

NEWS MEDIA CONTACT: DONALD CREED, 202/252-5806

STATE ALLOCATION OF
ENERGY EXTENSION SERVICE
FINANCIAL ASSISTANCE&

STATE	1970 RESIDENT POPULATION&&	\$25 MILLION APPROPRIATION (FY-0) PLUS \$4.7 MILLION RESIDUAL (FY-79)
ALABAMA	3,444,000	474,200
ALASKA	303,000	263,300
AMERICAN SOMOA	27,000	244,800
ARIZONA	1,775,000	362,100
ARKANSAS	1,923,000	372,100
CALIFORNIA	19,971,000	1,583,700
COLORADO	2,210,000	391,400
CONNECTICUT	3,032,000	446,500
DELAWARE	548,000	279,800
DISTRICT OF COLUMBIA	757,000	293,800
FLORIDA	6,791,000	698,900
GEORGIA	4,588,000	551,000
GUAM	85,000	248,700
HAWAII	770,000	294,700
IDAHO	713,000	290,800
ILLINOIS	11,110,000	988,900
INDIANA	5,195,000	591,800
IOWA	2,825,000	432,600
KANSAS	2,249,000	394,000
KENTUCKY	3,221,000	459,200
LOUISIANA	3,645,000	487,700
MAINE	994,000	309,700

MARIANA DISTRICT	12,000	243,800
MARYLAND	,924,000	506,400
MASSACHUSETTS	5,689,000	624,900
MICHIGAN	8,882,000	839,300
MINNESOTA	3,806,000	498,500
MISSISSIPPI	2,217,000	391,800
MISSOURI	4,678,000	557,000
MONTANA	694,000	289,600
NEBRASKA	1,485,000	342,700
NEVADA	489,000	275,800
NEW HAMPSHIRE	738,000	292,5;1
NEW JERSEY	7,171,000	724,000
NEW MEXICO	1,017,000	311,300
NEW YORK	18,241,000	1,467,600
NORTH CAROLINA	5,084,000	584,300

&STATE SHARE FORMULA REQUIRED BY NATIONAL ENERGY EXTENSION SERVICE ACT (PL 95-39, TITLE V) 512(C) (2): 50 PER CENT EQUAL SHARE AND 50 PERCENT DIVIDED ON BASIS OF POPULATION USING THE MOST RECENT DE-CENNIAL CENSUS.

&& THE SOURCES FOR THE 1970 POPULATION DATA ARE CURRENT POPULATION REPORTS, SERIES P-25, NO. 799 (ISSUED APRIL 1979) AND CURRENT POPULATION REPORTS, SERIES P-25, NO. 731 (ISSUED SEPTEMBER 1978).

STATE ALLOCATION OF EES FINANCIAL ASSISTANCE&

STATE	1970 RESIDENT POPULATION&&	\$25 MILLION APPROPRIATION (FY-80) PLUS \$4.7 MILLION REDSIAL (FY-79)
NORTH DAKOTA	618,000	284,500
OHIO	10,657,000	958,400
OKLAHOMA	2,559,000	414,800
OREGON	2,092,000	383,400
PENNSYLVANIA	11,801,000	1,035,200
PUERTO RICO	2,712,000	425,100
RHODE ISLAND	950,000	306,800
SOUTH CAROLINA	2,591,000	416,900
SOUTH DAKOTA	666,000	287,700
TENNESSEE	,926,000	506,600
TEXAS	11,199,000	994,800
TRUST TERRITORY	101,000	249,800
UTAH	1,059,000	314,100
VERMONT	445,000	272,900
VIRGINIA	4,651,000	555,200
VIRGIN ISLANDS	62,000	247,100
WASHINGTON	,413,000	472,100
WEST VIRGINIA	1,744,000	360,100
WISCONSIN	4,418,000	539,600

WYOMING

32,000

265,300

SUBTOTAL FOR
STATE GRANTS

27,700,000.00

DOE PROGRAM
SUPPORT TOTAL

206,299,000

2,000,000.00

TOTAL

1613
6903

NNNN

THE WHITE HOUSE

WASHINGTON

29 Aug 79

Stu Eizenstat
Bob Lipshutz

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

Rick Hutcheson

The original + Bob Lindel.
for appropriate handling.

