

**7/21/80 [2]**

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memo	From Brown to The President (3pp.) re: Weekly Activities of the Sec. of Defense <i>Sanitized copy opened 3/18/96</i>	7/18/80	A

FILE LOCATION

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THE WHITE HOUSE  
WASHINGTON  
21 Jul 80

Zbig Brzezinski

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

Rick Hutcheson

cc The Vice President

ID 3747



~~TOP SECRET~~  
THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

cc Harold  
J

July 18, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense (July 12-18, 1980)

*if his factory MS Anlage*

FY 82 Defense Program: We are well underway in examining individual Service submissions for the FY 82 Defense Budget and the FY 82-86 program, and devising alternative policy and program options. Graham Claytor is chairing, with OMB participation at a senior level, the Defense Resources Board (DRB) review. The DRB objective is to develop an integrated DoD five-year program centering on the 5-year funding profile, provided by OMB, but with a reasonable range of alternative levels in either direction. I will have their recommendations shortly, and by the end of the month I will have made my tentative decisions, subject to my reconsideration soon thereafter in the light of comments from the Service Secretaries and JCS. This timing and that of the OMB "Spring" Review this year would make your consideration of the kinds of defense issues usually presented at OMB Spring Review an unproductive use of your time. Therefore I am working with John White of OMB to structure an alternative approach. It would present a brief written summary of the competing needs of readiness, personnel costs, and hardware within various defense funding levels as constrained by the overall economic and budget forecasts. Before our decisions on programs and budget details are made later this year, I believe we should have a meeting with the JCS to hear their views, and an NSC meeting to address the broad national security issues. (U)

Soviet AWACS Testing: A recent DIA intelligence report describes [redacted] what may well be a new Soviet CANDID (IL-76) AWACS. Insufficient hard evidence makes a confident assessment difficult, but--given the obvious Soviet incentive to develop an AWACS--I believe that the [redacted] indicate a Russian attempt [redacted]

Such a step on their part would be consistent with the evolution of Soviet strategic air defenses we anticipated when the B-1 program was cancelled in 1977.

If this is in fact an AWACS [redacted], the Soviet Union could have a force of 20 CANDID aircraft operational by 1985. We also project at that time a deployment of 400

SANITIZED

E.O.12958, Sec.3.6

Classified by: Sec Def COPY 1 OF 11 COPIES.  
Review on: 17 Jul 86

PER 12/21/95 Doc ID: RE MB-NLC-72-186

BY Jay NARS, DATE 2/12/96

~~TOP SECRET~~

X09515

Sec Def Cont Nr. \_\_\_\_\_

modified FOXBAT interceptors and the beginning of the new Sukhoi and Mikoyan fighter deployments; these three aircraft can be expected to have a look-down/shoot-down capability. This Soviet force of interceptors and AWACS would be quite effective against penetrating bombers of the B-1 type, but would have limited capability against our ALCMs.

Given the problems of attacking ALCMs, the Soviets are more likely to extend their defense coverage beyond their borders to attack the missile-launching aircraft. Forward defenses, including extended range (1000 nautical mile) interceptors and a force of 50-75 CANDID aircraft, could be expected in the 1990s and would offer significant capability against the B-52 ALCM carrier.

Legislative Issues: The conference committee on the FY 81 Defense Authorization Bill is scheduled to convene next week. I have already had preliminary discussions with both John Stennis and Mel Price, and will meet with each next week. I will write the conference committee a letter strongly objecting to a number of the proposed add-ons, and pointing out the imbalance created by those and by several of the deletions made either in the Senate or House. I will also meet with Joe Addabbo and Jack Edwards next Tuesday before their Subcommittee begins its markup of the FY 81 Appropriations Bill. I intend to make a particularly strong plea to them against funding the refitting of the NEW JERSEY and the ORISKANY. (U)

Rapid Solidification Technology (RST): In November 1978 I sent you a memorandum describing the RST metallurgical process and outlining potential military applications for the late 1980s. Since then we have expanded our program and are encouraged by progress in developing new alloys. In addition, both U.S. and foreign industry have begun aggressive in-house research and development programs. I believe that this emerging U.S. industrial base must be stimulated and encouraged by the government. The DoD program will partially fill this need, but additional government investment in or underwriting of the civil sector would be useful-- and contribute substantially to the overall health of the economy. Under Secretary Bill Perry will work with Frank Press to develop an integrated plan of action. (U)

Overseas Medical Research Laboratories: During preparation of the FY 81 budget, OMB directed the closure, or conversion to contract operations, of our eight overseas laboratories. With the assistance of distinguished civilian scientists from industry and academia, we subsequently completed a study that confirms the clear military need for these units. The study also documents strong U.S. embassy and host government support for current operations, and the infeasibility of contracting for like services. These efforts are a U.S. activity that brings political benefits (on a smaller scale) like those accruing to Cuba from its provision of teachers and physicians in developing countries. I believe the laboratories provide a unique military, scientific, and political return far in excess of their cost, and have asked Jim McIntyre to reconsider the decision in light of current information. (U)

*emphasize this*

Mobilization and Deployment Exercises: We have now completed an unclassified study of NIFTY NUGGET-78 and REX-78, the two ambitious mobilization exercises we held in late 1978. There was substantial media interest in the exercises, and we expect considerable interest in the unclassified study. The study contains some very frank and critical comments on our mobilization capabilities as they existed two years ago. To try to reduce misunderstanding of these comments, the report will be released following a background briefing to explain that this Administration was the first ever to conduct such a test of our mobilization procedures, and that we have remedial efforts underway to correct the deficiencies observed during the exercises. (U)

Security Assistance for Honduras: After your meeting earlier this year with General Paz, president of the junta in Honduras, we sent teams to Honduras to train personnel for military operations in urban environments and border surveillance, and to augment training of helicopter pilots and maintenance personnel. Everything but the helicopter-related training has been completed. The Hondurans have proven to be apt students, and I understand that they have been very pleased with the ten UH-1H helicopters we provided. (C)

Exercise GLOBAL SHIELD: The Strategic Air Command recently completed the largest and most comprehensive Air Force strategic readiness exercise ever conducted. During the nine-day schedule, every facet of SAC's Emergency War Order was realistically tested: 1046 missiles and 636 aircraft were brought to maximum readiness levels, over 1000 sorties were flown, and an ICBM was launched from Vandenberg AFB, California. The exercise highlighted our ability to generate and maintain strategic weapons systems at heightened alert levels. (S)

*Arnold Brown*

THE WHITE HOUSE

WASHINGTON

July 18, 1980

C

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *AW*  
AL MCDONALD *AM*

SUBJECT:

INFLATION ACTIVITIES -- WEEK OF JULY 14, 1980

Attached for your information are last week's and this week's summaries of activities and this week's Anti-Inflation Report. Because of the Congressional recess the Anti-Inflation Report was not published last week.

**Electrostatic Copy Made  
for Preservation Purposes**

7/18/80

SUMMARY OF ANTI-INFLATION ACTIVITIES

Week of July 14, 1980

Congress

Mid-Session Review - The Mid-Session review, required under the Congressional Budget Act, will be submitted to the Congress on Monday, July 21. Administration officials will testify before relevant committees during the week.

Outreach

Briefings - Anti-inflation actions were included in most White House briefings -- 3 briefings, covering approximately 150 people.

Speeches - Tax cut issues were dealt with by the President in speeches in Florida on Thursday and by the Vice President during remarks to the National Conference of State Legislators in New York on July 11.

Continuing Actions

Compliance - The Council on Wage and Price Stability announced that the Murphy Oil Corporation has been officially listed with the Office of Federal Procurement Policy as a noncomplier with the voluntary pay and price standards.

Economic Indicators

Housing starts and Consumer spending - The Commerce Department announced on July 17 that housing starts were up 30% in June, and that personal spending rose at an annual rate of \$16.7 billion in June after falling in the two previous months. According to the Commerce Department, personal incomes rose by \$8 billion in June to a seasonally adjusted annual rate of \$2.086 trillion, a bigger increase than in May.

Interest Rates - The downward trend in interest rates continued as two leading banks dropped their prime lending rate to 11  $\frac{1}{4}$ % from 11  $\frac{1}{2}$ %.

SUMMARY OF ANTI-INFLATION ACTIVITIES

Week of July 7, 1980

Congress

Legislative Recap - The Congress began its three-week recess on July 3. Before it recessed, the Congress passed and the President signed into law the Synthetic Fuels Corporation, the trucking deregulation measure and the 1980 supplemental.

Still in conference are the higher education and defense authorization bills and the Energy Mobilization Board. Committee work will resume during the week of July 21 on Utility Oil Backout and several authorization bills.

