

7/28/80

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	<p>From Duncan to The President (26 pp.) re: Resuming the Fill of the Strategic Petroleum Reserve/enclosed in Hutcheson to Duncan 7/28/80</p> <p>opened per RAC NLC-126-22-9-1-7 " " " NLC-126-22-9-1-8 " " " NLC-126-22-9-2-7 " " " NLC-126-22-9-3-6</p> <p>} 1/9/14</p>	7/28/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices-Office of the Staff Sec., Pres. Hand-writing File 7/28/80 BOX 197

RESTRICTION CODES

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THE WHITE HOUSE

WASHINGTON

7-28-80

To Nicholas Kiraly

I enjoyed being with your son-in-law & your grandson this weekend, and was pleased to have your letter.

You & I do share a mutual faith - both in God and in our fellow human beings. Your suggestion re special days of prayer or celebration is a good one. I have initiated this twice before - once at the beginning of the Camp David talks and again after our hostages were seized. Thank you for sharing your thoughts with me.

Jimmy Carter

Mr. Nicholas Kiraly
5 Prospect Street
Girard, Ohio 44420

1. do not own handwritten

Delivered
to me by T. M.
at MS Fadden's
7/26
J

July 26, 1980

Dear Mr President,

With great regret I am writing you this letter. I hope you do not take offense that I have asked my son-in-law, Tom Maxwell, to deliver it into your hands. For this I apologize but this letter is very important to me. I have already written to your office 4 times but did not receive a reply. Also, I took plane to Washington D.C. to come to White House but I could not gain admittance.

These are terrible times, especially for our young people of the world. Perhaps we have lost our direction and our sense of responsibility. I think we must always continue to have faith that man is, even in time of despair, good. And God in His wisdom will yet assist us in our need.

2.

It may not mean much but I would like to see us - the people of the United States - support the idea or proposal for a universal, world-wide day of celebration. Each country, people or faith may choose to celebrate in their own way, but there would be common knowledge that every one here would be celebrating as well as the whole world over.

Each step toward a better peace of brotherhood is worthwhile. This is not much but I am so saddened by events that my constant prayers are offered for you and other leaders of world.

Maybe through the United Nations we can get others to join us. A communion that we all take part in may be just one step. You, I know, are an honest man who believes in God. I will pray that He helps you and gives you guidance.

Thank you very much. I am sorry if my writing
is difficult to read but cannot type and have
no typewriter.

God bless you.

With respect, Yours truly,

Nicholas Kivaly
15 Prospect St.
Hiram, Ohio 44420

THE WHITE HOUSE
WASHINGTON
28 Jul 80

Jack Watson

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

Rick Hutcheson

EYES ONLY

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIDENBERG
	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
X	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

THE WHITE HOUSE
WASHINGTON

Jack
J

July 26, 1980

**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM FOR THE PRESIDENT

EYES ONLY

FROM: JACK WATSON *Jack*

SUBJECT: Suggestion for Private Meetings with Cabinet

I have been thinking for some time about what I believe would be the great benefit of your spending some private time with certain members of the Cabinet. I am thinking of very informal, totally unstructured conversations between you and one or two of the Cabinet at a time, possibly in the late afternoon at the Residence. I do not envision a dinner, although, on occasion, that would be nice. It could be over iced tea on the Truman Balcony for an hour.

The simple purpose would be to expose the Cabinet to you-- and you to them--on a personal basis. This would, I am confident, increase their feelings of loyalty to you and their commitment to do their absolute best in the next several months. I don't mean to suggest for a moment that there is any one of them who is not loyal to you; I simply think that the nature of the relationship would be enhanced to your mutual benefit if there was a more personal dimension to it.

Two members of the Cabinet who deserve your personal attention immediately are Moon Landrieu and Neil Goldschmidt. In some ways they are the core of your political Cabinet and have been a tremendous asset to the campaign thus far, not simply by taking instructions, but also by using their own initiative and judgment to make the most of every good opportunity that arises. In addition, they are political "soul" brothers themselves and would fit together very well in the setting I have outlined.

We might add Bob Bergland to the Moon/Neil session, or you could have a second session with Bob, Cecil Andrus and Bill Miller.

APPROVE

DISAPPROVE

*2 sessions
4 each - You choose the 8*

THE WHITE HOUSE
WASHINGTON

7/28/80

Rick Hutcheson --

Since this was part
of photo op/ceremony
today, thought you might
want attached re file info.
and disposition.