3565

THE WHITE HOUSE
WASHINGTON

August 28, 1979

*Bob, Stu
Why duplicate
what OMB has
already written?
J*

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *Bob*
STU EIZENSTAT *Stu*

RE: CAB Decision: Air Canada
Docket 36424

The CAB proposes to suspend certain discount fares proposed by Air Canada for U.S.-Canadian routes of 1,000 miles or more. Air Canada wants to offer excursion fares at 46 to 66 percent below normal economy rates for a two month period this fall.

The Board proposes to suspend the fares because the Canadian government has repeatedly refused to approve low fare proposals offered by U.S. carriers. (Over the past few months five of six U.S. low fare proposals have been disapproved by Canadian authorities.) In particular, the Canadian government has taken the position that the only low fares which it will approve are those which are identical to Air Canada's discount fares.

The CAB believes that consumers will benefit over the long run from a more open and competitive air travel market between the U.S. and Canada. Until such time as the Canadian government is prepared to permit competitive discount fares proposed by American carriers, the Board recommends suspending such fares as those now proposed by Air Canada.

State has been negotiating with the Canadian government for a number of months but to date has reached no resolution of this problem. These discussions will continue.

The interested agencies have no objection to the Board's proposed Order, which will become effective unless you disapprove it by August 31. Although we are reluctant to suspend discount fares, we agree with the Board that long term competition is promoted by this action. We therefore recommend approval of the Board's order.

 Approve

 Disapprove

You should be aware that the State Department has been negotiating with the Canadian Government on this subject for months. As recently as August 24, the two governments were exchanging views. The Canadian Government, however, has not yet agreed to approve competitive low fares filed by U.S. carriers, even on an experimental basis. The State Department will be continuing these discussions and if an agreement is reached the suspension order can be lifted.

The Departments of State, Defense, Justice and Transportation and the National Security Council have no objection to the Board's proposed order.

The Office of Management and Budget also recommends that you take no action and allow the Board's order to go into effect.

The Board's decision becomes final unless you disapprove the order on or before August 31, 1979.


John P. White
Deputy Director

Attachments:

CAB letter of transmittal
CAB order

Options and Implementation Actions:

- 1) Approve the Board's order by taking no action.
(DOS, DOD, DOJ, DOT, NSC, OMB.)
- 2) Disapprove.
--Appropriate implementation materials to be prepared.
- 3) See me.

Reluctantly
J

THE WHITE HOUSE
WASHINGTON

August 29, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: AL MCDONALD *AM*

SUBJECT: EASING WORK LOAD BALANCE

My discussions with Stu Eizenstat and Jack Watson certainly confirm your observations to Hamilton and me about their relative work loads. Therefore, at Stu's request, I will be giving him a bit of support (e.g. attendance at EPG meetings and discussions at State with him on the Mexican situation). Also, we are adding more to Jack's load (e.g. chairing a small personnel team to back up Arnie Miller).

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THE WHITE HOUSE

WASHINGTON

August 29, 1979

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: AL MCDONALD *AM*

SUBJECT: DISCUSSIONS WITH THE VICE PRESIDENT

In line with your suggestion, I obtained the Vice President's views on how I could best contribute and reviewed some of my early impressions in a thoughtful private discussion with him before his departure for China. We also talked daily during your absence on the Delta Queen in the course of briefings and preparatory sessions for his meetings conducted in your stead. These exposures were in turn followed by some similar and very positive exchanges and working sessions with Dick Moe and Mike Berman.

With a bit of persistence and planned involvement along these lines, I believe we can rather promptly achieve your aim here.

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