Outreach

Briefings - Anti-inflation actions were included in most White House briefings -- 5 briefings, covering approximately 475 people.

Speeches - The President touched on inflation and tax cut policy issues in his speeches before the National Education Association and the NAACP, the 3rd and 4th of July.

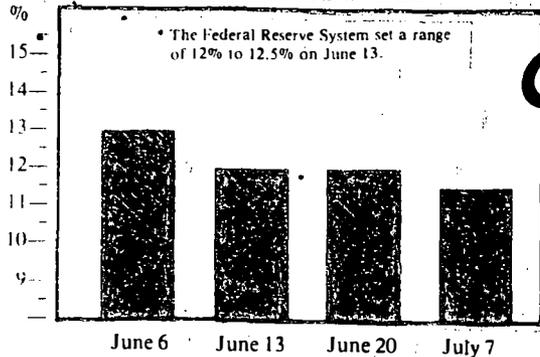
Continuing Actions

Compliance - The Council on Wage and Price Stability announced this week that the Quaker Oats Company had agreed to forego \$3.4 million in profits this year in order to remain in compliance with the price standards. In a separate action, two divisions of the Hilton Hotel Corporation have been found out of compliance with the price standards and have been listed with the Federal Procurement office.

Credit Controls

Fed Action - The Federal Reserve Board dismantled on July 3 the remaining credit controls it had imposed on March 14. The controls had been partially removed in mid-May.

Prime Interest Rate Charged by Banks on Short-Term Business Loans



# Inflation Report

No. 12

The White House Press Office

July 17, 1980

## Quaker Oats Will Forego \$3.4 Million in Profits to Comply with Standards

The Quaker Oats Company has agreed to forego \$3.4 million in profits this year in order to remain in compliance with the Administration's voluntary price standards.

The firm will raise prices less than otherwise allowed under the standards through the end of September. The Council on Wage and Price Stability says Quaker Oats exceeded its allowable profits during three months of last year.

The Council also has added the Hotel Division and the Hotel-Casino Division of Hilton Hotel Corporation to the official list of companies which have not complied with the pay and price standards. The voluntary standards are part of the Administration's program to fight inflation.

The Council says the two Divisions exceeded allowable profit margins from October 1978 through September 1979. "It is particularly distressing that a company that relies so heavily on the support of the public refuses to do its share in the common fight against inflation," Council Chairman Alfred Kahn said.

The addition of Hilton's Divisions brings to 31 the number of noncompliers listed with the Office of Federal Procurement Policy. Sixteen firms have been cited for noncompliance with the price standards and 15 firms with the pay standard.

These companies are ineligible for Federal contracts of \$5 million or more.

## Selected Credit Controls Removed; Credit Demand, Interest Rates Drop

As interest rates dropped sharply and credit demands eased, the Federal Reserve on July 3 announced it will phase out the selected credit controls instituted last March.

The selected credit controls were part of the added anti-inflation steps which President Carter announced on March 14.

Reports have signalled a reversal of inflationary expectations and an easing in Americans' demands for credit. These signals include:

—Speculative activities in the financial and commodity markets have moderated substantially from the very high levels recorded early this year.

—Business use of bank credit declined in April and May, in contrast with its expansion in January and February at an annual rate of 20% and higher.

—Households have curtailed their credit-financed spending. Consumer installment credit declined in April and May—the first monthly declines since May 1975.

—Preliminary data suggest that the household personal savings rate will increase sharply in the second quarter of this year, a further indication that consumers have pruned spending.

—Interest rates have fallen dramatically from their peak in early April, sharply reducing the cost of credit for productive investment. These shifts in financial trends occurred in an environment of con-

tinued moderation in growth of the major money aggregates.

The President removed authority for the program granted to the Federal Reserve under the Credit Control Act of 1969. A statement announcing the action said the President was heartened by the credit restraint program's success.

It also said that removal of controls "should not be taken as a signal for the resumption of a profligate use of credit, by consumers or by business. The President retains his authority under the Credit Control Act. The Administration will monitor credit developments carefully, and should an excessive use of credit reemerge under circumstances which again call for the use of that authority, the President is prepared to invoke it."

On May 22, the Federal Reserve had cut in one-half the special deposit requirements under the credit restraint program and had modified the program's guidelines to restrain bank credit growth. Fully phasing out the program involves:

—eliminating the remaining 5% marginal reserve requirement on managed liabilities of large banks and agencies and branches of foreign banks. Also, the Board has eliminated the 2% supplementary reserve requirement which applies to member banks on large time deposits.

See Selected Credit Controls Removed next page

## Mondale Urges Caution on Tax Cut; Fears Domestic Program Cuts

Vice President Mondale last week cautioned against the Kemp-Roth-type tax-cut plan which is being proposed in Congress.

That plan proposes to cut personal income taxes by 10% for three years, to start indexing taxes to the inflation rate in the fourth year, and to speed up business depreciation through the so-called "10-5-3" plan.

The Vice President said proponents of the plan who also want to increase defense spending and balance the Federal budget would have to cut domestic programs—"and cut them brutally."

"How do you cut hundreds of billions of dollars in revenues, add scores of billions of dollars to defense spending, and balance the budget—all at the same time?"

"The only way to do it is to cut domestic programs—and to cut them brutally," he told the National Conference of State Legislators.

"If you raise defense spending, if you cut the deficit, you are forced to cut the only remaining programs in the budget—the entitlement programs and the discretionary grants."

The proposals would cost \$35 billion in the first year, \$75 billion in the second

year, and beginning in 1985, \$280 billion annually.

By 1987, the cumulative bill for the tax plan would be \$1 trillion.

"It also is the most regressive proposal that's ever been made," the Vice President said.

He noted that proposals to transfer Federal programs to State governments also would transfer to States a substantial tax burden.

"Would the people of New York be able to bear the enormous tax burdens required to help the hard-pressed cities

See Mondale Urges Caution on Tax Cut next page

# President Signs 1980 Supplemental Appropriations Act

President Carter last week signed the Supplemental Appropriations and Rescission Act to continue funding for many programs during Fiscal Year 1980. These programs include the Small Business Administration's disaster loans, trade adjustment assistance for some automobile workers who have been laid off, black-lung disability payments, unemployment benefits for veterans, and the space shuttle.

The measure provides supplemental budget authority of \$36.2 billion, rescissions (or taking away) of budget authority totaling \$3.2 billion, and \$591.6 million in advance 1981 appropriations.

The Act provides:

—\$18.8 billion for energy security programs. This includes \$17.5 billion for the Synthetic Fuels Corporation, which will foster commercial production of synthetic fuels by private industry. It also includes \$1.3 billion for biomass energy programs.

—\$55 million for the Tennessee Valley

Authority's coal gasification commercial demonstration plant.

—\$1.4 billion for trade adjustment assistance and for black-lung disability payments. The measure also includes advance 1981 appropriations of \$400 million for trade adjustment assistance.

—Funding for the President's emergency relief programs relating to the Mount St. Helens' eruption and to the arrival of foreign nationals.

—\$143 million for the Food for Peace program to help feed the disadvantaged in different parts of the world. The funds will purchase about 530,000 metric tons of food commodities, primarily wheat and wheat flour and corn and vegetable oil. Much of this is earmarked for East African countries with serious drought problems and to assist refugees in different parts of the world, including Kampuchea and Pakistan.

—Increased funding for selected foreign assistance programs. Of the \$126

million included, \$80 million is for the economic support fund (\$75 million for Nicaragua) and \$43 million is for disaster assistance.

—\$1.5 billion to support loan guarantees for the Chrysler Corporation.

In the Act, the Congress ratified a number of Administration proposals for rescissions of budget authority. In addition, the Congress approved some rescissions initiated by the appropriations committees.

## PPI Increases in June

The producer price index for finished goods rose .8% in June, despite a .6% drop in energy prices. Food prices rose .7%.

During the past three months, prices for finished goods outside of food and energy rose at an annual rate of 9.9%.

Administration economists said that while inflation has come down since the President announced added anti-inflation measures last March, June's PPI increase confirms previous statements that inflation still is a problem.

They said the increase underlines the need to proceed with caution and prudence in dealing with matters which—if handled imprudently—could reignite inflationary expectations.

The nation's unemployment rate dropped very slightly in June to 7.7%. This follows increases of .8% in April and May.

The unemployment rate rose from 6.2% in March to 7.7% in June. This three-month movement is a better indicator of economic trends than single-month statistics.

In June, the labor force fell by 600,000 workers. In April and May, it grew by 1 million workers. Employment in June continued to fall.

## Holding the Line on Inflation...

About 300 persons attended a driver efficiency teach-in yesterday in Hartford, Connecticut.

