

5/27/80 [1]

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May 27, 1980

Dear Mr. Bolling:

The President has asked me to thank you for your recent letter requesting that he receive Sr. Luis Barragan of Mexico when he is in Washington on May 31-June 4, to receive the second annual International Pritzker Architecture Prize.

Regrettably, the heavy official schedule to which the President is committed during that week will preclude my arranging the visit with Sr. Barragan which you have requested.

The President has a particularly heavy schedule outlined for the coming weeks including preparation for the 1980 Economic Summit in Italy.

He has asked me to thank you for proposing this meeting. He sincerely regrets that it will not be possible to arrange. He sends his best warm wishes to you and his congratulations to Sr. Barragan.

Sincerely,

Fran Voorde
Deputy Appointments Secretary

Mr. Landrum R. Bolling
900-K 24th Street, NW.
Washington, DC 20036

✓ cc: Ms. A.M. Fontaine
Box 463
Flushing, NY 11372

FV:crj:jlc

✓ bcc: *Jane Henderson*
IIB-13

Jimmy

THE WHITE HOUSE
WASHINGTON

May 6, 1980

TO: RSC
FROM: Jane *jsr*
RE: Request from Landrum Bolling

Landrum Bolling called a couple of weeks ago asking to see you to discuss the possibility of the President's receiving again this year (as he did last year, at your request) the winner of the second Pritzker Prize in architecture. This year's winner is Mexican artist-architect Luis Barragan. Last year's was Philip Johnson.

Do you want me to pursue this with Phil?

YES _____

NO _____

You might want to read the attached Post commentary which is rather critical by Matt and Schultz.

MAY 6 1980

Elucha - 5/22/30

Could you possibly
consider a message (in
Spanish) to be read
at a luncheon hosted
by the Mexican
Ambassador to the
U.S. for St. Louis

Barragan on
June 2nd at
the Mexican
embassy.

P.S. Jundawin
is being
typed.)

CC
5/22/30
+7560
18208
08



Council
on
Foundations, inc. 1828 L Street, N.W., Washington, D.C. 20036 (202) 466-6512

(out Box
5/20/80
rc

Phil
7/10
J

May 6, 1980

Called
Alice
Fontaine
5/22/80

The Honorable Jimmy Carter
The White House
Washington, D. C.

Dear Mr. President:

A year ago you received and congratulated the distinguished American architect, Mr. Philip Johnson, as the first winner of the new \$100,000 International Pritzker Architecture Prize. The second of these annual prizes has just been awarded to Sr. Luis Barragan, of Mexico, an account of which is given in the attached article from TIME magazine. He will be coming to Washington for the period of May 31 through June 4 to receive his prize. It would be a most gracious international gesture if you could receive Sr. Barragan for even a few minutes some time while he is in the States.

Barragan will be the honored guest at a luncheon given by the Mexican Ambassador on Monday, June 2, and will be, of course, involved in the awards dinner on the evening of June 3 at Dumbarton Oaks. If you could spare a few moments to receive Sr. Barragan, he would of course be delighted to come to the White House at any time you might suggest.

All good wishes.

Sincerely,



Landrum R. Bolling
Chairman

LRB:gh

**Electrostatic Copy Made
for Preservation Purposes**

Mexico's Master of Serenity

Luis Barragán wins his profession's richest prize

The most vivid childhood memory of Architect Luis Barragán is of a water system in a village set in the red hills near the Mexican city of Guadalajara. "Great gutted logs, in the form of troughs," he remembers, "ran on a support system of tree forks, five meters high, above the roofs. This aqueduct crossed over the town, reaching the patios, where there were great stone fountains to receive the water. The channeled logs, covered with moss, dripped water all over town. It gave the village the ambience of a fairy tale."

All his life Barragán, the drip and splash of that water in his memory's ear, has sought to re-create the serenity and beauty of the little village's patios, places of refuge for body and spirit. Last week his success was recognized with the prestigious \$100,000 International Pritzker Architecture Prize, created last year by the Hyatt Foundation to do for architecture what the Nobel Prize does for other disciplines. Declared the citation: "He has created some of our most unforgettable gardens, plazas and fountains, all magical places for meditation and companionship."

In most ways, Barragán is a maverick in the architectural establishment. He has frequently deplored what he calls "architects' architecture" and admits no debt to the International Style of the Bauhaus. He uses the plainest of materials—adobe, raw beams, cobbles—to create astringently elegant effects. His commitment is not to community or social function but to privacy: "Any work of architecture that does not express serenity is a mistake. That is why it has been an error to replace the protection of walls with today's intemperate use of enormous glass windows." Many of his devices serve absolutely no function except visual delight; he thinks nothing of erecting a free-standing wall simply to catch the shadow of a nearby tree. Where others speak of views, Barragán celebrates the walled garden. Says he: "A landscape that is held and framed with a proper foreground is worth double." He would like the garden to be a living room, "to give back to modern man

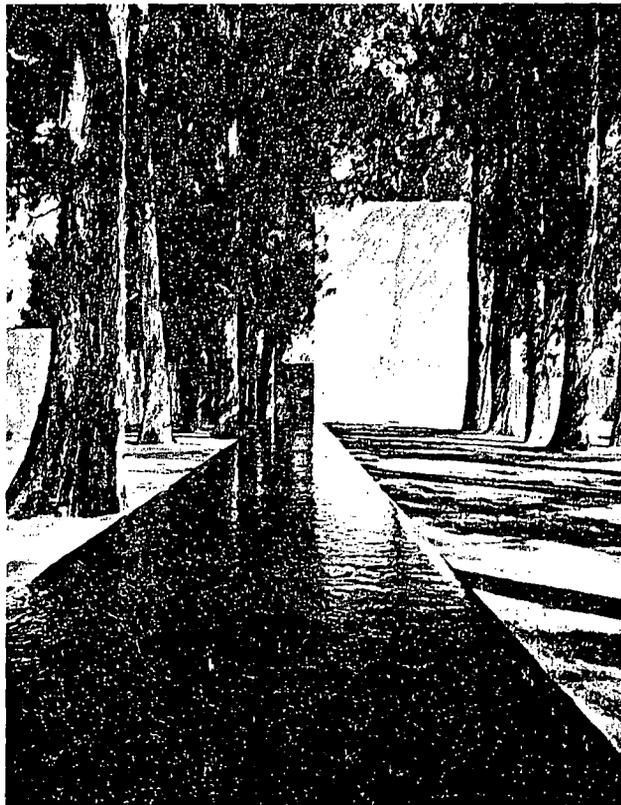
the treasure of having more private life." This vision of a garden is firmly rooted in his Mexican landscape, its blazing sun, its crystalline skies; it would scarcely suit a dour climate.

A rancher's son, Barragán spent much of his youth riding horses, attending fiestas and visiting marketplaces. He planned to be a rancher himself, but his mother insisted that he have a profession. He chose civil engineering but developed an interest in architecture while taking his degree at the University of Guadalajara. Before settling down to work, he spent two years in Europe, where he was charmed by "the architecture of the poor"—by Greek villages, which he had visited, by Moorish *souks*, which he had not, but had studied in books. Most of all, he fell in love with the walled, closed-in Arab garden, animated and cooled by the splash of a fountain or stilled by a pool, whose apotheosis he found in the marvelous intricacies of Spain's Alhambra.

On returning to Mexico,



Architect Luis Barragán



Brimming watering trough amid eucalyptus trees at Las Arboledas
Magical places for meditation from a lifelong memory.

he helped run the family estate and did not devote himself solely to architecture until 1936, when he was 34. He soon found that clients irritated him with their whims. "I am such that I must work without a *patrón*," he explained. He began designing and building houses to suit himself, in subdivisions he bought himself.

In 1944 his eye fell upon an inhospitable stretch of land on the edge of Mexico City, known as El Pedregal, a huge lava desert left from the eruption of the Xitle volcano 2,500 years ago. Fascinated by the savage beauty of the lava's shapes, Barragán and a partner bought 865 acres of the land and began to transform it. Each plot was to be a walled garden, celebrating the lava's strange forms, the cacti and the twisted trees known as *palo bobo* (silly tree). Each house was to be as simple as possible and should not occupy more than 10% of the plot. Steps and pathways were carved into the rocks. Lava was used to form the walls; for variety, they were sometimes stained rust, pale green, pale blue or—the favorite color of the Mexican peasant—bright pink. Water was run over craggy stone or along the wall tops, seeping down to aid the growth of moss. On the street side, the walls were blank, shutting out the city and its noise. Buyers were few at first, but eventually the once despised El Pedregal lava plain became Mexico City's most elegant residential area.

In each of Barragán's designs his public spaces achieve that degree of serenity which only flowing or still water can bestow. In Las Arboledas, developed as a residential community for horse lovers, he installed fountains, pools and a brimming watering trough as long as a lake, whose still surface reflects the thickly set eucalyptus trees. In another subdivision devoted to horsemen, Barragán converted two abandoned horse troughs into a heroically scaled fountain: a massive red earth stucco wall carries an aqueduct that pours water into the pool, all set off by a long pink stucco wall that makes approaching riders look like figures in an Egyptian frieze.

At 78, Barragán is a towering (6 ft. 6 in.), craggy man of charming mien and Old World manners. He has never married and lives in the house he designed for himself years ago at the edge of El Pedregal. Characteristically, it presents a nearly blank wall to the street. For Barragán is above all an architect of seclusion, of serenity in a noisy world. Says he: "Art is made by the alone for the alone."
—A. T. Baker

Memorial Day... Return of Nimitz Battle Group 5/26/80

I ^{WEEKS} WEEKS/MONTHS at SEA
WHEN NATION AT WAR/PEACE
SERVICE MORE LONELY IN PEACE

GRATEFUL NATION ^{KNOWS VALUE} of YOUR SERVICE

SOVIET INVASION - THREAT to STABILITY
VITAL REGION

U.S. PRESENCE INDIAN/PERSIAN

MISSION OF PEACE

LET THOSE WHO WONDER REMEMBER
SOLDIERS WAR MOSLEM SCHOOL

GIRLS IN AFGHANISTAN

TANKS vs HELPLESS VILLAGES
FAILURE OF COMMUNISM &

3 MILLION REFUGGES TYRANNY
SW ASIA AFRICA SE ASIA CHINA
AFGHAN/ETHIOPIA/INDONESIA/CUBA
EUROPE
WALL - E GERMANY

OUR NATION

FREEDOM, HUMANITY, DEMOCRACY -
SACRIFICE, UNITY, WILL

YOUR SERVICE - EMPHASIZED NEED
OF MIL

1 - PRINCIPLE
CAREER IN MIL w REGARDING

AS CAREER ESCROWER IN SOCIETY

MORE APPROPRIATE COMPENSATION

a) MOVE FOR REASSIGNMENTS

b) SEA DUTY

c) FLIGHT DUTY

d) HOUSING, HI COST AREAS

e) REASSIGNMENT ^{BONUS} A SEN. CAREER (MILITARY)

EXPAND CHAMPUS
DENTAL CARE FOR DEPENDENTS
LOUISA KENNEDY

NIMITZ, TEXAS (ALIF 5/26/80

'CLAYTON-HIDALGO
SEC BROWN ADM TRAIN, HAWAII

CAPT'S BATZLER, OWENS, SMITH

GONZO STATION

40,000 - 200

NATION GRATEFUL - CEREMONY -
AT SEA, B'CHT

NO DELAY - WELCOME

MEMORIAL DAY - UNIFORMS/LIVES

SACRIFICE/FREEDOM = ^{HISTORY/LONELY} BATTLE/OUTCASTS

2 WEEKS ^{NO} ARLINGTON - 8 - DESERT

HEROISM - HUMANITARIAN - SHARED

MET - REGRETS - TH - PREPARED

BATTLE GROUP 270 DEPLOY - 144 SEA
^{RELIED MORE} (INDIAN OCEAN - ARABIAN SEA)
HISTORY - SHIP/AIR WING - READY

PRESENCE - PEACE/STABILITY

PERSIAN GULF = LIVES OF HOSTAGES

CLEAR KNOWLEDGE OF STRENGTH

NIMITZ BATTLE GROUP
NO DOUBT OF AMERICAN STRENGTH

SACRIFICE/PATRIOTISM - YOU/FAMILIES

NORFOLK PIER 5/26/80

THANKS - NIMITZ, TEXAS, CALIFORNIA

LOVED ONES - FRONT LINES OF
LIBERTY & PEACE

LIKE YOURS, MY HEART IS THEM
LIKE THEIRS, " " IS YOU

MEM DAY - HONOR DEAD, ALL WARS

HONOR LIVING, SERVE & SACRIFICE

Remarks at Norfolk Pier
after leaving Nimitz Battle Group
Memorial Day, 5/26/80

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for Preservation Purposes

[Salutations will be updated by Bob Dunn on Monday]

Achsah Nesmith
A-2 5/23/80
Scheduled Delivery:
Mon, May 26, 3:30 PM

Return of the Nimitz Battle Group--Memorial Day, 1980

Sec Brown

Admiral Train, Captain Batzler (Nimitz), Captain Owens (Texas), Captain Smith (California), officers and crews of the U.S.S. Nimitz, Texas, and California:

spent long minutes at sea
I've ~~been in your shoes~~ and I know the thing uppermost

in your minds right now is seeing the people waiting for you on shore. Nothing is going to ~~interfere with~~ ^{*delay*} that long-awaited reunion. That is why I came here to meet you instead of waiting until you got into Norfolk.

On our way out here, we flew by the crowd on the pierside, and believe me, even at that altitude I could feel the joy and the excitement and the love of those thousands of people.

is being broadcast
We made ~~arrangements to broadcast~~ ^{*is being broadcast*} this ceremony live to the people assembled in Norfolk. So your families and loved

That mission and the efforts of everyone involved represent the highest traditions of the American Armed Forces. I want to convey to you as well the thanks of the families of the hostages. Like them, I deeply regret that our mission did not succeed. But I would have far more regrets if we had not tried.

Sacrifice has always been the price of freedom and security, not only in times of war, but in the often uneasy and dangerous times of peace. For months now, your efforts while on patrol in the Indian Ocean and the Arabian Sea have been a shield of our nation's security and freedom.

*SACRIFICE
MORE LOYALTY,
IN TIMES OF
PEACE*

The record of this battle group is extraordinarily impressive -- a 270-day deployment, 144 consecutive days at sea without a port call, with 18-hour days, an Indian Ocean sun bringing midday temperatures well above 100 degrees, and training, training, and more training. Nowhere in modern naval history has a ship and air wing remained so ready for so long.

the United States is to meet the challenges posed to our security.