Thanks--Susan Clough

1980 COMBINED FEDERAL CAMPAIGN - NATIONAL CAPITAL AREA

95 M STREET, S.W., WASHINGTON, D.C. 20024

PLEASE USE BALL POINT PEN TO FILL OUT THIS CARD

TOTAL GIFT \$ 600⁰⁰

PAID BY:
PAYROLL DEDUCTION

(COMPLETE AUTHORIZATION BELOW)

CASH 600⁰⁰

CIVILIAN

MILITARY

NAME (FIRST) <u>JIMMY</u> (INITIAL) <u></u> (LAST) <u>CARTER</u>	IDENTIFICATION NO. OR SOC SEC NO. <u>259-20-7368</u>
HOME STREET ADDRESS (OPTIONAL) <u>THE WHITE HOUSE</u>	DEPT. BUREAU OR AGENCY <u>Executive Dept.</u>
CITY <u>WASHINGTON, D.C.</u> STATE <u>D.C.</u> ZIP <u>20500</u>	LOCATION OR TIMEKEEPER <u></u>

FILL IN BLANK BOX OR CHECK BOX SHOWING THE AMOUNT OF YOUR DEDUCTION PER PAY PERIOD

Minimum amount for use of payroll withholding is 50 cents each pay day if paid every two weeks or twice monthly; \$1.00 if paid monthly. The amount indicated by military personnel will be the monthly amount to be deducted as an allotment from pay.

\$	\$18.25	\$15.25	\$11.00	\$8.25	\$6.00	\$4.75	\$3.50	\$1.75
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(FOR INSTRUCTIONS ON DESIGNATIONS, SEE COPY NO. 2 (RECEIPT))

I hereby authorize the above named agency or any other agency of the United States Government by which I may be employed during 1980 to deduct the amount shown above from my pay each pay period during calendar year 1980 starting with the first period beginning in January 1980 and ending with the last pay period which begins in December, provided that the amounts so deducted shall be remitted to the Combined Federal Campaign shown above. I understand that this authorization may be revoked by me in writing at any time before it expires.

DATE July 28, 1980

REPORTING NO.

OPM Form 804-1979

SIGNATURE

Jimmy Carter

To Federal payroll offices: If the contributor moves to the jurisdiction of another payroll office before 1981 this authorization shall be forwarded. (Payroll Deduction Form) To Be Forwarded To Contributor's Payroll Office

(Copy # 1)

THE WHITE HOUSE

WASHINGTON

July 26, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: GENE EIDENBERG *Gene*

SUBJECT: Photograph for Combined Federal Campaign
Monday, July 28, 1980, Oval Office
8:55 a.m. (3 minutes), White House Press

Purpose

Each year the Combined Federal Campaign (CFC) is launched by you in a brief meeting with representatives of the voluntary agency partners, the CFC General Chairman and its Executive Director. Secretary Bergland will serve as CFC Chairman, a duty he also performed last year. You should complete the attached pledge card and present it to Secretary Bergland this morning.

Participants

Secretary Robert S. Bergland

Mr. Kent Taylor Cushenberry
Corporate Manager of Community Relations for IBM, and
President, United Way of the National Capital Area

Mr. W. Jarvis Moody
Chairman of the Board, American Security Bank, and
General Chairman, 1980 United Way of the National Capital
Area Campaign

Mr. Robert L. Montague, III
Attorney, and Chairman, Council of National Health Agencies
of the National Capital Area

Dr. Roland R. DeMarco
Past President, Finch College, and
Chairman of the Board, International Human Assistance
Programs, Inc.

Dr. W. Montague Cobb
President, NAACP

Mr. William A. Schaeffler
Director, Combined Federal Campaign of the National Capital
Area

Attachment

THE WHITE HOUSE
WASHINGTON
28 Jul 80

Secretary Duncan
Stu Eizenstat
Jim McIntyre

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

Rick Hutcheson

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

DECLASSIFIED

Per: Rac Project

ESDN: NLG-126-22-9-1-8

BY: KS DATE: 1/2/14



THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

To Charles.
ok. Proceed with
due caution. Get \$2.3 bil
FY81 appropriation.

July 23, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: Charles W. Duncan, Jr.

C. W. Duncan, Jr.

SUBJECT: Resuming the Fill of the Strategic Petroleum Reserve

It is the stated policy of the Administration to fill the Strategic Petroleum Reserve (SPR) as rapidly as possible, consistent with prevailing market conditions. In addition, the Energy Security Act of 1980, Public Law 96-294 (ESA), requires the President to "immediately undertake . . . crude oil acquisition, transportation, and injection activities" to fill the SPR at an average rate of at least 100,000 barrels per day (B/D) for each year beginning in FY 81. We look forward to achieving a substantially higher average rate over FY 81, if present market conditions continue.

We plan to use the federal share of Naval Petroleum Reserves (NPR) production at Elk Hills, about 100,000 B/D, as I indicated to producer and other consumer countries. As the ESA requires the President to authorize the use of NPR oil for the SPR, we have prepared and circulated a draft executive order providing for the necessary delegations under the ESA. I attach a suggested draft for your consideration.