The representatives from government, industry, and trade and service groups learned how Americans can drive more efficiently, properly maintain cars, and plan their driving trips more wisely.

The teach-ins are being held through October 22 as part of the President's energy conservation initiative to get Americans to cut gasoline use.

Under the initiative, the President has urged industry and government to get at least 20% of employes to rideshare or to use public transit. He also wants these groups to inform employes, customers, and the general public about efficient driving techniques.

The President next week is scheduled to launch the second phase of the energy conservation initiative to cut residential energy waste. The third phase will aim at reducing agricultural energy use.

Murphy Oil Corporation has been officially listed with the Office of Federal Procurement Policy as a noncomplier with the Administration's voluntary pay and price standards.

The Council on Wage and Price Stability says Murphy exceeded its allowable gross margin during three months of last year.

As a listed noncomplier, Murphy is ineligible to receive Federal contracts of \$5 million or more.

The Council on Wage and Price Stability has found Harris-Teeter Supermarkets, Inc., out of compliance with the price standards.

The Council says the firm, a subsidiary of Ruddick Corporation, exceeded its allowable percentage gross margin during the first half of the first program year. It has 10 days in which to seek reconsideration of the decision.

## Mondale Urges Caution on Tax Cut

From Page 1

within its borders?

"Could the people of California pay the full share to train and house its minorities?"

"Could New Jersey taxes be jacked up high enough to pay the whole cost of Food Stamps?"

"To maintain those services, half the non-defense portion of the Federal budget would have to be borne by the States. I have yet to hear the plan's sponsors tell the States how they would carry that tax burden.

"And even as we've had to do hard things to restrain this inflation—tough things to take the heat out of our economy and bring those inflation rates down, I don't want to see a new movement succeed in this country that eliminates, destroys, and abolishes the move for decency and social justice that's found in the books of our country over these 40 and 50 years."

## Selected Credit Controls Removed

from Page 1

increases in covered consumer credit.

—eliminating the remaining 7.5% special deposit requirement which applies to increases in covered assets of money-market mutual funds and other similar institutions.

—phasing out the Special Credit Restraint Program under which banking institutions and finance companies were asked to limit domestic loan growth to a range of 6% to 9% this year.

## FHA Mortgage Ceiling Falls for Multi-family Homes

The ceiling on mortgages for multi-family homes insured by the Federal Housing Administration has declined from 13% to 12%, effective tomorrow.

The ceiling remains at 11.5% for FHA- or Veterans Administration-backed mortgages on single-family homes.

FHA-insured loans for home improvements and for mobile homes also declined from 16.5% to 15%. The maximum interest allowed on FHA-insured multi-family home construction loans dropped from 16% to 13.5%.

In addition, the ceiling for FHA-backed mortgages for both a mobile home and a lot has fallen from 16% to 14.5%.

THE WHITE HOUSE  
WASHINGTON  
21 Jul 80

FRANK MOORE RECEIVED A COPY OF  
THE ATTACHED.

NAME Ernest F. Hollings

Electrostatic Copy Made  
for Preservation Purposes

1596

TITLE U.S. Senator, South Carolina-D

Requested by Frank Moore

CITY/STATE Charleston, S.C.

Date of Request July 17, 1980

Phone Number--Home (203) 244-1114

Work (203) 224-6121

(This call should be made  
on Monday, July 21st.)

Other ( ) \_\_\_\_\_

INFORMATION (Continued on back if necessary)

Senator Hollings has indicated that he is supportive of all five key amendments introduced by Senator Tsongas and others. It would be extremely helpful in obtaining support of southern Senators if he could be persuaded to take a leadership role, especially on the Southeast amendment.

TALKING POINTS: (OVER) -----

NOTES: (Date of Call 7-21-80)

*Supportive.*

*Will help as possible commensurate  
with budget hearings.*

- I hope that you will be able to help on the five amendments I support to the Alaska lands bill. The Senate bill is inadequate as it stands, and must be substantially improved on the Senate floor.
- I would particularly appreciate your leadership on the Southeast Alaska issue. This section of the Senate bill is the least adequate. As it stands, the two National Monuments I created--Admiralty Island and Misty Fiords--would be broken up. The bill also contains provisions which would lead to the overcutting of the National Forest; this goes against all sound management practices.
- I am supporting a compromise--reflected in the amendment--which will allow the Borax molybdenum mine to go ahead. Under the amendment, there will also be sufficient timber harvested to maintain jobs and allow for economic growth. So I think it is essential and reasonable to also achieve a bill which maintains the integrity of the National Monuments and which does not force overcutting.
- All five of the amendments are important but I particularly need your help on this one. The sponsors are Tsongas, McGovern and Roth. Your assistance would be invaluable.

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2/16/82

THE WHITE HOUSE  
WASHINGTON

7/19/80

Mr. President:

DPS and CL concurs.

Rick/Bill



THE SECRETARY OF THE INTERIOR  
WASHINGTON

July 18, 1980

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MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Presidential Alaska Calls

You indicated your desire to help on the final Alaska Lands Bill telephone calls. If you can, I suggest that you call the Senators listed below.

Jim Sasser (D-Tenn.) # 1588	<i>Yes + Supportive</i>
Jennings Randolph (D-W. Va.) # 1589	<i>LT + Supportive</i>
Herman E. Talmadge (D-Ga.) # 1590	<i>LT + Supportive</i>
Harrison A. Williams, Jr. (D-N.J.) # 1591	<i>LT + Supportive</i>
Howard W. Cannon (D-Nev.) # 1592	<i>L - Don't tie up too much</i>
Spark M. Matsunaga (D-Hawaii) # 1593	<i>? (Dereg of SEL - too fast)</i>
Daniel K. Inouye (D-Hawaii) # 1594	<i>LT + Confused</i>
Charles H. Percy (R-Ill.) # 1595	<i>L - Cautious</i>
<i>Fritz Hollings</i>	<i>1596 + Supportive</i>

*Cecil D. Andrus*  
CECIL D. ANDRUS

*FRANK -  
SHARE WITH  
CECIL -  
ALL WILL WELCOME HELP  
& ADVICE FROM US DURING  
DEBATE J*

ALASKA BILL

Senate Energy Committee recommended out S. 9.

We are proposing five amendments.(priority ranking)

- (1) Refuge Amendment--Hart and Chafee
- (2) Parks Amendment--Mathias
- (3) Southeast Amendment--Tsongas and Roth
- (4) Wilderness Amendment--Nelson and Levin
- (5) Rivers Amendment--Proxmire and Eagleton

[Salutations will be updated  
no later than 9 AM on Monday  
by Charles Atkins x7700.]

Rick Hertzberg  
Draft A-1; 7/17/80  
Scheduled Delivery:  
Mon, July 21, 10:50 AM  
East Room

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Alaska Lands Reception Talking Points

~~10:50~~  
SUSAN  
CARDS  
J

1. SENATOR CRANSTON, SENATOR TSONGAS, CONGRESSMAN UDALL,  
FRIENDS OF AMERICAN WILDERNESS, LADIES AND GENTLEMEN:
  
2. THANK YOU, MARDI, FOR HONORING ME IN MEMORY OF YOUR  
DISTINGUISHED HUSBAND, OLAUS [oh-louse] MURIE [rhymes with  
fury], WHO DID SO MUCH FOR THE ALASKAN WILDERNESS. THANK  
YOU, JOHN DENVER, THOMAS CRUM [Executive Director of the  
Windstar Foundation], SALLY RANNEY ["Rainy," President of  
the American Wilderness Alliance], AND GARY HERBERT [sculptor]  
FOR THIS SPLENDID BEAR. ~~HE LOOKS FIERCE ENOUGH TO BE A~~  
~~RABBIT. [Or: HE WILL GET A GOOD HOME BOTH HERE AND IN~~  
~~ALASKA.]~~ AND THANK YOU ALL FOR YOUR DEDICATION AND HARD  
WORK ON BEHALF OF EVERY AMERICAN WHO CARES ABOUT WILDERNESS.
  
3. AS I HAVE SAID BEFORE, SAFEGUARDING THE PRICELESS HERITAGE  
OF ALASKA'S NATURAL RESOURCES IS MY NUMBER ONE ENVIRONMENTAL  
PRIORITY. THIS GOAL NOW APPEARS WITHIN REACH AT LAST.
  
4. OUR ALASKA PROPOSALS ARE THE RESULT OF MANY YEARS OF CAREFUL  
DRAFTING AND THOROUGH DEBATE. THEY ARE BALANCED PROPOSALS.  
THEY WILL CLOSE LESS THAN 10 PER CENT OF ALASKA TO SPORT HUNTING.  
THEY WILL ALLOW FOR A TIMBER PROGRAM TO MAINTAIN JOBS AND  
PROVIDE FOR ECONOMIC GROWTH. OUR PROPOSALS WILL ALSO HELP TO  
PRESERVE AMERICAN ENERGY SECURITY BY ALLOWING FOR NEEDED OIL  
AND GAS DEVELOPMENT IN 95 PER CENT OF THE PROMISING AREAS.