The Soviet invasion of Afghanistan signalled a real threat to the stability of a region through which the oil lifeline of much of the world flows. A strong and continuing U.S. presence in the Indian Ocean and the Arabian Sea underscores our commitment in that critical part of the world.

Like your fellow sailors and Marines in decades and centuries past, you are the United States in the eyes of threatened and vulnerable peoples and nations. Let those in the world who wonder which nation is the aggressor and which the seeker of peace among the superpowers remember the nine months just ending. Let them note whose soldiers made war on Moslem school girls in Afghanistan, and whose forces carried on peaceful exercises in the Arabian Sea.

Let them remember whose tanks devastated helpless villages and whose ships rescued refugees on the high seas -- refugees

willing to risk everything to escape tyranny and win the hope of freedom.

The challenges and dangers around us require that we deploy forces in a state of constant readiness. This means high costs at a time of competing demands for our tax dollars.

More painfully, it means that we must call upon you and your fellow sailors, soldiers, airmen and Marines to make the kinds of sacrifices you have demonstrated.

In return, a grateful society owes you its support -- in spirit, and also in more material terms. Recently I have reviewed the financial pressures on members of the military service. I am persuaded that, even in a time when budgets must be cut to the bone, we must do more to alleviate these pressures. I am committed to the principle that a career in the military should be at least as rewarding as a career elsewhere in our society. This is a necessary, responsible and justified price that our whole society must bear.

For that reason, I am announcing today my support for an important series of steps toward achieving fair benefits in the decade of the eighties for our men and women in uniform.

Among these steps are:

- ¶ more appropriate compensation for costs incurred because of relocations as a result of reassignments;
- ¶ improved sea pay;
- ¶ increased flight pay;
- ¶ a housing allowance that provides more for those assigned to especially high cost areas within the United States;
- ¶ a reenlistment bonus for senior career enlisted personnel.

To accomplish these goals, I will support those aspects of the Nunn-Warner proposal that provide for such increases.

We will continue to fight vigorously for the enactment of our other legislative requests, which include many important improvements in military benefits. In addition, I have asked Secretary Brown to develop a new legislative proposal which would expand present CHAMPUS [Civilian Health and Medical Program of the Uniformed Services] benefits to include provision of dental care for your dependents.

No democratic society can merely purchase, in a free market, the kind of service and sacrifice that are inherent in the life of a sailor, soldier, airman or Marine. This service and sacrifice are given for higher reasons, not sold at the going rate. No society can ever repay its full debt to those who stand guard, ready if called upon to offer the ultimate sacrifice so that freedom may grow and flourish in our great land.

I am proud of you. Our country is proud of you.

Welcome home.

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[Salutations to come]

Achsah Nesmith
A-2 5/23/80
Scheduled Delivery:
Mon. May 26, 4:30 p.m.

Nimitz Battle Group Return, Norfolk Pier Greeting

I could not pass up the opportunity to thank you, the families and loved ones of the men and women aboard the Nimitz, the Texas and the California. I know your time of waiting has been far longer than you expected. In a period of crisis and danger in the world, those you love have been on the frontlines of our effort to maintain peace. I know how heavy the responsibilities have been that have fallen on your shoulders in their absence, how lonely and sometimes frightening your own vigil has been.

To serve at sea requires a special kind of dedication, a willingness to endure long separations for an important cause. It also requires a special kind of dedication from the families who are left behind.

In peacetime, when the whole nation does not share your

loneliness, does not listen fearfully for news of a distant loved one, you may feel that other Americans forget that for you these things continue. The sacrifices and losses of our Armed Forces in maintaining our nation's military strength and in keeping the peace are just as meaningful as those in times of all-out war.

On this Memorial Day we honor the dead who have served our country in all our wars, and through periods of dangerous peace. We must remember as well the living who honor the call of duty at their posts each day, whether in the United States, abroad or on the ships at sea. We honor, too, those at home who make that service possible. Your sacrifice and your patriotism are a crucial part of our country's strength.

Like them, you understand the immeasurable value of what they are doing, not only for all Americans, but for the whole free world. We cannot thank you enough for the support of those who are coming back to you today, but I did want to let you know that you are not forgotten. You make it all possible.

3:15pm

1

THE WHITE HOUSE
WASHINGTON

May 23, 1980

BRIEFING FOR COMMUNITY LEADERS ON
INFLATION & ENERGY POLICY

Tuesday, May 27, 1980
3:15 p.m.
The East Room

From: ANNE WEXLER *Ann*

I. PURPOSE

To brief a cross-section of community leaders on our inflation and energy policies, making the linkage between the two issues.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: We have structured this issues briefing to reflect the linkage between inflation and energy issues.

Stu Eizenstat will give an overview of the inflation situation, concluding with the importance of reducing our energy consumption. After Stu's remarks, Charles Duncan will make the linkage to your energy policy, emphasizing the need for swift conclusion of the remaining energy legislative matters. He will link our dependence on foreign oil to inflation and national security issues.

B. Participants: About 200 community leaders from around the nation are expected. The states of California, West Virginia, and New Jersey will be particularly well-represented.

C. Press Plan: White House Photo and Press Pool for your opening remarks. Press attendance at any Q & A session will be decided by Jody on Tuesday.

III. AGENDA

I will open the briefing at 1:45 p.m. Messrs. Eizenstat and Duncan will then follow with their presentations. Charles Duncan will be answering questions when you arrive. After your remarks and a question and answer session (if you choose to hold one), there will be a reception in the State Dining Room. (See attached agenda)

IV. TALKING POINTS

Talking points prepared by the speechwriters, working with my office, have been submitted separately.

BRIEFING FOR COMMUNITY LEADERS

May 27, 1980
The East Room

Agenda

1:45 p.m.	Opening Remarks	Anne Wexler
1:47 p.m.	The Problem of Inflation and the Administration's Policies	Stuart Eizenstat
2:00 p.m.	Questions and Answers	Stuart Eizenstat
2:30 p.m.	The Energy Situation and The President's Energy Policy	Charles Duncan
2:45 p.m.	Questions and Answers	Charles Duncan
3:15 p.m.	Remarks	The President
3:30 p.m.	Questions and Answers (Optional)	The President

Reception -- The State Dining Room

3:15

THE WHITE HOUSE
WASHINGTON

May 23, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Bob Rackleff *BR*

SUBJECT: Presidential Talking
Points: Issues
Briefing for Community
Leaders

Scheduled Delivery:
Tue, May 27, 3 PM
East Room

Your talking points for this group
are attached.

Clearances

Alfred Kahn
David Rubenstein

3:00 p.m.

[No Salutations]

Bob Rackleff
Draft A-1; 5/23/80
Scheduled Delivery:
Tues, May 27, 3 PM
East Room

Talking Points for Community Leaders Issues Briefing

Talking Points

1. THANK YOU FOR COMING TO THE WHITE HOUSE. I WANT TO SAY A FEW THINGS PERSONALLY ABOUT ISSUES DISCUSSED ALREADY TODAY -- ENERGY AND INFLATION. WE TEND TO SEE THEM SEPARATELY, YET THEY ARE CLOSELY TIED TO EACH OTHER, AS THEY ARE TO OUR FUTURE. THE EVENTS IN IRAN AND ELSEWHERE IN THE WORLD UNDERSCORE THE URGENCY OF CONFRONTING OUR SERIOUS PROBLEMS AT HOME. TO BE STRONG OVERSEAS, WE MUST BE STRONG AT HOME.

2. THIS YEAR, WE WILL SPEND ABOUT \$90 BILLION FOR IMPORTED OIL. THAT IS A TREMENDOUS DRAIN OF CAPITAL, MORE THAN THE TOTAL NET EARNINGS LAST YEAR OF THE "FORTUNE 500" CORPORATIONS. PUT ANOTHER WAY, IT IS ABOUT \$400 FOR EVERY MAN, WOMAN, AND CHILD IN AMERICA -- MONEY THAT WILL NOT GO DIRECTLY BACK INTO OUR ECONOMY TO STIMULATE INVESTMENT AND CREATE NEW JOBS.

3. THAT IS WHY I HAVE FOUGHT FOR A NATIONAL ENERGY POLICY FOR THREE YEARS. WITH MY INITIATIVES NOW IN PLACE AND BEFORE CONGRESS, WE CAN CUT THOSE IMPORTS BY ONE-HALF BY 1990 AND SUSTAIN MUCH MORE OF OUR ENERGY NEEDS WITH AMERICAN-PRODUCED ENERGY. WE NOW HAVE A WINDFALL PROFITS TAX, BUT STILL NEED THE ENERGY SECURITY CORPORATION AND ENERGY MOBILIZATION BOARD, ISSUES NOW BEFORE THE HOUSE-SENATE CONFERENCE COMMITTEE.

4. LET ME ADD THAT THESE EFFORTS ARE BEGINNING TO PAY OFF. LAST YEAR, WE USED 5% LESS GASOLINE THAN THE YEAR BEFORE. AND SO FAR THIS YEAR, OIL IMPORTS ARE 12% LOWER THAN IN THE SAME PERIOD LAST YEAR; WE ARE IMPORTING A MILLION BARRELS A DAY FEWER THAN A YEAR AGO.

5. OUR ENERGY PROBLEMS ADD DIRECTLY TO INFLATION, OUR MOST SERIOUS DOMESTIC PROBLEM. IF YOU HAVE ANY DOUBT, CONSIDER THIS FACT: THE WORLD PRICE OF OIL HAS GONE UP ABOUT 150% IN THE LAST 16 MONTHS, OR 10% A MONTH. THAT IS WHY I HAVE PUT IN PLACE A TOUGH PROGRAM OF GASOLINE CONSERVATION, VOLUNTARY WAGE AND PRICE RESTRAINT, STRUCTURAL ECONOMIC REFORMS, AND A BALANCED FEDERAL BUDGET.

6. BECAUSE OF THAT, THE INFLATIONARY FEVER HAS BROKEN. INTEREST RATES AND PRODUCER PRICE INCREASES HAVE COME DOWN SHARPLY. AND WE CAN EXPECT CONSUMER PRICE INCREASES TO COME DOWN THIS SUMMER. HIGH INFLATION HAS BEEN THE MAJOR CAUSE OF THE RECESSION NOW UPON US, AND FIGHTING INFLATION IS THE BEST ANTI-RECESSION PROGRAM WE COULD HAVE TODAY.

7. I AM DETERMINED TO CONTINUE THIS PROGRESS. OUR PROGRAM PROTECTS THOSE MOST VULNERABLE IN OUR ECONOMY, BUT FOR THE REST OF US, WE MUST DO OUR PART. IT IS A WORKABLE AND NECESSARY PROGRAM. IT CAN BEGIN TO TURN THE TIDE, BUT ONLY IF WE, AS A PEOPLE, RESOLVE TO DO OUR PART.

8. LET US KEEP IN MIND WHAT IS AT STAKE IN THIS BATTLE. WE HAVE THE OPPORTUNITY TO MAKE INFLATION A TEMPORARY PROBLEM,

TO ACCOMPLISH A MAJOR REALIGNMENT IN OUR ECONOMIC LIFE.
THAT IN TURN CAN MAKE POSSIBLE UNPRECEDENTED FUTURE ECONOMIC
EXPANSION AND, WITH IT, CONTINUED PROGRESS TOWARD OUR GOALS
OF SOCIAL JUSTICE.

#

THE WHITE HOUSE
WASHINGTON

Phil has seen

THE WHITE HOUSE
WASHINGTON

7:30pm

Mr. President:

A follow-up to "Star Wars",
"The Empire Strikes Back",
premiered in DC Saturday (Amy
saw it). It is being shown
at an area theatre tonight at
a special screening which you
are invited to attend. A copy
is also available for the
family theatre but the quality
of the sound would not be as
good. Do you have any interest
in either option?

Try for Phil
Monday night
at WH - fill up
theatre = staff &
cabinet

MEMORANDUM

THE WHITE HOUSE

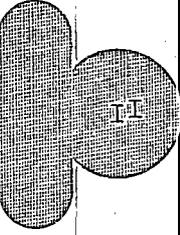
WASHINGTON

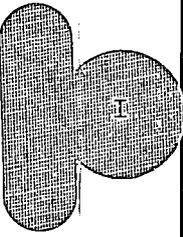
May 23, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
SUBJECT: Middle East Speech

I enclose for your reaction two copies of the speech prepared by the State Department: a clean copy, and a copy with some marginal comments (which may be helpful).

My overall impression is that the section on the strategic situation (pages 4-5) is weak and needs strengthening; while the rest of the speech is somewhat lengthy and occasionally defensive in tone. Moreover, I am afraid that it does not convey to the moderate Arab states much hope for real progress. This is especially true in regard to the Palestinian issue. While I agree with the basic message on page 18 ("have patience"), we need to give the Arabs a little more confidence that a comprehensive settlement is genuinely our major objective, which we intend to pursue with determination -- presumably after the elections.





TAB II

May 21, 1980
#5

DRAFT REMARKS ON THE MIDDLE EAST

I.

I want to speak today about a subject of enormous importance: the outlook for peace in the Middle East.

For thirty years, peace in the Middle East was only a dream. And over thirty years, that dream was interrupted four times by the nightmare of open conflict.

We have not yet transformed that dream into full reality. But we are closer today to our goal than at any time in the past thirty years. President Carter has made peace in the Middle East a central goal. Indeed, no aspect of our foreign policy has received more hard work, more patient effort.

Why not show President's accelerated effort?

Why is this effort so crucial?

Why is peace between Israel and her Arab neighbors so important? For several reasons.

First, because endless conflict wastes precious lives. It squanders resources -- resources that could

be used to improve life for all people in the Middle East. Peace could put the vast wealth of the Middle East to work building -- not destroying. Peace could open borders and close the refugee camps where thousands of people live in desperation.

And there are other reasons.

Peace is a cherished dream and a vital interest for Israel. Through three decades, the United States has been unshakably committed to Israel's security and to its search for peace. We played a proud role in the creation of the State of Israel. We have backed that commitment with massive investments in Israel's security and prosperity. President Carter has requested more than \$10 billion in aid to Israel.