5. UNFORTUNATELY, THE SENATE COMMITTEE BILL WOULD UPSET THE DELICATE BALANCE BETWEEN PROTECTION AND DEVELOPMENT. IT WOULD ACTUALLY REDUCE THE OVERALL WILDERNESS, NATIONAL PARK AND WILDLIFE REFUGE ACREAGE. IT WOULD ALLOW MINING AND SPORT HUNTING IN THE FRAGILE "GATES OF THE ARCTIC" AND "WRANGELL MOUNTAIN" AREAS. IT WOULD COMPROMISE THE NATIONAL FORESTS OF SOUTHEAST ALASKA. IT WOULD THREATEN THE INTEGRITY OF THE ADMIRALTY ISLAND AND MISTY FIORDS NATIONAL MONUMENTS, WHICH I ESTABLISHED IN 1978, AND IT WOULD ENDANGER THE WILLIAM O. DOUGLAS ARCTIC WILDLIFE RANGE.

6. WE MUST CORRECT THESE DEFICIENCIES. THE HOUSE PASSED A GOOD BILL. BUT IF WE ARE TO PREVAIL, ALL OF US MUST MARSHAL OUR STRENGTHS FOR THE BATTLE THAT BEGINS TODAY IN THE SENATE. THROUGH THE HARD WORK OF MANY OF YOU HERE -- THROUGH THE EFFORTS OF SENATOR TSONGAS AND HIS COLLEAGUES WHO ARE CO-SPONSORS OF THE FIVE AMENDMENTS THAT WE ARE SUPPORTING -- THE NEEDED IMPROVEMENTS TO THE SENATE COMMITTEE BILL WILL BE ACHIEVED ON THE SENATE FLOOR. I WILL DO MY UTMOST TO ACHIEVE THIS END. BUT YOUR ACTIVE COMMITMENT OVER THE NEXT FEW DAYS WILL BE THE KEY.

7. THE SIGNIFICANCE OF THIS STRUGGLE GOES BEYOND SPECIFIC PROPOSALS. THE ISSUE IS LARGER THAN EVEN THE IMMENSE STATE OF ALASKA. THE UNDERLYING QUESTION IS THIS: WILL WE AS A NATION ACT WITH FORESIGHT FOR ALL AMERICANS AND FOR THE AMERICAN FUTURE?

8. ALASKA'S BEAUTY AND ALASKA'S VAST DIVERSITY ARE -- IN A  
WORD -- IRREPLACEABLE. PRESERVING THEM WILL REQUIRE SPECIAL  
COURAGE ON THE PART OF CONGRESS, THE ADMINISTRATION AND ALL  
AMERICANS. WE SIMPLY CANNOT BE SHORTSIGHTED. WE OWE OUR  
CHILDREN -- AND OUR COUNTRY -- SO MUCH MORE.

# # #

1. SENATOR TSONGAS...MEMBERS OF CONGRESS...MEMBERS OF THE ALASKA COALITION & AMERICANS FOR ALASKA...FRIENDS OF AMERICAN WILDERNESS...LADIES & GENTLEMEN:
2. THANK YOU, MARDY, FOR HONORING ME
3. IN MEMORY OF YOUR DISTINGUISHED HUSBAND, "OH-LOUSE MURRY", (OLAUS MURIE)
4. WHO DID SO MUCH FOR THE ALASKAN WILDERNESS.
5. THANK YOU, JOHN DENVER...TOM CRUM...SALLY "RAN-EE"... & GARY HERBERT  
FOR THIS SPENDID BEAR. *TAKE CARE*
6. AND THANK YOU ALL FOR YOUR DEDICATION & HARD WORK
7. ON BEHALF OF EVERY AMERICAN WHO CARES ABOUT WILDERNESS.
8. AS I HAVE SAID BEFORE, SAFEGUARDING THE PRICELESS HERITAGE OF
9. ALASKA'S NATURAL RESOURCES IF MY NUMBER ONE ENVIRONMENTAL PRIORITY.
10. THIS GOAL NOW APPEARS WITHIN REACH AT LAST.  
*Electrostatic Copy Made for Preservation Purposes*  
(=OVER=) (OUR ALASKA PROPOSALS.....)

1. OUR ALASKA PROPOSALS ARE THE RESULT OF MANY YEARS OF  
CAREFUL DRAFTING & THOROUGH DEBATE.
2. THEY ARE BALANCED PROPOSALS.
3. THEY WILL CLOSE LESS THAN 10% OF ALASKA TO SPORT HUNTING.
4. THEY WILL ALLOW FOR A TIMBER PROGRAM TO MAINTAIN JOBS  
& PROVIDE FOR ECONOMIC GROWTH.
5. OUR PROPOSALS WILL ALSO HELP TO PRESERVE AMERICAN ENERGY SECURITY
6. BY ALLOWING FOR NEEDED OIL & GAS DEVELOPMENT IN 95% OF THE PROMISING AREAS.
7. UNFORTUNATELY, THE SENATE COMMITTEE BILL WOULD UPSET THE  
DELICATE BALANCE BETWEEN PROTECTION & DEVELOPMENT.
8. IT WOULD ACTUALLY REDUCE THE OVERALL WILDERNESS, NATIONAL PARK  
AND WILDLIFE REFUGE ACREAGE.

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(=NEW CARD=) (IT WOULD.....)

1. IT WOULD ALLOW MINING & SPORT HUNTING IN THE FRAGILE  
"GATES OF THE ARTIC" & "WRANGELL MOUNTAIN" AREAS.
2. IT WOULD COMPROMISE THE NATIONAL FORESTS OF SOUTHEAST ALASKA.
3. IT WOULD THREATEN THE INTEGRITY OF THE
4. ADMIRALTY ISLAND & MISTY FIORDS NATIONAL MONUMENTS,
5. WHICH I ESTABLISHED IN 1978.
6. AND IT WOULD ENDANGER THE WILLIAM O. DOUGLAS ARCTIC WILDLIFE RANGE.
7. WE MUST CORRET THESE DEFICIENCIES. //
8. THE HOUSE PASSED A GOOD BILL.
9. BUT IF WE ARE TO PREVAIL, ALL OF US MUST MARSHAL OUR STRENGTHS
10. FOR THE BATTLE THAT BEGINS TODAY IN THE SENATE.

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(=OVER=) (THROUGH THE.....)

1. THROUGH THE HARD WORK OF MANY OF YOU HERE...
2. THROUGH THE EFFORTS OF SENATOR TSONGAS & HIS COLLEAGUES
3. WHO ARE CO-SPONSORS OF THE 5 AMENDMENTS THAT WE ARE SUPPORTING --
4. THE NEEDED IMPROVEMENTS TO THE SENATE COMMITTEE BILL

WILL BE ACHIEVED ON THE SENATE FLOOR.

5. I WILL DO MY UTMOST TO ACHIEVE THIS END.
6. BUT YOUR ACTIVE COMMITMENT OVER THE NEXT FEW DAYS WILL BE THE KEY.
7. THE SIGNIFICANCE OF THIS STRUGGLE GOES BEYOND SPECIFIC PROPOSALS.
8. THE ISSUE IS LARGER THAN EVEN THE IMMENSE STATE OF ALASKA.
9. THE UNDERLYING QUESTION IS THIS:
10. WILL WE AS A NATION ACT WITH FORESIGHT FOR ALL AMERICANS

& FOR THE AMERICAN FUTURE?

(=NEW CARD=) (ALASKA'S BEAUTY.....)

1. ALASKA'S BEAUTY & ALASKA'S VAST DIVERSITY ARE -- IN A WORD --  
IRREPLACEABLE.
2. PRESERVING THEM WILL REQUIRE SPECIAL COURAGE ON THE PART OF
3. CONGRESS... THE ADMINISTRATION... AND ALL AMERICANS.
4. WE SIMPLY CANNOT BE SHORTSIGHTED.
5. WE OWE OUR CHILDREN -- & OUR COUNTRY -- SO MUCH MORE.

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# # #

BEST- ALL OUT UNIFIED EFFORT TO ACHIEVE  
ECONOMIC DEVELOPMENT & PROGRESS IN ALASKA  
& TO PRESERVE THE PRECIOUS BEAUTY & IN-  
CREASING VALUES OF THE IRREPLACEABLE  
AREAS WE ARE DETERMINED TO PROTECT.