Today, President Carter stands where six American Presidents have stood before him: on the rock of support for a strong, secure Israel. The experience of four wars has proved that Israel's strength, Israel's security, can best be assured by peace: by a just and lasting settlement between Israel and her neighbors.

Peace is also important for relations between the United States and the Arab states. For reasons of geography, history and global interdependence, we have a continuing interest in good relations with the Arab nations. The moderate Arab states are a key to stability in the region; their independence is extremely important to us; many of them look to us to buttress their security.

doesn't
say why
peace
will
help.

Peace -- a genuine peace -- is also essential to the Palestinian people. Their interests can only be realized through peace -- not through war or violence. A peace process that resolves the Palestinian problem in all of its aspects can give the Palestinian people a new future of purpose and dignity.

And peace in the Middle East is important for reasons that far transcend that area alone. This whole broad region of the globe -- the Middle East and Southwest Asia -- is a strategic crossroads.

This section could
be pointed up more:
a bit bland

-4-

Need to show
how U.S. strength
helped by peace

In this region, the interests of many nations are vitally engaged. More than anywhere else in the developing world, important American interests intersect here. And now, as a result of turmoil in Iran and the Soviet aggression in Afghanistan, the strategic concerns of the United States and its allies in that region are far more threatened than ever before.

In this new strategic situation, not only are vital interests of the United States, its European allies and Japan at stake. So are the future security and well being of Israel and the Arab states. If a credible deterrent balance cannot be maintained, the independence of all states in the area will be at risk. If hostile forces should gain control of the Persian Gulf region, the consequences would undermine the entire world economy -- and dangerously alter the strategic balance.

This would have the gravest implications for the security of all Middle Eastern states -- including Israel. Indeed, no nation has a greater stake than Israel in our efforts to play a strong role and to establish firm ties across the whole broad region of the Middle East and Southwest Asia.

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for Preservation Purposes

(Add idea of importance of
"center of stability" of
Egypt - Israel peace treaty, + of extension to West Bank)

Finally, continued strife in the Middle East could erupt, by accident or by escalation, into wider conflict -- conflict that could shatter world peace. The Arab-Israeli wars of 1967 and 1975 brought us dangerously close to such a point.

For all these reasons, it is a vital element of our strategy to seek comprehensive peace in the Middle East -- and thus help restore stability to Southwest Asia. Our success -- or failure -- will not simply affect events in some far-off part of the world; it is crucial to keeping the free world secure and at peace.

That is why President Carter has given peace in the Middle East so much time and concern. And that is why I count it so high among my priorities as Secretary of State.

II.

In the long history of the Middle East conflict, we have heard a recurring complaint: that progress is stalled, or that peace efforts have run aground.

So frequent have been the headlines and forecasts of failure that it is easy to forget the major fact of recent history: that great progress has been made toward peace.

Those who doubt that progress need only contrast where we are in 1980 with where we were in 1967, or even 1977.

In November 1967 came the first sign of hope in a desolate, war-torn landscape. U.N. Security Council Resolution 242 was passed, and became a foundation to build upon. But still there was no peace.

In 1973, for the first time since 1949, negotiations actually took place between Arabs and Israelis. By 1975, three interim agreements had been signed. But still there was no peace.

Then in 1977 came a truly historic breakthrough. President Sadat made his momentous trip to Jerusalem. Prime Minister Begin responded with high statesmanship. Negotiations began. And in September 1978, President Carter and the two leaders met at Camp David. They agreed, first, to achieve a treaty of peace between

Why compare to 1967 - why not just 1973 - when we started this effort: current formulation drops out the speech

← role of President Carter

Egypt and Israel. And they agreed then to launch negotiations aimed at ^{advancing the effort for} comprehensive peace in the Middle East. These events have not brought us the whole distance -- but they have brought us closer to peace.

The treaty between Israel and Egypt was signed a year ago last March. Now it is the second half of the Camp David accords that remains to be completed. It calls for a resolution of the Palestinian problem in all its aspects, ^{while preserving} And it calls for the conclusion of peace treaties between ^{Israel's} Israel and each of its other neighbors -- Jordan, Syria and ^{security} Lebanon.]

So now, with the United States as full partner, the two parties to Camp David have entered negotiations: the first negotiations in thirty years in which the concerns of the Palestinian people, along with the security of Israel, are at the top of the agenda.

The Camp David accords recognized that nations and peoples do not easily abandon hard attitudes built up over more than a generation. Trust and understanding cannot be dictated. They can only come through patient effort, through face-to-face meetings; through time and experience.

Nitpick:
They
said they
were
doing this,
but even it:
Camp David
is only
one step.

That is why the Framework for Peace in the Middle East signed at Camp David is not itself an answer to final questions. It does not define the permanent status of the West Bank and Gaza. It does not take up the final status of Jerusalem. Rather, it sets forth a process -- a two-step process for resolving the Palestinian problem.

We are now engaged on the first step. Its goal is to provide full autonomy to the people of the West Bank and Gaza, under a freely-elected Self-governing Authority. The Authority will serve for a transitional period of not more than five years.

The second step -- to begin as soon as possible after the Self-governing Authority is inaugurated^{and not later than three years} -- will be negotiations, with Palestinians participating, to determine the final status of the West Bank and Gaza.

wordy { The issues at stake in these negotiations are important -- and highly complicated. It should come as no surprise that the negotiations have been slow...frustrating... punctuated by pauses.

A year ago, President Sadat and Prime Minister Begin, in a letter to President Carter, set the end of this month as a goal for completing the negotiations. That goal will not be met; the agreement we all had hoped to achieve will not come by then.

Of course this is a disappointment. But it is no cause for despair. It simply means that a process which has evolved over thirty years is still evolving.

excuse { It is certainly no cause to abandon a process which has achieved so much -- a process which still holds the most realistic hope yet for a just and durable peace in the Middle East.

We have reviewed the situation, and we have reached these conclusions: Serious negotiations are underway. The parties have now reached the central issues. Enough progress has been made -- and enough progress is possible in the future -- to justify persistence.

So these negotiations must continue. This is Egypt's choice. It is Israel's choice. It is our choice as well. And we believe the talks can succeed.

We also believe the talks must continue to be firmly based on Resolution 242 and the Camp David Framework.

To change either of those essential building blocks -- as some now advocate -- would be to change basic rules in the middle of the game. The United States will not allow that to happen.

Not the
points -
most
opponents
oppose
the
game

III.

Let me explain why we must persist.

again,
slow
intro.

To begin with, a decision now to abandon a process so hopefully begun -- or to alter its direction drastically -- would threaten progress already made.

Consider these concrete achievements of the process -- achievements that are essential to protect:

- o Peace now exists between Israel and her most powerful Arab neighbor. The danger of war in the Middle East has been dramatically lessened. As a result, every Israeli is more secure; every Egyptian has new hope for a better life; every American can take confidence that the dangers to our country and its friends have been diminished.

o Peace between Egypt and Israel, moreover, has borne visible fruits. Both Egypt and Israel have lived up to their agreements. Israel has turned over to Egypt, on or ahead of schedule, much of the Egyptian territory it occupied in 1967 -- including the major portion of the Sinai; including the rich oil fields ~~of the gulf of Suez~~. Egypt and Israel have exchanged ambassadors and begun to normalize relations. In fact, Egypt has acted to normalize relations more rapidly than the treaty requires.

No: also in hand.

o The two parties remain committed -- despite the obstacles -- to a broader peace. They remain committed to a practical process of negotiations -- talks whose ^{ultimate} goal is a settlement among all the hostile parties in the region.

o Finally, the Camp David process has established the power of negotiations to settle issues once thought to be intractable. Today many ^{more} people in the Middle East and elsewhere, ^{than ever before} believe for the first time that peaceful negotiations can resolve the Arab-Israeli conflict. This change of attitude in itself is historic.

We must not shake that new-found confidence.

We must hold steady on our course.

ugh
We must bring the autonomy talks to a successful conclusion.

To try now to construct some alternative course would be to imperil all we have achieved. It would be to abandon the best hope we have for the future. We would be like carpenters abandoning a house before putting in place the uppermost beams.

Let us put those beams in place.

IV.

Beyond protecting the gains we have achieved, there is another reason to persist. The current negotiations, however slow and ^{d. difficult} ~~delicate~~ the process may be, hold out real hope of success for the future.

We must build on that hope.

ugh
We must remind ourselves, when we hear that the negotiations are stalled, or that they are in danger of breaking down, that slow talks are not stalled talks.

One important principle, for example, has already been agreed in the talks: that most matters touching the daily lives of the Palestinians of the West Bank and Gaza will be under Palestinian control when the Self-governing Authority is established. Now, having agreed on that principle, the negotiators are grappling with the details of how to implement it.

The negotiators have begun to discuss critical issues -- issues which form a hard agenda.

~~Let me list those issues very briefly.~~

First, and most critical, is security. Israel must be secure. So, too, any agreement, if it is to be accepted and endure, must enable the people in the West Bank and Gaza to help provide for their security. The issue is one familiar to us in this country: how to divide duties among different security organizations.

The Israeli defense force must be able to protect Israel from external attack. At the same time, the "strong local police force" called for at Camp David must be able to assume gradually its fair share of the burden for internal security and public order. Determining how (it shall) (to) do so -- and when -- is a formidable challenge. But we believe it can be met.

The second key issue is land. The agreement must assure the sanctity of private property in the West Bank and Gaza. It must also guarantee that the way public land is used during the transition period will not prejudice future negotiations on the final status of these territories. This issue is greatly complicated. But even the most serious complications must not stand in the way of agreement.

Third is water -- which truly represents life. To us in America, disputes over water are familiar. In the American West, where water is scarce, conflict over water rights have raged for years between individuals, localities and even between states. So we can appreciate the situation in Israel, the West Bank and Gaza, where scarce water must be shared. Water usage can provide

a basis for increasing cooperation -- or for continued friction. Any agreement the parties achieve here will also be complicated -- but it must be fair. Both sides have an interest in accommodation and cooperation on this issue.

can be more positive here

A fourth major issue involves the powers of the Self-governing Authority. Having agreed at Camp David that there should be a Self-governing Authority for a transitional period of five years, the negotiators have grappled from the outset to define its powers. Giving true expression to the principle of self-government while assuring Israel's security poses an extraordinarily complex challenge -- but this challenge, too, can be met.

Finally, there is the issue of how elections for the Self-governing Authority will be conducted. Here, agreement is nearly complete. But one major issue remains: whether Arabs who live in the part of Jerusalem captured by Israeli forces in 1967 will be allowed to participate. I need not remind you how important this question is for all the parties. Resolving it in a way broadly acceptable to all may well be the greatest challenge we face in the negotiations. It too must be surmounted.

There can be no doubt that these five issues constitute a formidable agenda. But there are clearly the right issues to discuss. These are the issues that must be settled -- within the framework of a secure Israel and recognition of the legitimate rights of the Palestinian people -- if peace is to result.

With determination, these issues -- like those that stretched unresolved through thirty years of conflict -- can be resolved.

To launch some alternative process will not make these issues go away. Nor will a new process create a new framework. To start down another road will only bring us back to these same central questions. The Camp David process has grasped those questions.

It would be the grossest kind of irresponsibility to shy away now from that process and seek the illusory comfort of an alternative path. We must stay our course until it is run.

So we are committed to continuing the Camp David process. We are committed to continuing the autonomy talks. We believe they are the best hope for the future -- and we believe they can succeed.

so what?

and

repeats

Let me make 4 final points about the negotiations themselves.

First: If negotiations are to succeed, no party should take steps on its own that prejudice the outcome of the negotiation. Israelis assert that they have a right to live in the West Bank. The United States recognizes that this is a legitimate point for the Israelis to negotiate. But we also believe that unilaterally placing settlements in that area while negotiations are in progress runs counter to the very purpose of negotiation -- which is to achieve an agreement all parties can support.

Second: We support future negotiations on the final status of Jerusalem. We also support the view that the city should forever remain physically undivided, with free access to the holy places for people of all faiths.

Third: If negotiations are to succeed, all participants must accept the objective of the negotiation. That objective is expressed in Resolution 242. We will, therefore, stand by a commitment we ^{first} made five years ago: We will not recognize or negotiate with the Palestine Liberation Organization -- unless the PLO accepts Resolution 242 and the right of Israel to exist.

Fourth: These negotiations, as I have said, are designed to establish transitional arrangements for a five-year period. The final status of the West Bank and Gaza will be taken up in future negotiations. The United States, ~~therefore, will oppose any effort to use the current talks to lay the foundation for an independent Palestinian state.~~

shorter
ending
needed

defensive
+
just warlike

v.

It is tempting, given the slow and frustrating pace of complicated negotiations, to lose patience; to reject what does not yield instant success as an utter failure; to advocate uncertain new departures instead of relying on patient diplomacy.

To those who would do so, I would simply say this: Consider what the peace process has already accomplished. Compare it to the previous thirty years of hostility and bloodshed.

To those who oppose the Camp David process out of impatience or skepticism, I say, Have patience. Don't undermine the most hopeful avenue yet found toward peace. Remember that this process has already altered the course of history.

To those who oppose the process because they oppose peace itself, I say, History is now on the side of peace. History has moved from the battlefield to the bargaining table. Having come so far, let us not turn aside from what we have begun.

If we persist, that dream of peace; the dream of thirty years; the dream of Arabs and Israelis of good will; the dream of presidents, prime ministers and people everywhere, can be realized.

#

*Need to add something on
"keeping cool" on the West Bank.*

THE WHITE HOUSE
WASHINGTON

5-27-80

Original to

Tom Jones

for handling
delivery

3015

THE WHITE HOUSE
WASHINGTON

5-27-80

To Hodding Carter

I am sorry you are
leaving. You have done
a fine job and have
been a good spokesman
for the Secretary of State
and for me.

You have my thanks &
best wishes.

Jimmy Carter



ASSISTANT SECRETARY OF STATE
WASHINGTON, D.C. 20520

F. J. ...
...

C
✓

May 22, 1980

Dear Mr. President:

It has been a great privilege to work in your Administration for the last 40 months. I will always remember with deep gratitude the opportunity you gave me for public service at an important time in American history. The post to which you appointed me has been stimulating and demanding.

For pressing personal reasons, however, I must resign my post effective July 1. I do so in the certainty that Secretary Muskie is and will be an outstanding Secretary of State, as was his predecessor.

With warm regards,

Sincerely,

Hodding Carter III

Hodding Carter III

The President,

The White House.

THE WHITE HOUSE
WASHINGTON

27 May 80

Charlie Schultze

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

Rick Hutcheson

2016

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

*Charlie
good memo
J*

May 26, 1980

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*
Subject: The Outlook for Housing

You have asked us to assess the outlook for housing and housing finance, and to see if there is anything that could be done to accelerate a turnaround in housing starts. We have convened a small task force composed of HUD, OMB, the FHLBB, and CEA to look at this question.

SUMMARY

The task force reached three major conclusions:

1. After possibly one or two more months of weak numbers, the outlook for a moderate upturn in starts is quite good.
2. The principal potential obstacle to such a turnaround would be builders' and mortgage lenders' uncertainty about the future course of interest rates, and there is really nothing the Administration can do directly to reduce that uncertainty. (Any set of actions that is perceived to be a major weakening of our anti-inflationary program would, however, increase the uncertainty.)
3. Builders typically have to pay 2 percent above the prime rate for their construction money. Failure of the prime fully to follow other interest rates downward could stretch out the time period between the fall in mortgage rates and the upturn in housing starts. For that reason, among others, we should monitor the situation carefully and be prepared for further jawboning of the prime if circumstances warrant.

Recent Financial Developments

- o The average rate on conventional mortgages at S&Ls dropped from 16-1/4 percent four weeks ago to just over 14 percent. Some large S&Ls have dropped their rates down to the 13 percent range. When Citibank lowered the prime to 14-1/2 percent Friday, it lowered its mortgage interest rate to 13 percent.
- o The average rate at large mortgage banking firms has fallen from 17 percent six weeks ago to 13-1/2 percent.
- o The FHA/VA rate is now at 11-1/2 percent, down from a peak of 14 percent.

From November through January, when mortgage rates were in the 12 to 13 percent range, new home starts and sales held up reasonably well. Although some homebuyers may hold off temporarily hoping that rates will drop further, rates on mortgages are now down to levels that should bring buyers back into the market.

The outlook for supplies of mortgage funds is also comparatively favorable.

- o Although still weak, deposit flows at thrifts recovered noticeably in April and early May. March 1980 had been the worst March in history.
- o Further recovery in deposit flows of thrifts is likely:
 - Inflows into the 2-1/2 year small saver certificates, on which the thrifts can pay 1/4 of a percent more than banks, have been large in recent weeks.
 - The auction rate on six-month Treasury bills dropped below 9 percent last week, thereby restoring to the thrifts the 1/4 percent differential on six-month money market certificates for the first time since last summer.
- o Although earlier investments are still enabling money market funds to offer a fairly high yield, in competition with the thrifts, that yield should drop rapidly in coming weeks.

- o The 15-day surveys of mortgage commitment practices at S&Ls conducted by the FHLBB showed a movement during April toward liberalization of loan terms on new mortgage lending (downpayment requirements, maturities, etc.).
- o S&Ls are relatively liquid and are in a position to supply large amounts of mortgage credit as their deposits increase.
- o Our "quickie" (unpublished) survey on building permits in early May suggests that permits in May have stopped falling.

Credit Conditions and Starts

In the last two major declines in housing (1966 and 1973-74), sales of new houses turned up 4 to 5 months after interest rates began to come down, and housing starts turned up at roughly the same time. Sales may turn around faster this year, because the decline in mortgage interest rates has been much steeper than in previous recessions. With interest rates peaking in late March, we might expect to see sales turn up in June or July.

The big question is whether starts will follow promptly, and whether the recovery in starts will be strong. There are conflicting signs.

Good

- o The inventory of unsold new homes in March (although high in relation to sales) was at the lowest absolute level in almost three years.

Bad

- o Builders were badly burned during the February/March run up in interest rates and may be wary of starting new projects. Confidence will not return quickly.
- o Over the past nine months, many mortgage lenders have stopped giving fixed rate commitments to builders for permanent mortgage financing on their projects. Builders can no longer be sure that loans will be available at interest rates acceptable to the homebuyer.

Question mark

- o Construction loans are generally priced at 2 percentage points or more over the prime rate. With house sale prices leveling off, many builders may take a dim view of the profitability of new projects until the prime rate comes down substantially. The prime fell last week to 14-1/2 percent. It should continue to fall rapidly, and if short-term money market rates do not rise, the prime should fall to 12 percent or below. If it does not, we should consider additional jawboning. We will monitor the prime and come back to you if needed.

Actions to Stimulate Housing Sales

We believe that the most important stimulus to housing sales will come from bringing the thrifts back into the mortgage lending market.

- o There is currently a proposal before the interagency group that regulates deposit interest rates to eliminate the differential on MMCs entirely, i.e., even when the Treasury bill rate is below 9 percent. Treasury, as the representative of the Administration, is opposing removing the differential at this time. The FHLBB and the FDIC are with us, and I believe we will prevail.
- o The regulators are also considering changing the formulas used to compute the MMC ceiling rate to make these instruments at both banks and thrifts more competitive with Treasury bills and money market funds. An increase in the MMC ceiling could also provide an important boost to housing flows. I will encourage Bill Miller, our representative on the interagency group, to support this.

- o The FHLBB could pursue a more aggressive advances policy, including the charging of lower rates on loans to member institutions. The amount of additional mortgage money made available would be quite small. It might be considered if market developments by themselves do not bring the expected sharp movement in thrift flows. I think we ought to save this action and see if it is needed.

Actions to Stimulate Housing Starts

The Administration has already supported two measures which should encourage a recovery of starts:

- o The diversion of Section 235 funds from the traditional deep subsidy program for low-income families to a shallow subsidy program for low- to moderate-income families. This program, which will provide subsidies for an additional 100,000 new units, has passed the Senate and has cleared the House Banking Committee.
- o HUD has also issued regulations enabling builders to take down permanent FHA loans on their completed, but unsold units. By helping to ease the cash flow problem and improve the profit picture for builders, this program should also facilitate a recovery in starts.

We knew of no additional measures that would stimulate starts that do not entail major budgetary outlays. HUD has looked at the possibility of accelerating public housing starts, but the programs are too cumbersome and the lags too long to allow an acceleration over the next few months.

Pressure is currently building on the Hill to allow States and localities to continue to issue tax-exempt revenue bonds to finance single family mortgages -- at least through the end of this year or next. While this would probably stimulate starts during the last half of this year and beyond, I continue to believe that the Administration should resist pressures for major additional direct subsidy programs for owner-occupied housing. The budgetary threat posed by such programs is enormous both in the short run and in the long run.

27 May 80

Jack Watson

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

Rick Hutcheson

cc: Arnie Miller

3017

THE WHITE HOUSE

WASHINGTON

May 22, 1980

C

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON

ARNIE MILLER

Jack
AM

SUBJECT:

United States Metric Board

The United States Metric Board coordinates the voluntary conversion to the metric system. The Board consists of 17 members appointed by you.

In consultation with Dr. Polk, the Chairman of the Board; Dr. O'Hagan, the Executive Director; Esther Peterson; and Senator Cannon, Chairman of the Committee on Commerce, Science, and Transportation, we recommend the appointment of Dr. Bruce Johnson to an unexpired term that will be vacant on June 15, 1980 due to the resignation of one of the original members.

Dr. Bruce P. Johnson (Nevada): Chairman, Electrical Engineering Department, College of Engineering, University of Nevada - Reno. Recommended by Senator Cannon.

RECOMMENDATION:

Appoint Bruce P. Johnson to fill the unexpired term to be vacant on June 15, 1980 on the United States Metric Board.

✓ approve

_____ disapprove

EXPERIENCE RECORD

BRUCE P. JOHNSON

Home:

3190 W. 7th Street
Reno, Nevada 89503
Telephone: 702/747-5550

Office:

Electrical Engineering Department
University of Nevada, Reno
Reno, Nevada 89557
Telephone: 702/784-6627

Personal:

Born: August 8, 1938, Lewiston, Maine
Height/Weight: 5'8", 160 lbs.
Married: Four children

Education:

B.S., Physics, Mathematics, Bates College, Lewiston
1960, G.P.A. 2.93 of 4.0
M.S., Physics, University of New Hampshire
1973, G.P.A. 3.55 of 4.0
Ph.D., Physics, University of Missouri, 1967
G.P.A. 4.0 of 4.0
Other: General Electric courses completed in Physiology, Radiology, Fracture of Brittle Materials, Management Practices, A.E.C. course in Health Physics.

Honors:

National Science Foundation Fellowship, 1961
Stewart Fellowship, 1965
National Science Foundation Fellowship, 1965-1967
General Electric Wells and Corning Awards for GaP single crystal growth, 1973
ASEE-AFOSR Summer Faculty Research Fellow, 1975

Areas of Competence: SOLID STATE ELECTRONICS/DEVICES

Silicon and III-V Materials, Materials Processing and Device Measurement
Integrated Circuit Engineering
X-Ray Luminescent Glasses and Phosphors
Solid State Image Intensifiers
Color Centers in Solids
Transport Properties of Solids at High Temperatures and Varying Atmospheres

Experience:

Electrical Engineering Department, University of Nevada, Reno (September, 1974 to present) Associate Professor of Electrical Engineering, responsible for courses in Solid State Electronics, Integrated Circuit Engineering, Solid State Device Fabrication Laboratory, E & M Fields, and Computer Science (CDC-6400, PDP-8, TI-980A, and JOLT computers).
Active in research on ohmic and Schottky contacts to GaAs, liquid droplet migration in GaP, Cr diffusion in GaAs, and thin film inductors.
Summer, 1976 Acting Department Chairman and Principal Investigator (AFOSR-76-3053) on "Schottky Barrier Contacts to GaAs for TED Structures".
Summer, 1975 ASEE-AFOSR Summer Faculty Research Fellow at Avionics Laboratory, WPAFB, Ohio. Worked on ohmic contacts to GaAs TED's with low specific contact resistance.

Experience Record
Bruce P. Johnson

1-7-77

Experience continued:

General Electric Company, Miniature Lamp Products Department, Solid State Lamp Project (December, 1969 to August, 1974). Technical leader of five scientists, one technician, two hourly responsible for applied research and development of materials and processes used in the manufacture of light emitting diodes. Responsible for liaison with the Corporate Research and Lighting Research Laboratory support groups. Involved in establishing manufacturing processes in synthesis of raw materials, single crystal growth, waferizing, epitaxial growth, metallization, pelletizing, and understanding the effects of assembly on lamp device characteristics.

General Electric Company, Medical Systems Department (January, 1967 to December, 1969). Advanced Physicist in the Advanced Engineering and Consulting Laboratory. Worked on non-conventional imaging systems and materials.

Hobart and William Smith Colleges, Geneva, New York. (September, 1962 to August, 1964). Taught all levels of undergraduate physics.

Publications/Presentations:

Midwest Solid State Conference (1966)

Bull. Am. Phys. Soc. 12, 411 (1967)

Physical Review 175, 1227 (1968)

Physical Review 180, 931 (1969)

Physics in Medicine and Biology 15, 343 (1970)

CECON (1971)

Bull. Am. Phys. Soc. 16, 433 (1971)

Several presentations/internal publications in G.E. (1971-74)

Electrochemical Society Las Vegas Meeting (1976) J.E.C.S. 123, 370C (1976)

Journal of Electrochemical Society (~~In Preparation~~) 125, 7473 (1978)

Outside Activities:

Church Education Programs

Tennis, Camping

Member American Physical Society, Electrochemical Society, Sigma Xi, Institute of Electrical and Electronics Engineers, American Society of Engineering Educators.

Sigma Pi Sigma

Student Advisor, IEEE Student Chapter

Independent

AUTHORITY: P.L. 94-168, December 23, 1975

METHOD: Nominated to the Senate

MEMBERS: SEVENTEEN as follows:

The Chairman, a qualified individual who shall be appointed by the President, by and with the advice and consent of the Senate

Sixteen members who shall be appointed by the President, by and with the advice and consent of the Senate, on the following basis:

- c (1) One to be selected from lists of qualified individuals recommended by engineers and organizations representative of engineering interests
- c (2) One to be selected from lists of qualified individuals recommended by scientists, the scientific and technical community, and organizations representative of scientists and technicians
- p (3) One to be selected from a list of qualified individuals recommended by the National Association of Manufacturers or its successor
- p (4) One to be selected from lists of qualified individuals recommended by the United States Chamber of Commerce, or its successor, retailers, and other commercial organizations
- p (5) Two to be selected from lists of qualified individuals recommended by the American Federation of Labor and Congress of Industrial Organizations or its successor, who are representative of workers directly affected by metric conversion, and by other organizations representing labor
- p (6) One to be selected from a list of qualified individuals recommended by the National Governors Conference, the National Council of State Legislatures, and organizations representative of State and local government

Continued

UNITED STATES METRIC BOARD

Independent

MEMBERS:
(Continued)

- p (7) Two to be selected from lists of qualified individuals recommended by organizations representative of small businesses
- c (8) One to be selected from lists of qualified individuals representative of the construction industry
- c (9) One to be selected from a list of qualified individuals recommended by the National Conference on Weights and Measures and standards making organizations
- c (10) One to be selected from lists of qualified individuals recommended by educators, the educational community and organizations representative of educational interests
- (11) Four at-large members to represent consumers and other interests deemed suitable by the President and who shall be qualified individuals

As used above, each "list" shall include the names of at least three individuals for each applicable vacancy.

CHAIRMAN:

Shall be appointed by the President, by and with the advice and consent of the Senate.

TERM:

SIX YEARS, except the terms of office of the members first taking office shall expire as designated by the President at the time of nomination; five at the end of the 2d year; five at the end of the 4th year; and six at the end of the 6th year.

The term of office of the Chairman shall be 6 years

Members, including the Chairman, may be appointed to an additional term of 6 years, in the same manner as the original appointment. Successors to members of the Board shall be appointed in the same manner as the original members and shall have terms of office expiring 6 years from the date of expiration of the terms for which their predecessors were appointed.

Any individual appointed to fill a vacancy occurring prior to the expiration of any term of office shall be appointed for the remainder of that term. (NOT HOLDOVERS)

Continued

UNITED STATES METRIC BOARD

Independent

SALARY:

Members who are not in the regular full-time employ of the U. S. shall be entitled to receive compensation at a rate not to exceed the daily rate for a GS-13, including traveltime. While so serving, on the business of the Board away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence.

PURPOSE:

Devise and carry out a broad program of planning, coordination, and public education, consistent with other national policies and interests, with the aim of implementing the voluntary conversion to the metric system.