## THE WHITE HOUSE

WASHINGTON

ALASKA LANDS BILL EVENT

Monday, July 21, 1980

The East Room

10:30 a.m.	Opening Remarks	Anne Wexler Assistant to the President
10:32 a.m.	Award Presentations and Remarks	John Denver / Mardy Murie / <i>Sec. Andrus</i>
→ 10:40 a.m.	Remarks	The President
10:55 a.m.	Recognitions and Remarks of Senators and House Members	Secretary Cecil Andrus
11:05 a.m.	Briefing and Questions and Answers	Secretary Cecil Andrus Deputy Secretary Jim Williams
11:20 a.m.	Closing Remarks	Anne Wexler
	Reception	State Dining Room

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~~10:50~~ A:  
10:40

THE WHITE HOUSE  
WASHINGTON

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ALASKA LANDS BILL EVENT

Monday, July 21, 1980  
10:50 a.m. - 11:05 a.m.  
The East Room

From: ANNE WEXLER *AW*  
STU EIZENSTAT *Stu*

I. PURPOSE

To focus press and public attention on the Alaskan lands legislation (which you have called your highest environmental priority) on the first day of its consideration by the full Senate.

II. BACKGROUND, AGENDA, PARTICIPANTS, AND PRESS PLAN

A. Background:

Unlike the House Alaskan lands bill (Udall-Anderson) passed in May of 1979, the version reported last October by the Senate Energy and National Resources Committee provides substantially less protection to key lands areas than we have proposed. Five amendments have been prepared by Senator Paul Tsongas and several other Senators, working in concert with the Administration and environmental groups. The Senate is scheduled to begin consideration of the legislation immediately after this event, at approximately 11:30 a.m. Monday, July 21, 1980.

B. Agenda

Prior to your arrival in the East Room, Secretary Andrus will acknowledge and call on friendly Senators and House Members who are present and will accept two conservation awards on your behalf.

First, Mardy Murie, a board member of the Wilderness Society and widow of Olaus Murie, will present to Secretary Andrus a leather-bound book of Alaskan wildlife sketches in memory of her late husband. The late Olaus Murie was a biologist who conducted some of the earliest Alaskan wildlife studies, and together with his wife, was instrumental in the establishment of the Arctic Wildlife Range which you named in honor of William O. Douglas.

Second, a wilderness conservation award, entitled "Tribute to American Wilderness," consisting of a large bronze statute of a grizzly bear, will be unveiled and presented to Secretary Andrus by three persons: John Denver, the popular singer and founder of the Windstar Foundation, an energy and natural resources conservation organization; Sally Ranney, President, American Wilderness Alliance; and Gary Herbert, the sculptor. The statute is 20 inches tall, 24 inches wide and weighs over 100 pounds.

All four award presenters will remain standing on the platform to receive your thanks when you arrive. They will return to their seats before you begin your remarks.

After you make your remarks and depart, Secretary Andrus and Jim Williams, Deputy Secretary of Agriculture, will briefly cover remaining details about the legislation and answer questions.

(Please see attached agenda)

C. Participants:

Approximately 225 environmental leaders from across the country are expected to attend this event, which will be very similar to the successful May, 1979 East Room briefing preceding the House vote on Alaskan lands. Two umbrella organizations, the Alaska Coalition and Americans for Alaska, will be prominently represented by their membership and supporters. Key Senate and House members are expected to be present and will be seated in the front row. Frank Moore will advise you of Congressional attendance on Monday.

D. Press Plan

There will be open press coverage for the entire event, with the environmental press invited.

III. TALKING POINTS

Talking points prepared by the speechwriters and Stu's staff are being submitted separately.

THE WHITE HOUSE

WASHINGTON

ALASKA LANDS BILL EVENT

Monday, July 21, 1980

The East Room

10:30 a.m.	Opening Remarks	Anne Wexler Assistant to the President
10:32 a.m.	Recognitions of Senators and House Members	Secretary Cecil Andrus
10:43 a.m.	Award Presentations and Remarks	John Denver Mardy Murie
10:50 a.m.	Remarks	The President
11:05 a.m.	Briefing and Questions and Answers	Secretary Cecil Andrus Deputy Secretary Jim Williams
11:20 a.m.	Closing Remarks	Anne Wexler
	Reception	State Dining Room

THE WHITE HOUSE

WASHINGTON

7-21-80

To Nedley Donovan

You have been very helpful to me and to our White House deliberations during some important and trying times for our nation. Your sound judgment and frank advice to me personally has been especially important. For this I am very grateful.

We will continue on the projects you have helped to initiate, and I will value your offer to help me during the months ahead. I won't hesitate to call on you.

Best wishes from Rosalynn & me for a productive and enjoyable retirement.

Your friend,  
Jimmy Carter

*Re meeting with Senator Bentsen*



*Aboard Air Force One*

7/21/80

Mr. President --

Secretary Goldschmidt will meet with Jim Wright tomorrow morning. He thinks Jim or someone else may offer the amendments which will solve the Texas problems. Eckhardt will probably never be satisfied.

The Speaker pulled the bill this afternoon when he heard a compromise was near. And the bill will probably come up around noon or 1:00p.m. tomorrow.

Therefore, you can tell Senator Bentsen that you will get a report from Secretary Goldschmidt and Stu early in the morning.

-- Frank Moore

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THE WHITE HOUSE

WASHINGTON

July 21, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT  
STEVE SIMMONS *Stu*

SUBJECT: Talk with Senator Bentsen about  
Rail Deregulation Bill

BACKGROUND

In 1979, you proposed to Congress sweeping rail deregulation legislation. Your proposal was drafted in response to studies which demonstrated that the railroad industry is in terrible financial shape, and that the major reason for this is very tight Interstate Commerce Commission (ICC) regulation of rail carriers. In early April, the Senate passed its rail deregulation bill, 91-4. We supported the Senate bill, and a compromise worked out between Russell Long and Howard Cannon on the critical issue of railroad rate flexibility, because it was the best deal that could be struck in the Senate. The House Committee on Interstate and Foreign Commerce recently reported out its own rail deregulation bill (H.R. 7235), and voting on amendments to the bill should resume tomorrow. Jim Florio (D-NJ) and Edward Madigan (R-IL) are the prime sponsors.

Senator Bentsen, and other Texas State officials, are concerned that the House bill does not provide enough protection to "captive" shippers who have no other means of transporting their goods except by railroad. They are especially concerned because in a recent ICC case, the Burlington Northern Railroad was granted large rate increases for shipping coal to a San Antonio utility, and the utility was faced with much higher rail transportation costs than it was originally quoted. Congressman Bob Eckhardt (D-Tex) has been leading a move in the House to provide additional protection to captive shippers such as the San Antonio utility, and on the first critical vote on this issue before the recess was defeated 281-130.

We share the concerns of Bentsen and Eckhardt that captive shippers not be put at the mercy of the railroads without any protection from the ICC. However, the San Antonio situation is in many ways unique and it should not provide the basis for destroying this bill which on the whole is a very good bill which you have strongly supported. The House bill does provide protection for captive shippers. Any proposed railroad rate increase that went above a "revenue to variable cost" percentage level where a railroad was trying to recover more than just costs, would result in the ICC having the power to reverse the rate increase. The bill also allows

railroads and shippers to enter long term contracts which should promote a continuing source of coal supply for utilities at a set price.

Despite these captive shipper protections, over the past month Secretary Neil Goldschmidt and we have tried to facilitate a compromise between Congressman Eckhardt and Florio, and Majority Leader Jim Wright has played a key role in helping these negotiations along. Among the suggestions we have made are compromise revenue to variable cost percentage figures for when the ICC would have jurisdiction over captive shippers. We have also offered to grandfather the Texas utility cases (including the San Antonio case) presently in the courts so that they would not be adversely affected by the new legislation, to assist Mr. Wright and Mr. Eckhardt with the coal slurry pipeline legislation, and have DOT give "every consideration" to funding a coal line application from the Chicago and Northwestern Railroad. If the Chicago and Northwestern application is accepted, it would allow coal to be shipped from the Powder River Basin to cities and utilities in Texas and Louisiana via rail service that could effectively compete with the Burlington Northern (you may be able to personally announce this DOT grant in September). We have already succeeded in having Congressman Florio introduce an amendment on the floor which meets some of Eckhardt's concerns with how a captive shipper is defined. But despite our best efforts, Eckhardt and Florio have not been able to reach an agreement, and are still far apart. At 5:30 PM this evening Neil Goldschmidt met with Jim Wright again to propose another amendment which would meet some of the concerns of the people in Texas with respect to captive shippers. It would put a flat 10% per year plus inflation cap on all rate increases, as well as grandfather all cases presently in litigation.