TERMINATION:

The Board shall cease to exist when the Congress, by law, determines that its mission has been accomplished.

27 May 80

Stu Eizenstat

The attached was received in
our office and is forwarded
to you for your information.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

5/24/80

PHIL:

If the President decides to VETO S. 668, it must be sent to the Hill by Monday night.

If that is the case, please call me as soon as it is vetoed and we can make arrangements for it to be returned here and then go to the Hill.

Enjoy the rest of your weekend....

BILL SIMON

THE WHITE HOUSE

WASHINGTON

May 24, 1980

*Stu -
See note
J*

MEMORANDUM FOR

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Enrolled Bill S.668, Cow Creek Indian Claim
(Hatfield and Packwood)

THE BILL

S.668 permits the Cow Creek Band of the Umpqua Tribe of Indians in Oregon to file claims for damages against the U.S. in the Court of Claims. The Indian Claims Commission Act of 1946 authorized the filing of such claims that arose prior to 1946. The statute of limitations for filing claims against the U.S. ceased in 1951, thus, all claims filed after that date were precluded from consideration. The Tribe asserts that it was never notified of its right to file a claim under the act.

The records of the Department of the Interior show no record of notification to the Cow Creek Band during the time frame provided for filing claims against the U.S. pursuant to the Indian Claims Commission Act (1946-51).

VOTES IN CONGRESS

Voice vote in both Houses.

ARGUMENTS FOR SIGNING

- o The bill merely authorizes the tribe to file a claim in the Court of Claims; it does not require the Court to find a monetary judgment in favor of the tribe.
- o The DOI record clearly shows that the tribe was not notified of its right to file a claim prior to 1951.
- o You have signed legislation permitting the Zuni tribe to pursue its claims in the Court of Claims.

ARGUMENTS FOR VETO

- o Approval of this legislation could encourage similar legislation that would allow exceptions to the statute of limitations for filing Indian claims.

- o Arguably, the tribe had notice because it was named in a claim by another tribe that was filed prior to 1951.
- o This bill does not have the compelling factors that distinguished the Zuni claim, e.g., geographically isolated, traditional non-English speaking tribal leaders.

AGENCY AND STAFF RECOMMENDATIONS

OMB and Justice recommend your disapproval of the bill and have attached a veto message. Interior recommends that you sign the bill. I agree with Interior.

While the arguments for and against signing this bill appear evenly balanced, I do not feel it merits a veto under the extenuating circumstances involved. It is uncontroverted that the tribe was never notified of its right to file an action.

However, we are likely to continue to receive similar legislation in any event. The Department of Justice has consistently opposed further waivers of the statute of limitations until a study is done to determine whether the statute is still viable -- yet no study has ever been done. Unless you object, I will explore with Justice pursuing this matter further.

White House Congressional Liaison has no recommendation; CL does not believe there is a Congressional relations reason to oppose or support the bill -- whatever the policy position is should govern the veto decision.

DECISION

_____ Approve S.668 (recommended)

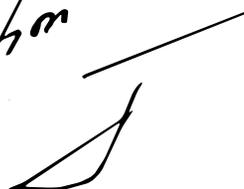
_____ Veto S.668

note deadline -

This should have been vetoed - I didn't

Draft strong statement against future

similar legislation



THE WHITE HOUSE

WASHINGTON

May 22, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

FRED KAHN *Fred*

FRANK MOORE *F. M. Moore*

SUBJECT: Trucking Bill

The House Public Works Committee today reported out a strong trucking bill. We expect floor action in the next two weeks, and the bill should be ready for your signature in June. The Committee was willing produce a good bill only on the condition that the Administration and the Senate would accept it without major changes. After protracted negotiations, the bill they have produced is very close to the Senate's on all points except one: the agricultural exemption.

The Senate bill would have deregulated transportation of processed food and fertilizer. The House bill eliminates most regulation of these items for owner-operators but not for larger trucking companies. This is a reasonable price to pay for the bill because the industry-wide provisions will increase competition in these items along with all other commodities. The farm groups that supported our effort -- especially the Farm Bureau -- accept this compromise.

On the other key provisions, the House bill:

- o allows fairly easy entry into the industry;
- o removes the cumbersome restrictions on the routes truckers can drive and the goods they can carry;
- o eliminates antitrust immunity for single line rates on January 1, 1984. (This is six months later than the Senate bill but otherwise follows the Senate provisions.)
- o creates a zone for truckers to raise or lower individual rates without ICC approval. After 1982 this zone will rise with the Producer Price Index. The zone cannot be used for rates discussed under antitrust immunity, so it will give truckers an immediate incentive to abandon the price-fixing system.

While this bill falls short of our proposal, it achieves the key goals you set last year. DOT and the ICC agree. Other major groups' reactions are:

- o The Teamsters are unhappy but seem to have given up the fight. At the last minute they sought an amendment to guarantee any employee who loses his job as a result of regulatory reform the first right to other carriers' new jobs. We could accept that, but the Senate said no, so the bill just directs Labor to maintain a list of such employees and to help them find reemployment.
- o The truckers have given up and accepted the bill. However, some independent truckers are concerned about a provision setting what they see as high insurance requirements, and we may try to get that revised.
- o Most of the groups that supported us (large and small businesses, farm groups, Common Cause, consumer groups) are pleased. However, the National Association of Manufacturers opposed tying the rate freedom zone to the PPI and fought another provision that retains some antitrust immunity for applications to the ICC for industry-wide rate hikes. They feel these provisions will mean some rates will rise, and they may attack the bill. We tried to change these items in the House -- we argued that indexing is particularly undesirable -- but since they were in the Senate bill, we did not have the leverage to get them removed. In any case, we, the ICC, and DOT think they will have little practical effect. We are confident that the overall bill will be a major anti-inflation force.

We thought you would be interested in the attached Wall Street Journal article, which shows that ICC actions are already changing the industry and causing rates to fall.

Open Road Deregulation by ICC Appears to Hold Down Truck-Rates Inflation

Agency Fosters Competition Even as Congress Weighs Own Deregulation Action

Will Small Shippers Suffer?

By MICHAEL L. KING

Staff Reporter of THE WALL STREET JOURNAL

A major battle in the war on inflation is being waged in the trucking industry, and some shippers say that it is being won.

A case in point: Until mid-March, Anchor Hocking Corp., maker of glass, tableware and containers, paid \$530 to ship a truckload of bottle tops from Baltimore to Jersey City. Then a new carrier offered to haul each truckload for \$457. Still another trucker dove into the fray with an offer to haul the freight for \$361 a truckload—32% less than the first trucker charged.

"It's wonderful," exults Daniel Bolger, Anchor Hocking's corporate director of distribution. Lower freight rates, he says, "make my company more competitive and extend the marketing area from a plant."

This exuberant rate-cutting is partly a response to the developing recession. But it is mostly the result of a quiet revolution that has occurred in the trucking industry over the last three years: deregulation.

"Virtually Deregulated Now"

Of course, Congress is still debating whether to reduce federal regulation of the trucking industry. But "I would argue that the industry is virtually deregulated now," says George Wilson, a professor at Indiana University who studies the trucking business. Legislation on regulatory reform mainly will codify what the Interstate Commerce Commission has already done, Mr. Wilson says, and will give the commission a mandate to continue its regulatory relaxation.

"Virtually deregulated" may be an overstatement, and undoubtedly the legislation won't let the ICC move as far as it would like to. But Mr. Wilson is right when he says that the commission has already moved far. Shippers say that changes already made have led to a substantial reduction in the costs of moving shipments of more than 10,000 pounds—commonly called truckload shipments—even though they may not literally fill up a truck. Costs for less-than-truckload shipments are still climbing, but some shippers say that the rate by which overall transportation costs are increasing should ease, alleviating inflationary pressures on prices of manufactured goods.

According to shipping sources, the average cost of moving goods by common motor freight carrier climbed 10.74% last year from 1978 and had climbed 5.58% more by the beginning of last month. The increases, which don't include a surcharge the ICC allows for recovery of soaring fuel costs, might have been much steeper if the ICC hadn't begun reforming trucking regulations, many industry observers say.

Some Deplore Changes

But not everyone regards the ICC's rule changes as unmitigated blessings. Many big carriers say that their profits are being pinched by a proliferation of small carriers that siphon tonnage off more lucrative routes.

And while the new rules give big shippers greater freedom and more clout in negotiating rates, they may work to the disadvantage of those who send small shipments. These firms may find that big carriers are charging them more and more money to haul less and less freight, says one big trucker, Joe B. Eldridge, executive vice-president and treasurer of McLean Trucking Co. of Winston-Salem, N.C. Like most big established truckers, Mr. Eldridge is a foe of deregulation.

The rules changes that now are spurring rate cuts began almost imperceptibly three years ago when the ICC moved from what was a protectionist attitude to a feeling that competition is a good thing, according to George Chandler, associate director of the ICC's office of proceedings.

First, the ICC made it easier for people to get into the trucking business. In addition to simplifying the paper work, the agency made it more difficult for those already in the business to keep a newcomer out by protesting to the ICC.

Burden Is Shifted

Previously, the threat that an applicant would be forced to spend huge amounts of time and money defending itself against protesters deterred many would-be truckers from even applying. (One trucker in Syracuse, N.Y., instructed his lawyer to routinely protest all applications printed in the Federal Register.) A new applicant had to prove that there was a need for his service. Under the new rules, the burden of proof is on the established trucker; he has to prove that the public interest will suffer if a new concern is authorized to start business.

Since the change in policy, the commission has received far more applications. They spurted 234% to 19,961 in 1979 from 5,968 three years earlier. In the same period, the percentage of approvals climbed to 98.4% from 86%.

In another important change, the ICC made it easier for truckers to lower their rates. Often in the trucking business, the rates of common carriers are set, subject to ICC approval, by regional "bureaus" consisting of numerous carriers. In the past, a bureau would protest to the commission whenever a maverick carrier set rates that violated the bureau's schedule. "We adopted a rule prohibiting bureaus from protesting carrier rate reductions," Mr. Chandler says. Since then, the number of rate cases has dropped sharply.

The most aggressive rate-cutters are newer contract truckers who are wooing

Continued From First Page

business away from the big common carriers. (Common carriers serve all shippers who want them, and they charge by the pound. Contract carriers offer a specialized service to a particular kind of shipper or industry, and they charge by the truck-mile.) The big carriers express unhappiness about this.

"There's been a significant shift of truckload business away from common carriers, and it's hurting," says Mr. Eldridge of McLean Trucking. "A lot of the truckload business we've lost I don't think we'll ever get back." McLean has reported that its truckload tonnage in the January-March quarter was 26% less than a year earlier.

A spokesman for Consolidated Freightways Inc. of San Francisco says that despite an increase in small shipments, the company's overall tonnage fell about 2% last year. "We're going to do what we can and beat the bushes a little harder to get the business we need," he says. "Most of the new entrants are nipping away the truckload traffic."

Yellow Freight System Inc. of Shawnee Mission, Kans., says its truckload tonnage fell 13.7% last year for a variety of reasons, including regulatory changes that allow more carriers on the road.

Benefits Beyond Rates

Increased competition has brought some shippers benefits other than rate cuts. For Procter & Gamble Co., the existence of more truckers has made it easier to get additional hauling capacity whenever and wherever necessary.

"For example," a spokesman says, "we were able to get adequate carriage during a period of severe winter storms quicker and easier than would have been the case previously." Without the additional carriers, he says, the diversified consumer-goods maker would have been forced to let its customers run short of certain products or to use more expensive kinds of transportation.

But some shippers stress the bothersome side of the profusion of trucking outfits. A spokesman for Carrier Corp. says that "as a buyer of transportation, you have to pay a little bit more attention to the (financial condition of the) vendor," because many of the newer motor carriers might not stay in business very long.

One factor in the newer carriers' lower cost is their narrow interest in round-trip business, according to Theodore Hamer, Mead Corp.'s director of transportation. They're interested in only a small segment of the shipper's business, wanting to haul freight only to those areas where they have commitments to pick up freight for return trips, thereby eliminating the cost of moving empty trucks. That is why Mead, the huge paper-products manufacturer based in Dayton, Ohio, now deals with 15% more individual trucking companies than it did five years ago—a trend that can raise the shipper's administrative costs if it continues.

In some cases, though, the ICC's deregulation moves have reduced the number of carriers a shipper must use. Under the old system, carriers were rigidly limited to specific routes and to specific types of freight. Today, while such limitations still exist, the ICC often grants more liberal operating authority.

"In the regulatory environment of 1976, a carrier would make application to haul a specific product, from Point A to Point B," says Mr. Bolger of Anchor Hocking. Thus, for years Blue Diamond Co. of Baltimore pulled its mammoth trailers empty to the loading docks of Anchor Hocking's glass-making plants. "They could haul glass out of our plants, but they couldn't get authority to haul paper cartons into the plants to pack the glass in," Mr. Bolger says. The paper-carton maker delivered the cartons in its own trucks, and added the charge to the cost of the cartons.

But last November, the ICC gave Blue Diamond "authority to haul anything we make or use in 17 states," Mr. Bolger says. In February, Blue Diamond began hauling paper cartons into Anchor Hocking plants. Based on the increased freight volume, An-

chor Hocking negotiated a per-pound freight rate more than 5% cheaper than it previously paid Blue Diamond.

The ICC also abolished a rule that had limited a contract carrier to no more than eight customers. The commission thus made it easier for the contract carriers to compete with common carriers.

Common carriers are at a decided disadvantage in such a competition, hence have had to lower rates. Unlike contract carriers, they aren't always guaranteed enough freight to move their trucks economically. Thus, they usually carry the added overhead costs of a crew of salesmen, who solicit freight; of warehouses, where freight can be stored until the motor carrier makes its scheduled trip; and of terminals, where freight can be moved from one truck to another for delivery to its final destination. Contract carriers usually don't have unionized labor, either, so drivers "will help unload the truck if need be," says Paul Engle-

hart, president of Falcon Motor Transport, an Akron, Ohio-based contract carrier.

As contract carriers take more truckload shipments away from the common carriers, the latter will be left with proportionately more small shipments, which are costlier to handle. As a result, say McLean Trucking's Mr. Eldridge and other big truckers, the trend probably will result in higher rates for smaller shipments, so small shippers may not reap rate benefits from regulatory reform.

Some observers dismiss such arguments as self-serving or misguided. "I agree with their conclusion, but I don't agree with the way they get there," says Steven Kalish, a Washington lawyer who represents the National Small Shipments Traffic Conference, a shippers' group. Mr. Kalish says that the cost of moving small items will increase simply because the big common carriers "have a captive market."

Thanks to another ICC rule change, the big common carriers may be able to regain some of their lost truckload shipments by offering contract carriage themselves, something a number of shippers are enthusiastic about.

K mart Corp. is one. The big retailer was a customer of McLean Trucking, and

other common carriers, when it asked McLean to consider developing contract-carriage service. Last September, McLean began its first contract-carriage operations through a subsidiary that serves K mart exclusively.

Neither K mart nor McLean Trucking would give specific figures, but both claim to be saving money by the arrangement. McLean says the cost of moving K mart's freight is low because there are "no terminal or handling functions involved." And K mart says the arrangement provides "with reliable, tailored trucking service at costs that can easily be forecast, since payment is made by the mile rather than by the pound."

THE WHITE HOUSE

WASHINGTON

May 22, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LOUIS MARTIN

SUBJECT: MIAMI

On Wednesday, May 21, we interviewed the key leaders of the Miami "Black establishment" in a five-hour, "off-the-record" meeting at the offices of the Greater Miami Urban League which is headed by T. Willard Fair.

Among the leaders at the meeting were the elected Commissioner Father Theodore Gibson, Episcopalian minister and veteran civil rights leader; and Commissioner Athalie Range, wealthy mortician and veteran community leader. Archie Hardwick who headed the Carter-Mondale Black Florida campaign effort was among those present. Attorney James Dyke of the Vice President's staff accompanied me.

The leaders confirmed, with some significant variations, much of what has been presented by the media. It is clear that police brutality over a long period has been an explosive issue among Miami Blacks. The stories of police atrocities seem beyond belief.

The leaders also stressed their deep concern over the economic conditions and the apparent indifference of the power structure to the plight of Blacks. Bitter comparisons were made between the assistance provided Cubans by government at all levels and the lack of assistance given Blacks. There were no indications, however, that the Cuban-Haitian problem was a major factor in triggering the riot.

We were surprised by the resentment expressed over the efforts of uninformed national Black leaders to intervene in the Miami situation. They especially resented statements made by Jesse Jackson regarding the ineffectiveness of the local leaders. They were very critical of Mayor Ferre for encouraging Andy Young to intervene in the height of the riot, charging bad judgement and an indication of contempt for local Black leadership.

Father Gibson and Mrs. Range, who were actively involved on the street in trying to calm the situation, were especially distressed by the failure of the power structure to consult with established leaders.

All expressed support for the efforts of the Attorney General who pledged to make maximum use of federal authority to investigate allegations of blatant racism in the criminal justice system. They welcomed the convening of a federal grand jury and the opening of a Community Relations Service unit in Miami.

The leaders seemed encouraged by the pledge of the White power structure, bankers, merchants, and corporate heads, to actively work toward rebuilding Liberty City and to make financial commitments for improving the economic conditions of Blacks. Tourism, a major industry, will be seriously affected by instability in the Black community.

The principal request of the leaders to us was full federal support and cooperation with the private sector and state and local government for reconstruction. Specially, we were urged to recommend the appointment of a federal official --- ombudsman, expeditors, etc. --- who would have the authority to coordinate federal involvement and cut through red tape. They want the official stationed in Miami and to be accessible to the leadership. In general, the local Black leaders are demanding involvement in the planning for the future. Finally, they seemed anxious for your personal involvement in a meeting or conference with both Black and White leaders in Miami.

We have previously recommended your attendance at the national convention of Leon Sullivan's group, OIC, at the Fontainebleau Hilton in Miami Beach June 8th and 11th. This would be a good occasion to slate a meeting with the Miami leadership.]

THE WHITE HOUSE
WASHINGTON

May 24, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER *LWC/gm*

SUBJECT: OLYMPICS AND ICJ

Attached are the following:

- (a) A cable summarizing the ICJ decision. ✓
- (b) A draft of the State Department press release on the decision, and press guidance Qs and As.
- (c) A wrap-up statement on the success of the Olympic boycott, being issued by State today.

Attachments

WASHFAX RECEIPT
DEPARTMENT OF STATE

B

S/S #

2-12:35
WHITE HOUSE
SITUATION ROOM

MESSAGE NO. _____ CLASSIFICATION UNCLASS. No. Pages 2

FROM: ROBERTS OWEN, LEGAL ADVISOR
(Officer name) (Office symbol) (Extension) (Room number)

MESSAGE DESCRIPTION THE HAGUE 03299

<u>TO: (Agency)</u>	<u>DELIVER TO:</u>	<u>Extension</u>	<u>Room No.</u>
<u>WHITE HOUSE</u>	<u>LLOYD CUTLER</u>		

FOR: CLEARANCE INFORMATION PER REQUEST COMMENT

REMARKS: PRESS GUIDANCE FOLLOWS

S/S Officer: [Signature]

Okawara

PAGE 01 THE HA 03299 241441Z
ACTION IO-15

INFO OCT-01 EUR-12 MPO-01 NEA-07 SS-15 SSO-02 INR-10
PA-02 ANAF-00 HA-05 /268 W

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TO SECSTATE WASHDC IMMEDIATE 8328
USICA WASHDC IMMEDIATE
USINFO WASHDC IMMEDIATE
INFO USMISSION USON NEW YORK IMMEDIATE

** L Caldwell
1100*

UNCLAS THE HAGUE 03299

USICA FOR PGM/PPE AND VCA

F.O. 12065: N/A
TAGS: ICJ, US, IRY
SUBJECT: U.S. HOSTAGES CASE: DECISION MAY 24

** NEA
W. Ambrose
1101*

1. THE OPERATIVE PART OF THE JUDGMENT IS CONTAINED IN THE FOLLOWING PARAS.

2. THE COURT, BY THIRTEEN VOTES TO TWO, DECIDES THAT THE ISLAMIC REPUBLIC OF IRAN, BY THE CONDUCT WHICH THE COURT HAS SET OUT IN THIS JUDGMENT, HAS VIOLATED IN SEVERAL RESPECTS, AND IS STILL VIOLATING, OBLIGATIONS OWED BY IT TO THE UNITED STATES OF AMERICA UNDER INTERNATIONAL CONVENTIONS IN FORCE BETWEEN THE TWO COUNTRIES, AS WELL AS UNDER LONG-ESTABLISHED RULES OF GENERAL INTERNATIONAL LAW.

** I W G
C Clement
1102*

3. BY THIRTEEN VOTES TO TWO, DECIDES THAT THE VIOLATIONS OF THESE OBLIGATIONS ENGAGE THE RESPONSIBILITY OF THE ISLAMIC REPUBLIC OF IRAN TOWARDS THE UNITED STATES OF AMERICA UNDER INTERNATIONAL LAW.

UNCLASSIFIED

** P. Ford*

actually 15-0 on two treaties, and 13-2 on a third treaty

UNCLASSIFIED

PAGE 02

THE HA 03299 241441Z

4. UNANIMOUSLY DECIDES THAT THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN MUST IMMEDIATELY TAKE ALL STEPS TO REDRESS THE SITUATION RESULTING FROM THE EVENTS OF 4 NOVEMBER 1979 AND WHAT FOLLOWED FROM THESE EVENTS, AND TO THAT END: (A) MUST IMMEDIATELY TERMINATE THE UNLAWFUL DETENTION OF THE UNITED STATES CHARGE D'AFFAIRES AND OTHER DIPLOMATIC AND CONSULAR STAFF AND OTHER UNITED STATES NATIONALS NOW HELD HOSTAGE IN IRAN, AND MUST IMMEDIATELY RELEASE EACH AND EVERY ONE AND ENTRUST THEM TO THE PROTECTING POWER (ARTICLE 45 OF THE 1961 VIENNA CONVENTION ON DIPLOMATIC RELATIONS); (B) MUST ENSURE THAT ALL THE SAID PERSONS HAVE THE NECESSARY MEANS OF LEAVING IRANIAN TERRITORY, INCLUDING MEANS OF TRANSPORT; (C) MUST IMMEDIATELY PLACE IN THE HANDS OF THE PROTECTING POWER THE PREMISES, PROPERTY, ARCHIVES AND DOCUMENTS OF THE UNITED STATES EMBASSY IN TEHRAN AND OF ITS CONSULATES IN IRAN.

5. UNANIMOUSLY DECIDES THAT NO MEMBER OF THE UNITED STATES DIPLOMATIC OR CONSULAR STAFF MAY BE KEPT IN IRAN TO BE SUBJECTED TO ANY FORM OF JUDICIAL PROCEEDINGS OR TO PARTICIPATE IN THEM AS A WITNESS.

6. BY TWELVE VOTES TO THREE DECIDES THAT THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN IS UNDER AN OBLIGATION TO MAKE REPARATION TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA FOR THE INJURY CAUSED TO THE LATTER BY THE EVENTS OF 4 NOVEMBER 1979 AND WHAT FOLLOWED FROM THESE EVENTS.

7. BY FOURTEEN VOTES TO ONE, DECIDES THAT THE FORM AND AMOUNT OF SUCH REPARATION, FAILING AGREEMENT BETWEEN THE PARTIES, SHALL BE SETTLED BY THE COURT, AND RESERVES

UNCLASSIFIED

PAGE 03

THE HA 03299 241441Z

FOR THIS PURPOSE THE SUBSEQUENT PROCEDURE IN THE CASE.
JOSEPH

C. 110411

S/S

S

D

* IO
P Bridge
B 1105

WASHFAX RECEIPT
DEPARTMENT OF STATE

B

S/S #

WHITE HOUSE
SITUATION ROOM

MESSAGE NO. 124810 CLASSIFICATION LOU No. Pages 6

FROM: ROBERTS OWEN LEGAL ADVISER
(Officer name) (Office symbol) (Extension) (Room number)

MESSAGE DESCRIPTION DRAFT STATEMENT, GUIDANCE ON ICJ
DECISION + ICJ BACKGROUND INFO

TO: (Agency)	DELIVER TO:	Extension	Room No.
<u>WHITE HOUSE</u>	<u>LLOYD CUTLER</u>		

FOR: CLEARANCE INFORMATION PER REQUEST COMMENT

REMARKS: DRAFTS UNCLEARED - CLEARANCE INFO
+ CHANGES FOLLOW BY PHONE OR LDX.

S/S Officer: *[Signature]*

- 1 -

Draft Statement in Reaction
to ICJ Judgment

We are deeply gratified by the favorable decision of the International Court of Justice in our case against Iran. It is particularly striking that all 15 judges of the Court have agreed that the hostages must be immediately released and allowed to leave Iran, that none of them may be subjected to any kind of trial, and that the Embassy must be immediately turned over to the Swiss government, which now represents our interests in Iran. It is also very gratifying that the overwhelming majority of the Court, 12 out of the 15 judges, have ruled that Iran must pay ~~for financial~~ reparations for the injuries which have been sustained, and are currently being sustained, by the United States.

The Court's judgment confirms that Iran's conduct with respect to the hostages ^{and} ~~the~~ Embassy is totally inadmissible in a civilized international order and cannot be excused or justified by past grievances, whether real or imagined. Under the United Nation's Charter Iran is bound to obey the Court's judgment, and the United States trusts that it will do so, in order that Iran will then be free to pursue its international interests as a law-abiding member of ^{the} international community, entitled to the respect and cooperation of other nations.

DRAFT PRESS GUIDANCE ON THE ICJ DECISION

Q: What is the significance of the decision?

A: We think that it is highly significant that all 15 judges of the Court -- who come ^{from} such diverse countries as Nigeria, Brazil, ^{India} Syria, Poland, and the Soviet Union -- were unanimous in holding that Iran has an immediate duty to release the hostages and send them home without trial. There were some differences of opinion within the Court on other issues, but this ^{UNANIMOUS} ~~unanimous~~ opinion reaffirms the complete unacceptability of Iran's conduct within the international community.

Q: What is the difference between the action the Court took on December 15 and the action which the Court had taken today?

A: On December 15 the Court entered a preliminary order calling upon Iran to release the hostages and restore the Embassy to our ~~Control~~, but at that time the Court did not make any ~~definitive~~ ruling on the question of its own jurisdiction or the merits of our claim. Today's decision is a final and ^e definitive ruling on the issues.

Q: Since Iran paid no attention to the earlier ruling of December 15, is there any reason to suppose that they will pay attention to this latest decision?

A: Apparently Iran did not regard the preliminary order of December 15 as binding and enforceable, perhaps ~~but~~ because the UN charter does not specifically say

the preliminary orders are binding and enforceable. On the other hand, the UN Charter is absolutely explicit that a final decision of this kind is binding on the parties and enforceable by the Security Council. In other words, at this point Iran has a clear duty to comply with the judgment.

Q: Are you going to ask the Security Council to enforce the judgment?

A: We will certainly notify the Security Council of the judgment, and we will also study the opinion and watch the situation to see whether Iran complies with the judgment. A decision as to whether to ask for Security Council action will have to be made in the light of on-going developments.

Q: The Court has held that the Government of Iran is under an obligation to make reparation to the Government of the United States for the injuries caused by the seizure of the hostages, etc., but how are you going to collect?

A: The Court has held that Iran is liable for reparations, but that the amount will have to be determined later. Since the Embassy and the hostages are still being detained by Iran, it is too early to compute any final damage figure, and we will have to wait until we have all the facts.

Q: Does this mean that we will not seek any money from Iran until after the hostages have been released?

A: I cannot speculate about that. We will just have to wait and see how matters develop.

Q: Do you feel that the adverse votes of the Soviet and Syrian judges are the result of pressure or instruction from their governments?

A: Every member of the Court sits as an individual and not as a representative of his home government. No member of the Court is supposed to act in accordance with instructions from his government.

Q: Do you have any reason to believe that these judges were in fact instructed by their governments?

A: No.

Q: We understand that the Court criticized the United States rescue mission. Do you have any comment on that criticism?

A: We have not yet received a copy of the opinion and are not sure exactly what the Court said on the subject. Our understanding is, however, that the Court did not rule that the mission constituted unlawful conduct by the United States.

Q: Did Judge Baxter, the American judge, participate in the decision?

A: We understand that Judge Baxter is undergoing medical tests in Boston, but that he remained in The Hague long enough to participate in the decision.