## TALKING POINTS

- Last year I submitted rail deregulation legislation to Congress because the railroad industry is in terrible financial shape, mainly because of overregulation. The average railroad rate of return last year was only 2.7%, as compared with 10.6% for comparable manufacturing industries, 11% for utilities. Rail service is getting worse, and we have seen recent bankruptcies such as the Rock Island and Milwaukee. The Federal Government has already pumped \$11 billion into the rail industry.
- Railroads are critical not only for our national transportation system, but for our energy policy. They are absolutely essential to hauling coal, and the railroads will have to provide over \$5 billion over the next 5 years just to upgrade their equipment to be able to ship increasing amounts of coal.
- I share your concerns that railroad deregulation legislation not put captive shippers in an unfair position, and I understand the controversy surrounding this issue in Texas.
- Secretary Goldschmidt and Stu Eizenstat have been working to try to facilitate a compromise between Congressmen Bob Eckhardt and Jim Florio on this issue, and there has been some movement already towards the Eckhardt position. Jim Wright has been playing a very important role, and the Secretary just this evening is handing him a compromise amendment which would grandfather all of the Texas utility cases, as well as other cases, now in litigation so that the results of these court cases would not be adversely affected by the new rail deregulation law.
- I also should mention that the Department of Transportation is giving every consideration to funding a coal line application from the Chicago and Northwestern Railroad which would allow coal to be shipped from the Powder River Basin to cities and utilities in Texas and Louisiana via rail service that would effectively compete with the Burlington-Northern. This could be a great help in keeping rail rates down for utilities in Texas.

DNC FRAIL - HENDERSON 7/21/80

34  
GOV BROWN - DALE & MARGARET SIGHTS <sup>ANNE</sup>

'75 - NIGHT on couch

DNC - SocSec - TUA - Medi - RTD - Min Wage

- PEACE - SECURITY

- DEFENSE - REVERSE 8 YRS - NOT  
ARMS RACE COLD WAR, MIL SUPPLY  
REGISTRATION

- ENERGY "TURN OIL CO'S LOOSE"

- 1 1/2 - KY. COAL

ECONOMICS - NON INFL GROWTH,  
NOT FREE LUNCH

- MIDE - HUM RTS - TRUTH - W'GATE

- JOBS - '70's 7RG -3 7-1 Tap <sup>10</sup> US <sup>24</sup>  
77779 3 -2 + 12

GRANDPA JONES - (MRS LLOYD)  
SEN HIDDLESTON, FORD CONG PERANS, HUSBAND

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DNC fundraiser/Dallas/Texas/7/21/80

DALLAS Co. PARTY

JESS HAY & BETTY JO

Lt Gov Bill Hobby = SEN BENTSEN

Cong Jim Mattox, MARTIN FROST,

Comm Billy Goldberg = Comm Roy Orr

Comm David Carlock, Comm ESTEL VANCE

JOHN WHITE

THE WHITE HOUSE  
WASHINGTON

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WHO SHOT J.R.?

Chris Matthews  
Draft A-1; 7/19/80  
Scheduled Delivery:  
Mon, July 21, Noon  
Henderson, KY

Opening Remarks

DNC Fundraiser, Henderson, Kentucky

I want to thank Governor Brown for his kind remarks.

I want to thank Dale and Margaret for having me here for this wonderful barbecue. I want to thank them on behalf of the Democratic Party for hosting this important event today.

As some of you may know, I have enjoyed the Sights' hospitality before. When I began my campaign for the Presidency, back in 1975, I spent the night here once. I remember getting a very good night's sleep -- on the couch.

I want to thank you all for your support of the Democratic Party. Your contributions will help the DNC; they will also help your efforts to elect and re-elect Democrats across Kentucky.

[pick up core speech]

July 20, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald  
Rick Hertzberg  
Chris Matthews

SUBJECT: Presidential Remarks:  
DNC Fundraiser

Scheduled Delivery:  
Mon, July 21, afternoon  
¶ Dallas County, Tex.

Attached is a new introductory page for the Dallas County Fundraiser. One name has been added and is underlined in red. Attendance of the remainder has been confirmed as of 3 p.m. Sunday.

Clearances

Bob Dunn

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Chris Matthews  
Draft A-2; 7/20/80  
Scheduled Delivery:  
Mon, July 21  
Dallas, TX

Opening Remarks  
Dallas County Democratic Party

I want to thank Representative David <sup>Carlock</sup>~~Kane~~ for that  
introduction. You are doing an excellent job.

Lt. Gov. Bill Hobby; Senator Bentsen; Congressman Jim  
Mattox; Congressman Martin Frost; Texas Democratic Party  
Chairman Billy Goldberg; Dallas County Commissioner Roy Orr;  
Dallas County Chairman David Carlock; and your neighbor,  
Tarrant County Democratic Chairman Estil Vance.

I want to congratulate David Carlock for organizing  
this excellent party-building effort.

We Democrats are going to win in November. We are going  
to reach every potential Democratic voter in Texas, get them  
registered, get them involved, and get all of them to the  
polls in November.

[pick up core speech]

Chris Matthews  
Draft A-1; 7/19/80  
Scheduled Delivery:  
Mon, July 19  
Dallas, TX

Opening Remarks

DNC Fundraiser, Dallas, TX

I would like to thank Jess and Betty Jo for hosting this important fund-raiser.

Jess Hay has a pretty big reputation. Back in Washington, they say that Jess Hay has raised more money for the Democratic Party over the years than just about anyone else in the country.

Thank you for coming today. Your contributions will help the DNC; they will also help your efforts to elect and re-elect Democratic candidates all across Texas.

[pick up core speech]

Administrations had done nothing -- I repeat, nothing -- to reverse our nation's growing dependence on OPEC oil, nothing to secure our nation's energy security.

Today, because of the vision and courage of the Democratic Party, and the wisdom of individual Americans, our nation has reduced its foreign oil consumption by a million and a half barrels a day. We are acting to reduce that figure still further -- by carrying out the most colossal American enterprise ever undertaken in peacetime. This enterprise will take billions of dollars we now send overseas -- to pay for OPEC oil -- and invest those billions to build new energy supplies and new American jobs here at home.

¶ The Republicans complained in Detroit about our efforts to bring peace in such places as the Middle East. They criticized delays in the Camp David peace process. Here again, they forgot to mention something. Before the Democrats

took control, there was no Camp David peace process. Israel and her most powerful Arab neighbor were not arguing across a peace table; they were confronting each other at gunpoint. I prefer it our way.

¶ The Republicans criticized our human rights campaign. Here again, they forget something. Before the Democrats returned to office in 1977, American foreign policy seemed to have lost its moral bearings. A good many Americans, and not just college students, had lost faith in America's positive role in the world.

We Democrats have helped to restore much of this faith. After the bitterness and division of Vietnam, we have become again a nation unashamed of our patriotism.

¶ There is one last thing they forgot to mention in Detroit -- and I can understand why. Thanks to eight years of Republican rule, many Americans had all but given up on

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the integrity of our political process.

We Democrats have helped turn that attitude around. People may not agree with us all the time. But at least they trust us to give it to them straight, and not to play tricks with the political process itself.

Speaking of tricks --

*Watson  
would like this  
deleted*

[ As you know I received a great deal of attention in Detroit. But least they mentioned my name. That is more than they did for the Republican standard bearer in three of the last five Presidential campaigns. Not even Henry Kissinger mentioned his name. It was as if Richard Nixon had been even been born. It reminds me of how they treat former leaders in the Soviet Union. If they do not like a Stalin or a Khrushchev they simply remove their name from the history books. ]

The Republicans seem to have taken this same approach

on other matters.

We saw a lot of glitter in Detroit. We saw balloons and banners and lots of rousing music. There were speeches and movies, and movie stars and demonstrations and high spirits. But all the time, through all the glitter, we heard Republicans talking about a world that simply does not exist.

¶ It is a world in which everyone or almost everyone is well off economically. In this world there are no poor, no minorities to speak of. Judging from their platform I wonder if they are even any women in this Republican never-never land.

¶ It is a world where all problems are really quite simple.

¶ It is a world in which government is not really necessary.

¶ It is a world where all the changes that have taken place around the globe these past years never even occurred. It is a world of good guys and bad guys, where people shoot from

the hip and ask the tough questions later.

¶ It is a world in which complex economic challenges can be dealt with easily. All you have to do is give away a trillion dollars in tax cuts for the rich. That will do the trick.

¶ It is a world in which you can have huge increases in defense spending, enormous tax cuts, balanced budgets and everything else you want -- all at the same time.

For an individual citizen to hold this kind of fastastic, child-like notion of the world is unfortunate. For one of the nation's two major political parties to adopt such notions is outrageous. Worse yet, it is dangerous.