INTERNATIONAL COURT OF JUSTICE

The International Court of Justice (ICJ) is the principal judicial organ of the United Nations. It was created by the United Nations Charter in 1945 as the successor to the Permanent Court of International Justice. The Statute of the ICJ forms an integral part of the United Nations Charter. The Court's principal functions are to decide such cases as are submitted to it by States and to give advisory opinions on legal questions at the request of intergovernmental bodies authorized pursuant to the Statute of the Court and the UN Charter.

The Court is composed of 15 judges, no two of whom may be nationals of the same State, elected by the UN General Assembly and the Security Council, voting independently. The electors are mandated to bear in mind the qualifications of the individual candidates and the need for the Court as a whole to represent the main forms of civilization and the principal legal systems of the world. Members of the Court are elected for nine years, one third of the total number of judges being elected every three years.

The membership of the International Court of Justice at the present time is as follows: President Sir Humphrey Waldock (United Kingdom); Vice-President Taslim Olawale Elias (Nigeria); and Judges Manfred Lachs (Poland),

Isaac Forster (Senegal), Andre Gros (France), Richard R. Baxter (United States of America), P. D. Morozov (Union of Soviet Socialist Republics), Jose Sette Camara (Brazil), Jose Maria Ruda (Argentina), Nagendra Singh (India), Abdullah Ali El-Erian (Egypt), Hermann Mosler (Federal Republic of Germany), Shigeru Oda (Japan), Salah El Dine Tarazi (Syrian Arab Republic) and Robert Ago (Italy).

The Department of State today issued the following analysis of the success achieved by the boycott of the Moscow Olympics.

1. Of the National Olympic Committees outside the Soviet bloc which have made their decisions, one-half (58 out of 118) have decided not to send teams to Moscow. The decisions of 16 additional committees are not yet known.

2. A number of the Committees which decided to send teams to Moscow had been urged by their governments that it would be inappropriate to do so because of the continuing Soviet invasion of Afghanistan. However, numerous sports federations in these nations did follow the recommendations of their governments, and have decided not to participate in such sports as equestrian events, fencing, yachting, shooting, gymnastics, boxing, field hockey, pentathlon and cycling.

3. Those national teams and sports federations not participating in Moscow won 73% (58 out of 80) of all the Gold Medals won at Montreal in 1976 by athletes from nations outside the Soviet bloc. For all medals (gold, silver and bronze) the comparable percentage is 71%.

4. Those national teams and sports federations not participating at Moscow counted for approximately 50% of the athletes from nations outside the Soviet bloc who participated in the 1976 Games at Montreal.



Department of Energy
Washington, D.C. 20585

(meeting held during
week of 5/19-23/80)

MAY 20 1980

Susan -
held for
oil import fee
meetings
J

INFORMATION MEMORANDUM

TO: THE PRESIDENT
FROM: DEPUTY SECRETARY
SUBJECT: CRUDE OIL PRICE UPDATE

Purpose

To provide you with the latest information on crude oil price developments.

Discussion

Three additional price increases have been reported since my memorandum to you of yesterday. Iraq raised its prices by \$2 to \$29.96 for Basrah Light crude, effective 1 May 1980, oil industry sources told DOE. According to Dow Jones news service, Kuwait and Abu Dhabi have raised their crude prices \$2 per barrel. DOE has not confirmed the Kuwait or Abu Dhabi price hikes. The price changes reported to date for the month of May are given in the attached table.

We expect that Nigeria, Qatar and possibly Venezuela will raise prices soon.

John C. Sawhill

Attachment

CRUDE OIL PRICE DEVELOPMENTS

- May 20, 1980 -

<u>CRUDE/GRAVITY</u>	<u>OFFICIAL SALES PRICE</u> \$/barrel	<u>INCREASE</u> \$/barrel	<u>ANNOUNCED</u>	<u>EFFECTIVE DATE</u>
<u>Saudi Arabia</u> Arab Light 34°	\$28.00	\$2.00	May 14	April 1
<u>Mexico</u> Isthmus 34°	\$33.50	\$1.50	May 15	May 15
<u>Libya</u> Es Sider 37°	\$36.50	\$2.00	May 18	May 15
<u>Algeria</u> Saharan 44°	\$38.21	\$2.00	May 18	May 16
<u>Indonesia</u> Minas 34°	\$31.50	\$2.00	May 18	May 20
<u>Iraq</u> Basrah Light 35°	\$29.96	\$2.00	May 20	May 1
<u>Abu Dhabi</u> Murban 39°	\$31.56	\$2.00	May 20	May 1
<u>Kuwait</u> Kuwait Blend 31°	\$29.50	\$2.00	May 20	May 1

Note: All increases confirmed by oil companies except Abu Dhabi and Kuwait, which are from Dow Jones only.

9:30 AM

THE WHITE HOUSE
WASHINGTON

MEETING TO DISCUSS GAS RATIONING
Tuesday, May 27, 1980
The Cabinet Room (30 minutes)
(Off the Record)

I. Purpose

Secretary Duncan will brief you on the details of the proposed Gasoline Rationing Plan. We have attached a copy of his April 29 memorandum describing the plan.

II. Participants

Secretary Charles Duncan
Jack Hewitt, Chief Financial Officer, DOE
Doug Robinson, Economic Regulatory Administration
Charles Schultze
Jim McIntyre
Frank Moore
Stu Eizenstat
Kitty Schirmer

III. Press Plan: White House photographer only

**Electrostatic Copy Made
for Preservation Purposes**



THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

April 29, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Charles W. Duncan, Jr. *CW Duncan*
SUBJECT: Gasoline Rationing Plan

On Thursday of this week, I propose to send to you, for your approval and transmittal to Congress,

- The Standby Gasoline Rationing Plan
- The Progress Report to Congress on the Standby Motor Fuels Rationing Plan

authorized by the Emergency Energy Conservation Act of 1979.

?
After you have transmitted the plan to Congress, it would have to be disapproved by a joint resolution within thirty days of continuous session in order to prevent its becoming effective as a standby rationing plan. Upon completion of the Congressional review period and approval of a supplemental budget request, the Department of Energy will begin the "preimplementation" preparation. This work will require a minimum of twelve months and cost approximately \$103 million. Once completed, rationing could be implemented -- that is, coupons required at the gas pumps -- approximately ninety days after you have declared a severe emergency under the statutory criteria. These preparations will have my highest priority.

The plan provides for the distribution of ration allotments on the basis of vehicle registration. Businesses will be able to receive supplemental allotments so that their total share will be equal to a specified percentage of their historical use of gasoline. Certain "priority" activities will be eligible for additional allotments.

There will be a National Ration Reserve for disaster and other emergency requirements and for certain foreign vehicles in the United States. State ration reserves, administered locally, will be created to address hardship cases. Ration coupons will be transferable, and the plan envisions a ration rights market.

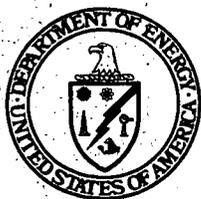
Charlie - Go ahead. I'm amazed at how complicated & costly it has to be. Leave open the option of "credit card" use in the future - J.C.

Allotments to end-users will differ among the States for a number of reasons, including differences in a State's historical use, the size of the State ration reserve, and the number of "priority" users within a State, whose shares will displace those of others.

The implementation of rationing is a far more complex and expensive undertaking than is generally perceived. The administration of the plan, if implemented, would cost at least \$2 billion annually in 1980 dollars, which we expect would be financed through user fees collected at the pump. Both administration and policing of the system would be difficult. There is potential for error in attempting to identify the proper recipients of ration allotments and potential for fraud and theft in the distribution of valuable rights.

Rationing is a mechanism for the sharing of supplies which are reduced in emergencies; it is not fundamentally a conservation device. We believe that rationing should be implemented only if there is a severe and demonstrable emergency, not only because of the factors mentioned above but because maintaining public acceptance is likely only in such circumstances.

I have attached a more detailed memorandum which deals with both the operation of the plan and the problems inherent in it. I particularly direct your attention to the Fact Sheet at Tab 1 and the short attachment at Tab 2 which highlights issues that were resolved in developing the plan.



THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

April 29, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: Charles W. Duncan, Jr. *CW Duncan*
SUBJECT: Standby Gasoline Rationing Plan

This memorandum describes the plan, notes issues that were resolved in its development and recites problems which are anticipated in its administration. Important material is contained in the attachments as follows:

- Tab 1 -- Fact Sheet
- Tab 2 -- Major Issues Resolved During Plan Development
- Tab 3 -- Principal Differences Between the Proposed Plan and that Submitted in Spring 1979
- Tab 4 -- Preimplementation Cost Summary of the Full-Scale Rationing Program.

Background

The Emergency Energy Conservation Act of 1979 requires the President to develop and transmit to Congress a Standby Gasoline Rationing Plan, as well as a report on plan development. The report was due on March 4, but we have delayed submission so that the Progress Report could be transmitted with the Plan. Since the Progress Report discusses substantive elements of the Plan, it was also necessary to resolve certain issues before the Report could be completed. These issues are discussed at Tab 2.

We expedited development of the Rationing Plan so that you could transmit this contingency measure to the Congress as soon as possible. Once submitted to Congress, the Standby Gasoline Rationing Plan must be disapproved by joint resolution within thirty days or it is automatically approved. When approved, and upon approval of a supplemental budget request, the Department will launch a full-scale effort to bring the plan to the point where it could be activated about three to four months after you make the decision to implement it. This "preimplementation" is a massive undertaking which will require a minimum of twelve months and could take longer.

Once "preimplemented," the plan would remain on standby status for possible implementation during a severe energy emergency. Plan activation would require your finding that rationing is required because of a severe energy supply interruption (resulting or likely to result in a 20 percent shortfall from projected daily demand* of gasoline,

* Projected demand is determined by calculating historical demand in any twelve consecutive months (base year) within the 36 months preceding the decision to ration. That demand figure is then adjusted for seasonal variations and normal growth in demand since the base year.

diesel fuel and heating oil) or is necessary to comply with U.S. obligations under the International Energy Program. The Energy Policy and Conservation Act, as amended by the Emergency Energy Conservation Act, also provides a mechanism whereby you may request Congress to approve activation of the plan in circumstances resulting from a shortfall of less than 20 percent.

Principal Features of the Plan

The proposed plan provides for the distribution of ration allotments to individuals on the basis of vehicle registrations and to most firms in proportion to historical usage of gasoline in a designated base period. Ration allotments would be issued and mailed to eligible recipients in the form of Government ration checks, which they would exchange for ration coupons at designated issuance points. Coupons would be freely transferable, and the plan envisions the formation of a ration rights market. The Department of Energy would also be authorized to buy and sell coupons whenever necessary to assure that the number of ration rights issued is equal to the actual supply of gasoline. The plan would work as follows:

- o Prior to each three-month ration period, the Department of Energy would estimate the number of gallons available to the Nation for that period. Based on this estimate of total available supply, the Department would determine the number of ration rights to be distributed, according to the following formula:
 - A small percentage (about one percent) of the total ration rights would come off the top to establish a National Ration Reserve for disaster needs and other unexpected national requirements and to accommodate certain vehicles of Canadian and Mexican registration which are in the U.S. on business.
 - The remaining ration rights would be distributed to the states in proportion to their historical consumption of gasoline.
 - A state ration reserve, equal to a minimum of five percent of the state's total allotment would be established for each state. The reserves would be administered by state and local boards to meet hardship needs.
 - Once the states' reserves have been established, the Department of Energy would compute, on a state-by-state basis, the allotment for priority activities, such as emergency services and agricultural production, distribution and processing.
 - Nonpriority businesses would be eligible to receive supplemental allotments based on a percentage of historical usage during a specified base period.
 - The pool of ration rights reserved for individuals in each state would be distributed among owners of vehicles registered in the state.

While the plan is similar to the plan which was submitted to the Congress last spring, we have made a number of changes in response to concerns expressed by Congress and the public. These changes are described at Tab 3.

Major Problems Inherent in Coupon Rationing

Full-scale coupon rationing is a more complex undertaking than is generally perceived. Due mainly to frequent changes in motor vehicle registration files resulting from vehicle transfers and address changes and the lags involved in updating these files, there would be an estimated 10 million motorists who receive ration checks to which they are not entitled and 15 million motorists who would not receive checks to which they were entitled. It is doubtful that these error rates can be reduced substantially. Use of drivers files or other lists of eligibles would not produce substantially better results. These issuance errors will impose a serious administrative burden during plan operation.

Send to County auto registers?

Implementation of the full-scale coupon rationing plan will create a second monetary system (since ration coupons are freely transferable for money) and will therefore have inherent incentives for individuals to profit from the plan unlawfully. Strenuous efforts will be required to keep fraud and abuse within bounds. Rationing would also impose a heavy burden on the banking system that may result in limited verification of coupon transactions, thereby heightening the potential for fraud. Development of a credit card system or other high technology alternative would require several years.

make this a legal option

It is clear that no easy solutions will emerge for the trade-off between a high fraud and error rate and an enforcement and administrative staff of several thousand persons. Any program involving billions of dollars will give rise to serious problems of equity and enforceability and to charges of favoritism. This is but one reason why the rationing plan should be implemented only in response to, and will have continuing public support during, a severe energy supply interruption. In accord with the statutory restrictions on implementing rationing, our planning will be based on the assumption that it would be used only in the event of a severe gasoline shortage expected to last for an extended period.

In case of an emergency occurring during the 15 months (12 months of preimplementation and 3 months startup) that it will take to have a rationing program in place, we can use license-plate based interim measures, as well as adjust and make mandatory state gasoline targets, and resort to the Federal Standby Conservation Plan if necessary. We will continue to review and develop alternative interim measures.

How?

Regarding the time required to preimplement the plan, we intend to complete this work as quickly as feasible, consistent with quality workmanship and prudent cost controls, which we estimate at 12 months. This is likely a minimum time. We will not have a firm fix until a comprehensive program management plan is completed, which we expect by August 1.

o Remaining Tasks and Costs

There are a number of significant tasks that remain to be accomplished during the preimplementation. We are proposing to use expedited procurement procedures if necessary, in order to complete preimplementation in twelve months. The use of expedited procurement procedures may cause some concern in the Congress. We have communicated with principal jurisdictional Congressional committee staffs to advise them of this situation and have their general concurrence that time is of the essence.