I am a lifelong Democrat, but I will say this --

¶ There was a time when the Republican Party, or at least a sizeable number of individual Republicans, agreed with the need for social progress in our country. There was a time

when the party of Lincoln had the conscience of Lincoln.

¶ There was a time when the Republican Party took some interest in fiscal responsibility, or fiscal sanity at least. Those days are no more. For a political quick-fix, the "party of fiscal responsibility" has become overnight the party of something-for-nothing.

¶ There was a time when the Republican Party and its leaders believed in fighting for peace around the world, in improving our relations with other nations, in fighting for arms control. That time is no more. Today the GOP has become the party of belligerence and bombast.

In August you are going to see a different kind of party and a different kind of Party convention.

There is going to be some spirited debate up in New York and I think that will reflect well on our Party.

¶ If we argue about programs affecting minorities, it will be because 25 percent of our delegates will be minorities -- compared to the three percent you saw in Detroit.

¶ If we are more sensitive to women's issues, it will be because 50 percent of our delegates are women -- almost double the number in Detroit.

¶ If Democratic delegates argue more about the economic planks than the Republican delegates did, there is a good reason. In Detroit, the median delegate income was almost \$50,000. With everyone in the same brackets, what did the Republicans have to argue about?

I do not claim perfection for our Party. I do not claim that all the decisions we have made have been right or popular. Certainly they have not all been easy. But we have been tested under fire. We have neither ducked nor hidden. We have tackled the great, central challenges of our future,

the historic challenges of energy and peace, which had been ignored for years. We have made tough decisions and we have taken the heat for them.

We have done something more, something very important. In good times and bad, down in the valleys as well as on the peaks, we have told people the truth -- the hard, sometimes complex truth -- but the truth they need to know.

Our great country, and our Party have been through a lot -- two World Wars, great social and economic changes, the civil rights movement, Vietnam, the move for greater rights for women. Through each one of these national experiences we have learned something about the world, and about ourselves. We have matured as a nation.

We have paid a price for this maturity, and we cannot afford to throw it away. We cannot afford to turn our backs on what we have learned. We cannot afford to act as if the

world of the 1980s did not exist.

Each of us is an idealist about our country. That is why we get involved in Democratic Party politics. That is why we support events such as this.

¶ We believe in an America of full and equal justice, a land of full and equal opportunity -- for all our people.

¶ We believe in a secure America, secure militarily, secure economically, secure in its energy needs.

¶ We believe in a world at peace, in which the nations of the world learn to live together -- without war and terrorism.

These are high ambitions, but we have had high ambitions before. We have met tough challenges before, and we have prevailed before -- not by ideological extreme -- but by holding fast to our Democratic principles, holding fast to our dreams, and facing up to our challenges as they really are.

This is how we became the greatest nation on earth.

This is how we will become even greater.

# # #

Chris Matthews  
Draft A-1; 7/19/80  
Scheduled Delivery:  
Mon, July 21  
Justin, Texas

Remarks At Olen Range Farm

Justin, Texas

1. HOT WEATHER AND LACK OF RAINFALL HAVE AFFECTED A LARGE PART OF OUR NATION THESE PAST WEEKS. THESE CONDITIONS HAVE TAKEN A HEAVY TOLL -- IN BOTH HUMAN AND ECONOMIC TERMS.
2. I WANTED TO TAKE THIS OPPORTUNITY, WHILE VISITING TEXAS, TO GET A FIRST-HAND LOOK AT THE SITUATION HERE.
3. [ Description of situation on Olen Range Farm].
4. I RECOGNIZE THAT THIS IS NOT THE FARMERS' ONLY ECONOMIC HARDSHIP. THEIR PRODUCTION COSTS HAVE INCREASED RAPIDLY THIS YEAR; THE DROUGHT HAS MADE THE SITUATION WORSE.
5. I WANT TO BE SURE THAT THE FEDERAL GOVERNMENT IS DOING EVERYTHING IT CAN TO ALLEVIATE THE FARMERS' ECONOMIC HARDSHIP. I WANT AVAILABLE FEDERAL ASSISTANCE TO REACH THOSE IN NEED AS QUICKLY AS POSSIBLE -- WITH THE MINIMUM RED TAPE.
6. FOR THIS REASON, I HAVE DIRECTED AGRICULTURE SECRETARY BERGLAND TO TAKE WHATEVER STEPS ARE NECESSARY TO ENSURE THE PROMPT AND EFFECTIVE DELIVERY OF EMERGENCY AGRICULTURAL ASSISTANCE TO AREAS LIKE THIS. THIS INCLUDES EMERGENCY LIVESTOCK FEED ASSISTANCE, DISASTER PAYMENTS, EMERGENCY LOANS, AND CONSERVATION ASSISTANCE.

7. I WANT TO EMPHASIZE THAT THE HOT WEATHER IS HAVING A HUMAN COST AS WELL. THE WEATHER IS PARTICULARLY HARD ON THOSE LEAST ABLE TO HELP THEMSELVES -- THE POOR AND THE ELDERLY.

8. FOR THIS REASON, I LAST WEEK DIRECTED THE COMMUNITY SERVICES ADMINISTRATION TO MAKE AVAILABLE \$6.7 MILLION TO PROVIDE ASSISTANCE FOR LOW-INCOME PEOPLE TO COMBAT THE EFFECTS OF THE HEAT WAVE. THIS ASSISTANCE CAN BE USED FOR WINDOW FANS, WINDOW AIR-CONDITIONING UNITS, UTILITY BILL SUPPORT, AND TRANSPORTATION TO VARIOUS AIR-CONDITIONED CENTERS.

6. I AM DETERMINED THAT THE OVERALL FEDERAL ROLE BE WELL-COORDINATED. AT MY DIRECTION, <sup>John Macy's staff, from</sup> JOHN MACY, ~~DIRECTOR OF~~ THE FEDERAL EMERGENCY MANAGEMENT AGENCY, <sup>have</sup> HAS BEEN MEETING WITH STATE OFFICIALS TO ENSURE THAT FEDERAL PROGRAMS ARE WORKING AS EFFECTIVELY AS POSSIBLE WITH OTHER GOVERNMENT UNITS.

*note: Macy himself has not participated...  
Bob Duna }*

# # #

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

cc V.P., Jody, Stu  
Rick.  
Use in speeches  
FJ

July 16, 1980

file  
J

MEMORANDUM FOR THE PRESIDENT

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From: Charlie Schultze <sup>CLS</sup>

Subject: Employment and Output in the United States:  
A First-Rate Historical Record and  
What It Means

About a month ago I sent you some data comparing U.S. industrial production and manufacturing employment with other countries. In looking further into this subject, we have developed a story which, I believe, has important implications for economic policy. Some of the material might also be useful in the campaign.

1. Over the past ten years, as well as the past three years (prior to the beginning of this recession), the American economy far outperformed all other major countries in providing jobs. (Half of the decade's huge job gain came in the three Carter years.)

Percent Change in  
Total Employment

	<u>1979 4Q</u> 1970	<u>1979 4Q</u> 1976 4Q
Germany	-3	3
France	-1	-2
"Big 4" European Countries	1	2
Japan	10	4
United States	24	12

2. U.S. industrial production increased much faster than that of any other major industrial country except Japan, and even they were not far ahead of us:

Percent Change in  
Industrial Production

	<u>1979 4Q</u> 1970	<u>1979 4Q</u> 1976 4Q
Germany	26	11
France	33	6
"Big 4" European Countries	28	9
Japan	51	21
United States	41	15

Lesson #1: Whatever the problems of the U.S. economy, we are able to generate large increases in jobs and production -- the U.S. has far outperformed other major countries in this respect.

Lesson #2: Our problem, rather, is to produce additional jobs and production while simultaneously reducing inflation and increasing productivity.

Policy implication #1: The major challenge, therefore, is not to produce a traditional short-run stimulus program aimed solely at increasing sales and output, but a longer run tax and economic program that, in the process of generating jobs, also reduces inflation and raises productivity.

Policy implication #2: The "out-year" revenue losses from any tax cut have to be carefully held within reasonable bounds, so that this year's stimulus program does not lead to inflation next year or the year after.

Policy implication #3: The kind of long-term tax and economic program which meets these criteria is not likely to be designed and enacted in the heat of an election year. Rather, we are likely to get the traditional quick-fix, as well as excessive out-year revenue losses. (The Republican floor amendment on taxes would cost \$135 billion a year by 1985.)

Regional Unemployment

I also came across some fascinating and useful statistics about employment in the Northeast region:

- o In the ten years prior to the Carter Administration (1966-1976), total employment in the Northeast rose by 3.4 million, or 340,000 a year; in only three and a half years of the Carter Administration (1976 to end 1979), total employment in the Northeast rose by 3.8 million or 1.1 million per year.
- o In the ten pre-Carter years, manufacturing employment in the Northeast fell by an average of 140,000 a year; in the three and a half Carter years, manufacturing employment rose by 165,000 a year.