The estimated costs of the preimplementation process noted above are \$103 million. We recommend that a supplemental budget request for these funds be transmitted to Congress as soon as possible. OMB will send the proposed request to you shortly. Tab 4 provides a summary of the costs associated with preimplementation.

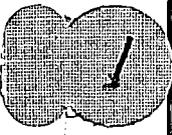
Thereafter, the costs of maintaining the program in a readiness state are estimated at less than \$40 million annually.

If rationing is ever imposed, our current estimate of the cost is at least \$2 billion annually in 1980 dollars. Under the plan, these funds are derived from a user fee imposed on gasoline.

o Additional Legislation

The authority for rationing expires on September 30, 1981-- about the time that preimplementation tasks will be completed. Moreover, the Emergency Petroleum Allocation Act expires at the same time. That Act provides the authority for price controls-- a likely concomitant of rationing--as well as other emergency measures, such as the authority to allocate crude oil, that may also be necessary in a severe shortage. Therefore, we are addressing the need for extension of standby price, allocation and rationing authority as part of a general review of strategies to deal with petroleum supply emergencies. We will be prepared to make recommendations to you later in the year for legislation to be introduced in the next session of Congress.

- Attachments: Tab 1--Fact Sheet
Tab 2--Major Issues Resolved During Plan Development
Tab 3--Principal Differences Between the Proposed
Plan and that Submitted in Spring 1979
Tab 4--Preimplementation Cost Summary of the Full-Scale
Rationing Program



DRAFT

GASOLINE RATIONING FACT SHEET

Today the President sent to the Congress, pursuant to statute, a standby gasoline rationing plan. The plan will provide a mechanism to allocate gasoline supplies among end users. It is a standby measure and will be used only if a severe petroleum supply shortage occurs.

The rationing plan will become one of several measures available to respond to serious petroleum supply disruptions. Other important elements of our capability to deal with such emergencies include the Strategic Petroleum Reserve, petroleum safety stocks held by the private sector, voluntary energy conservation measures, increased use of coal, natural gas and other fuels in place of imported oil, international oil sharing agreements, State conservation plans, and the Standby Federal Conservation Plan, authorized by the Emergency Energy Conservation Act of 1979.

BACKGROUND

The development of a gasoline rationing plan was authorized by the Emergency Energy Conservation Act ("EECA"), signed by the President on November 5, 1979.

Congress will have 30 days to review the plan. Unless Congress disapproves the plan by a joint resolution within that period, the plan will be approved and placed in standby

DRAFT

status. Twelve months of preparatory work will then be required in order to bring the plan to a state of readiness. During this preimplementation period, a supply of coupons and ration checks will be printed; a national vehicle registration file will be developed; base-period gasoline use data will be obtained from businesses and other firms and a file established; management information systems will be developed; and detailed procedures, guidelines, agreements and training materials will be developed for check and coupon issuance, ration banking and coupon redemption and cancellation operations, gasoline distribution, and State and local ration boards. Once this preimplementation work is complete, the plan could be put into operation approximately 90 days after a Presidential declaration of an energy emergency.

The EECA provides that the rationing plan could be implemented if the President finds that a severe energy emergency exists -- specifically, that a 20 percent shortfall in projected daily demand of gasoline, diesel fuel and heating oil exists or is likely to exist for a period of at least 30 days. The President would then notify Congress of his finding and his intent to implement rationing. Congress would have 15 days to consider the President's decision. Alternatively, the President could submit a request to Congress to pass a resolution of approval permitting implementation of rationing without a 20 percent shortfall.

HOW RATIONING WOULD WORK

Following a decision to implement the plan, the Department of Energy would estimate the total amount of gasoline that will be available during the first 3 month period of rationing and determine how many ration coupons will be issued for that period.

Why not issue coupons & change their value (gallon/coupon) if necessary?

The number of ration coupons the average motorist in a particular State would receive depends on several factors including: the severity of the national shortage, the State's historical gasoline use, the size of the National Ration Reserve and the State's ration reserve, and the number of priority and supplemental business allotments in the motorist's State.

Every three months DOE will mail government ration checks to owners of registered vehicles. The ration checks can then be exchanged for coupons (expected to be in 5 gallon denominations) at specified locations such as banks, post offices, and major employers. In order to purchase gasoline, a customer will have to present coupons for the desired amount, as well as pay for the gasoline purchased. The price may be controlled by regulation.

Ration coupons can be freely bought and sold. Persons with more ration coupons than they need may sell or give the coupons to others. Foreign tourists will be able to purchase coupons upon entering the U.S.

The plan rations only motor gasoline, not diesel fuel. The EECA requires a separate plan for diesel fuel, and it will be developed at a later time.

National Ration Reserve

Approximately one percent of the nationwide total of ration rights will be held in a National Ration Reserve to meet disaster relief needs, to provide ration coupons for vehicles registered in Canada and Mexico which are used to conduct business in the U.S., and for other emergency needs.

Distribution to the States

The remainder of the ration rights will be allocated among the States. How much each State receives will depend upon its gasoline consumption during the most recent period for which data is available. The EECA requires that a shortage be shared among the States in proportion to the States' historic use of gasoline. This means that if the shortfall is 20 percent, each State's share of coupons will be about 20 percent less than its usual gasoline consumption.

State Ration Reserve

Each State is required to establish a ration reserve, initially consisting of at least 5 percent of the total number of ration rights allocated to the State. The reserve would be used for hardship cases and to meet the needs of

the handicapped. Local rationing boards, established by the State and composed of representatives of the local community, may be delegated the responsibility to administer the State reserve.

A State may apply to DOE either to increase or decrease the State ration reserve. The size of a State's reserve affects the amount of ration coupons available to others within the State.

Allotments to Users Engaged in Priority Activities

After subtracting the State ration reserve, the Department of Energy will compute the amount of ration rights for priority users in the State.

The following have been given priority status:

- ° Emergency services including law enforcement, fire fighting, emergency medical services, snow removal, certain telecommunications services, public utilities, and search and rescue operations.
- ° Sanitation services
- ° Agricultural production, processing, distribution, including commercial fishing
- ° Public passenger transportation (including taxicabs) and short-term rental vehicles

- The Department of Defense, for activities directly related to national security
- "For-hire" mail and small parcel transportation and delivery
- Energy production
- Newspaper distribution

Priority firms will not necessarily be provided with coupons for their total gasoline needs, but will receive more coupons than other businesses. DOE may make adjustments in priority allotments, as necessary. ←

Business and Individuals

After subtracting the total ration rights for priority users within each State, DOE will determine the number of coupons available for businesses and individuals. Businesses and individuals will receive the same allotment for their registered vehicles. (Motorcycles and similar vehicles will receive allotments smaller than those for passenger cars.) Businesses, including self-employed individuals such as salesmen, may in addition apply for supplemental allotments by filing data on their historical gasoline consumption. DOE will issue supplemental coupons to such firms so that their total allotment will be based on a percentage of their normal use.

MAJOR DIFFERENCES BETWEEN THIS PLAN AND THE 1979 PLAN

The current plan:

- Takes into account historical differences in gasoline consumption among the States. Each State's supply of ration rights is determined by subtracting, from its base period use, the national shortage percentage, so that the percentage shortfall is the same for each State. The 1979 plan would have distributed ration allotments to each State according to the number of registered vehicles, regardless of the State's historical gasoline use.
- Provides supplemental allotments to businesses based on historical gasoline consumption. Previously, most firms were allotted ration rights solely on the basis of motor vehicle registrations.
- Expands the definition of agricultural priority to include agricultural processing and distribution, as well as production, and includes commercial fishing and forestry.
- Enlarges the priority category to include taxicabs, short-term rental vehicles, certain telecommunications activities, newspaper distribution, public utilities, for-hire mail and parcel delivery, search and rescue activities and energy production.

- Gives DOE the authority to buy and sell ration rights when necessary to conform the number of ration rights issued to the actual supply of gasoline.

- Gives each State a broader and more flexible role in administering hardship allotments and correcting supply imbalances within the State through the State Ration Reserve.

Major Issues Resolved During Plan Development

The following issues were the focus of substantial review during plan development. The issues will likely be of concern to Congress during the review period.

Driver's Licenses vs. Vehicle Registration

The proposed plan provides that ration allotments for nonbusiness end-users will be distributed on the basis of vehicle registration. This approach corresponds more closely to likely demand for available supplies, and treats rural and suburban households more fairly with respect to their actual needs. (A detailed analysis of this issue appears in the Progress Report to Congress on the Standby Motor Fuel Rationing Plans, Chapter 5, and the appendix thereto.)

Priority Allotments

The proposed plan enlarges the categories of users who would be given "priority" designation and thus receive increased allotments. The additions are short-term vehicle rental, newspaper distribution, agricultural distribution and "for hire" mail and small parcel delivery.

Most rental vehicle use is for business purposes and it provides an often necessary complement to fuel-efficient air and train travel. Newspaper distribution as a means of keeping the public informed in times of emergency is considered vital to the successful operation of a rationing program. Agricultural distribution has been added for similar reasons. A priority for United Parcel Service and similar organizations was added to complement the priority already given the Postal Service.

Other priorities: agricultural production, emergency services, sanitation services, public transportation (including taxicabs), national security activities of the Department of Defense, and energy production.

It should be noted that gradations in allotments may be made among "priority" users. Moreover, even nonpriority business firms will be eligible for allotments on the basis of historical use, as part of the plan's aim of allocating coupons in a way that reflects realistic demand.

Priority Allotments as Part of State Totals

The proposed plan provides for distribution of allotments first to states, then within the state allotments, to priority users. This means that nonpriority users in states with heavy priority populations (particularly some agricultural states) will receive lower allocations than nonpriority users in other states. Legal counsel

uniformly agree, however, that the statutory language of EECA precludes any distribution to priority users at the national level which would equalize treatment of nonpriority users among the states.

Increased Supplemental Allotments to Business

The proposed plan allows for the possibility of lessening the impact of a gasoline shortfall on business by giving business a higher percentage of base period use than individuals. In other words, in a 20 percent shortfall, businesses may receive ration rights equal to say, 85 percent of historical use. Allotments to individuals correspondingly would decrease below 80 percent. It was decided that the final regulations and preamble would be neutral on this issue, retaining the flexibility to implement such an adjustment if desirable.

Timing of and Fees for Applicants for Supplemental Business Allotments

Rather than phasing in supplemental allotments for business based on historical use, implementation of rationing will involve such supplemental allotments of coupons to business at the outset. In order to do this, it will be necessary for DOE to assemble this information prior to plan activation. In the aggregate, these preimplementation costs could be substantial, but they can be met by a very modest fee payable by each business applicant. It is believed that new legislation is not required, but rather that the fee is collectible under the general user fee statute, 31 U.S.C. §483a.

Sole-Source Contracting

To the maximum extent possible, competitive procurement will be used in support of preimplementation efforts. Sole-source contracts will be used only where justifiable to meet the preimplementation schedule.

Ration Coupon Purchases and Sales

A question has been raised as to whether additional legislative authority was required to support the provision in the regulations providing that the Government may buy and sell ration coupons. DOE General Counsel believes that no further authority need be obtained as long as the authority to buy and sell ration rights is properly set forth in the rationing regulations issued pursuant to EPCA. Purchases would of course be subject to available appropriations.

Limitation on Allotments to Households

Consideration was given to including a three-vehicle limit per household for allotments of coupons. Difficulty of enforcement led to a decision not to require such a limit at this time. The plan provides the general authority to limit the number of ration allotments distributed to any person or household. The Secretary of Energy intends to implement this authority and has called for the development of an equitable and enforceable means of imposing such a limit as part of the preimplementation process.

TAB 3

Principal Differences Between the Proposed Plan
and the Plan that was Submitted Last Spring

- o Ration rights would be distributed among the states in proportion to each state's gasoline consumption during a recent base period, thereby recognizing historical differences in gasoline use. This change reflects the requirements in the Emergency Energy Conservation Act that the states should share equally the burden of any gasoline shortage. (A similar provision was added to the earlier plan by amendment.)
- o State and local governments would have an expanded role in administering the rationing program. Through the local board concept, we would delegate to the states primary responsibility for making any additional adjustments for differences in requirements between urban and rural areas within the state and for accommodating the needs of special end users, particularly the handicapped and special hardship cases.
- o Priority activities have been expanded to include: taxicabs; energy production; certain telecommunications services; utility services; short-term vehicle rentals; for-hire mail and small parcel delivery; and newspaper distribution.
- o Agricultural production will be given priority status and its definition broadened to include processing and distribution. The earlier plan provided special allotments to farmers only for off-highway use. There was no separate provision for distribution of agricultural products.
- o Most business users would receive an allotment based on historical use during a base period.
- o The revised plan provides DOE with the authority to buy and sell ration rights, subject to available appropriations, so that the number of issued ration rights equals the actual supply of gasoline.
- o The plan provides discretion to limit ration allotments distributed to any person or household. (A similar provision was added to the earlier plan by amendment.)

Preimplementation Cost Summary of the Full Scale Rationing Program

<u>Work Package</u>	<u>November 1979 Supplemental Budget Request Estimate</u>	<u>Task Force Estimates</u>	<u>Time Needed to Complete Work Package Tasks</u>
Allotment Planning	\$ 490,000	\$ 7,209,000	12 months
Ration Check Production	3,773,000	4,200,000	6 months
Check Issuance/National Vehicle Registration File (NVRF)	6,100,000	21,000,000	12 months
Coupon Production	5,265,000	18,000,000	3 months
Coupon Distribution	420,000	500,000	4 months
Management Information Systems	3,262,000	5,315,000	12 months
Ration Banking Operations	545,000	600,000	5 months
State and Local	8,700,000	10,874,000	12 months
Allocation Interface	82,000	300,000	12 months
Ration Rights Market Operation	664,000	700,000	5 months
Audit and Enforcement	265,000	400,000	12 months
Adjustments and Appeals	170,000	200,000	5 months
Public Information	150,000	4,700,000	12 months
Federal Organization	176,000	200,000	7 months
Program Management and Systems Integration Contractor	162,000	7,002,000	Total length of Preimplementation Period
Readiness Maintenance	276,000	300,000	6 months
Alternative Systems Design Concept Proposals	0	1,500,000	12 months
Other Costs (forms, etc.)	12,500,000	0	-
Management Reserve	<u>0</u>	<u>20,000,000</u>	<u>-</u>
TOTAL	\$43,000,000	\$103,000,000	12 months minimum exclusive of start- up period