The recession has interrupted this progress. But the recession will soon turn around, and the progress should be renewed.

THE WHITE HOUSE  
WASHINGTON

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*Susan  
orig to  
me*

*date  
11/21/70*

*12 Copies sent*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

cc V.P., Jody, Stu  
✓ Rich -  
Use in speeches

J

July 16, 1980

MEMORANDUM FOR THE PRESIDENT

Electrostatic Copy Made  
for Preservation Purposes

From: Charlie Schultze *CS*

Subject: Employment and Output in the United States:  
A First-Rate Historical Record and  
What It Means

About a month ago I sent you some data comparing U.S. industrial production and manufacturing employment with other countries. In looking further into this subject, we have developed a story which, I believe, has important implications for economic policy. Some of the material might also be useful in the campaign.

1. Over the past ten years, as well as the past three years (prior to the beginning of this recession), the American economy far outperformed all other major countries in providing jobs. (Half of the decade's huge job gain came in the three Carter years.)

Percent Change in  
Total Employment

	<u>1979 4Q</u> <u>1970</u>	<u>1979 4Q</u> <u>1976 4Q</u>
Germany	-3	3
France	-1	-2
"Big 4" European Countries	1	2
Japan	10	4
United States	24	12

2. U.S. industrial production increased much faster than that of any other major industrial country except Japan, and even they were not far ahead of us:

THE WHITE HOUSE

WASHINGTON

July 21, 1980

*done*

*F.Y.I.*

MEMORANDUM FOR: ~~SUSAN CLOUGH~~

FROM: DAVID RUBENSTEIN *DR*

I am skipping this trip to work on some platform matters. I would like to pass along one thought, which unfortunately came too late to get to the speechwriters.

Apparently, the biggest thing in Dallas is "Dallas," the TV show, and the mystery over who shot the leading character, J.R. In working on issues materials for the trip, I repeatedly heard that the President would get a huge applause if he made some mention of this. I would suggest, therefore, an opening line in Dallas along the following: "Contrary to reports, I did not come to Dallas to raise money or to campaign, but only to find out who shot J. R.". I am certain that the Texans on the plane would approve of this, and you might check.

Thanks.

Received 7:05 pm  
7/21/80  
h

THE WHITE HOUSE

WASHINGTON

July 21, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore  
Bob Schule

SUBJECT: Alaska Lands Legislation

As you know, the Alaska Lands bill is currently on the floor of the Senate. Over the weekend, the Alaska press attributed certain remarks to Secretary Duncan which have had the effect of damaging our case in the Senate. (See attached press story). The Secretary's comments have been interpreted as indicating his less than enthusiastic support for the Administration's position.

The energy implications of this bill are thought to be enormous and are of particular concern to the Senators. Therefore, Secretary Duncan's remarks have been extremely damaging in our efforts to line-up votes behind the 5 Tsongas Amendments which the Administration strongly supports.

We recommend that you call Secretary Duncan and ask him to clear up this misunderstanding. We feel that Secretary Duncan could be most helpful in winning back some of our support if he did the following:

1. The Secretary should deliver a letter to each Member of the Senate reiterating his support for the Administration's position; particularly the Tsongas Amendments. Attached is a copy of the proposed letter.
2. The Department of Energy should move as expeditiously as possible in making the calls to Senators Boschwitz, Danforth, Javits, Moynihan, Stafford and Simpson which we assigned to the Department last week. The results of the calls should be phoned-in to Frank Moore's office as soon as they are made.

We are not expecting any key votes until tomorrow but we would like to get the Department moving on the above this evening if possible.

Enclosures

1. Article from Anchorage Daily News, 7/17/80
2. Proposed DOE letter

ENERGY CHIEF FAVORS ARCTIC OIL EXPLORATION

By Bob Shallit  
Daily News business reporter

Energy Secretary Charles Duncan, in an apparent break with President Carter and other Cabinet members, indicated here Wednesday he favors Alaska lands legislation that allows oil exploration in the William O. Douglas Wildlife Range.

Speaking at a Commonwealth North breakfast meeting, Duncan said he believes the range--and other onshore Alaska locations--must be explored now in an effort to reduce the nation's dependence on foreign oil.

Describing the range as an area with "substantial potential," Duncan said he hopes the finished legislation "will give us the opportunity to find out what is available."

"The Senate bill at least allows some exploration," Duncan said in reference to S.9--the lands bill approved by the Senate Energy Committee and supported by Gov. Jay S. Hammond and other state officials.

Carter, Interior Secretary Cecil Andrus and other members of the administration are supporting a bill--passed by the House--that designates the range as wilderness and prevents all but the most superficial preliminary exploration.

Duncan stressed he was not opposing the administration, but acknowledged there are differences among Carter's top advisors.

"It is important to recognize that we have a collegial atmosphere in the administration," he said. "We have differences that contribute to policy decisions. I am one person with a voice and there are a lot of other people with voices."

Duncan said drilling activity in Alaska has increased substantially during the last year, but he said far more exploratory work is needed now. In particular, he said, Congress should permit oil and gas activity in the National Petroleum Reserve of Alaska (NPRA), a 22-million acre area west of Prudhoe Bay.

But, Duncan added, exploration alone will not meet the nation's needs.

"I hope that there are substantial reserves that are yet to be found, but I don't think we can predicate our energy policy on that," he said.

The nation's priorities, he said, must be placed on developing new energy sources, using energy more efficiently and working with U.S. allies to avoid "energy anarchy" internationally.

According to Duncan, substantial progress in that direction has already been made. Oil imports, for instance, have decreased sharply in recent months, and efforts to build more energy-efficient homes and autos are gaining support.

"In the last year, we have moved farther and faster than any of our (allies), but we have to keep the momentum going," he added.

He also cited decontrol of domestic oil prices as a key step toward energy independence.

"It was not an easy decision," Duncan said of the Carter's move to decontrol oil. "It was the kind of courageous decision that (shows) we are going to stop talking about energy dependence and so something about it."

On the subject of the Alaska natural gas pipeline, Duncan said he is convinced the line can be privately financed.

The phase one agreement for the project has just been signed, he noted, obligating North Slope producers and gas line sponsors to share in upcoming engineering and design studies.

"I'm not convinced the natural gas pipeline cannot be privately financed," he said.

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Proposed DOE letter (per Dobie Langenkamp)

The Department of Energy supports passage of the Senate Energy Committee version of the Alaska Lands bill if modified by the Tsongas amendments as offered on the floor. Our support is based upon the recognition that Alaska is the last unique frontier. It represents a remarkable diversity of undisturbed ecosystems not found elsewhere. Alaska offers vast expanses of wilderness and numerous species of wildlife which deserve preservation. This bill, as amended, will provide the opportunity to protect these features while leaving the important energy resources available for exploration and development. We have examined the question of energy resources as they relate to the proposed conservation measures in the bill and we are satisfied with the balance this bill proposes.

The Administration has consistently supported a sensible energy development program for Alaska. Alaska now ranks as the second highest oil producing state in the nation, accounting for approximately 15 percent of domestic production. The Department of the Interior's new five year leasing schedule provides for ten sales in the Alaska OCS. These lease sales alone are expected to provide annual production of more than 200 million barrels by 1995. Also the Administration has proposed a bill to open up the 23 million acre NPRA to private leasing. (The NPRA is estimated to contain an average of 6.4 billion barrels of oil and 14.1 trillion cubic feet of natural gas. A very recent USGS study also indicates that its potential is considerably greater than the William O. Douglas Arctic Wildlife Range.) In addition, we have actively supported the construction of the Alaska Natural Gas Pipeline. The Department of Energy has worked closely with the Department of the Interior to identify areas of greatest energy potential in Alaska. As part of this investigation, we examined the proposed boundary extensions of wilderness and refuge areas and based upon the best available information have found them to be acceptable.

Although some of the areas in Alaska that will be foreclosed to development have favorable geological anomalies which might be potentially important for oil and gas, the total amount of possible perspective acreage in Alaska for which exploration and development would be prohibited is extremely small. We estimate that approximately 95 percent of the onshore lands determined by the USGS to be favorable for oil and gas potential remain unaffected by this bill.

In conclusion, we urge your support of the Tsongas amendments to the Senate Committee bill as a constructive step in the best interests of this nation and fully consistent with a sound energy program.

PRIORITY  
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FROM: RICK HUTCHESON  
TO: SUSAN CLOUGH FOR THE PRESIDENT  
INFO:

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THE WHITE HOUSE

WASHINGTON

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