Most of the NPR oil cannot be placed directly in the SPR because of inadequate facilities for transporting the oil from the NPR production areas to SPR storage sites. Therefore, NPR oil will have to be exchanged for more accessible oil. The entire process will take between 70 and 150 days.

The transfer of NPR oil to the SPR will result in a budget outlay of \$1.2 billion. The SPR currently has \$1.8 billion available in obligated funds and \$2.3 billion in appropriations that expires December 31, 1980. We will continue to seek congressional reappropriation of the \$2.3 billion as you requested for FY 81, to bring total funds available to \$4.1 billion for SPR oil acquisition.

The ESA requires the President to amend the entitlements program to allow acquisition of oil for the SPR at the price of lower tier crude

DECLASSIFIED
Per: Rac Project

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for Preservation Purposes

DECLASSIFY
or on: Jul 23, 1980
 REVIEW (date of event)

ESDN: NLC-126-22-9-1-8

BY: KS NARA DATE 1/2/14

~~CONFIDENTIAL~~

NATIONAL SECURITY
INFORMATION
Unauthorized disclosure is prohibited by
Administrative and Criminal Statutes.

Classified by: C. W. Duncan, Jr.
(Original Authority)

~~CONFIDENTIAL~~

- 2

oil. Upon DOE's receipt of a delegation of authority from you, DOE's Economic Regulatory Administration will issue a rule implementing this provision. As a result, the effective cost of SPR oil will be approximately \$7 a barrel. Attached for your consideration is a suggested delegation.

The Defense Fuel Supply Center and the SPR office are confident that there is sufficient administrative flexibility in the procurement process to avoid cargoes that might give rise to adverse reactions during the first few months of SPR fill when attention will be focussed on the program.

I have conducted consultations on the SPR with our Summit partners, as required by the Tokyo Communique, and with other European countries at the IEA Ministerial. They expressed a general understanding of the considerations underlying our actions. I have also discussed this issue with producers, who maintained their opposition to the SPR but stopped short of threatening to change pricing or production policies in retaliation to SPR fill. We plan to send a circular telegram for information to relevant posts and will brief interested members of Congress on or about the date on which the administrative papers are issued. We contemplate no press release, but will prepare guidance for response to inquiries.

Attachment

~~CONFIDENTIAL~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-22-9-27

BY K5 NARA DATE 1/3/14

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

~~CONFIDENTIAL~~

ACTION
FYI

- ADMIN CONFID
- ~~CONFIDENTIAL~~
- SECRET
- EYES ONLY

<input checked="" type="checkbox"/>	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIDENBERG
<input checked="" type="checkbox"/>	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
<input checked="" type="checkbox"/>	WATSON
	WEDDINGTON
	WEXLER
<input checked="" type="checkbox"/>	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

Office of the Secretary

July 23, 1980

Mr. Rick Hutcheson
Staff Secretary
White House

Attached is a memorandum from Secretary Duncan outlining the steps we plan to take to resume filling the Strategic Petroleum Reserve (SPR).

We have prepared and circulated a related draft Executive Order and Presidential Directive. OMB's General Counsel will provide these to you on Friday, July 25, and they should be included with the memorandum. Please circulate the entire package to Kitty Schirmer (OMB), Erica Ward (DPC), and Rudd Poates (NSC).

A handwritten signature in black ink, appearing to be 'AC' with a long horizontal stroke extending to the right.

Abram Chayes

Attachment



~~CONFIDENTIAL~~

THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

July 23, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: Charles W. Duncan, Jr.

SUBJECT: Resuming the Fill of the Strategic Petroleum Reserve

It is the stated policy of the Administration to fill the Strategic Petroleum Reserve (SPR) as rapidly as possible, consistent with prevailing market conditions. In addition, the Energy Security Act of 1980, Public Law 96-294 (ESA), requires the President to "immediately undertake . . . crude oil acquisition, transportation, and injection activities" to fill the SPR at an average rate of at least 100,000 barrels per day (B/D) for each year beginning in FY 81. We look forward to achieving a substantially higher average rate over FY 81, if present market conditions continue.

We plan to use the federal share of Naval Petroleum Reserves (NPR) production at Elk Hills, about 100,000 B/D, as I indicated to producer and other consumer countries. As the ESA requires the President to authorize the use of NPR oil for the SPR, we have prepared and circulated a draft executive order providing for the necessary delegations under the ESA. I attach a suggested draft for your consideration.

Most of the NPR oil cannot be placed directly in the SPR because of inadequate facilities for transporting the oil from the NPR production areas to SPR storage sites. Therefore, NPR oil will have to be exchanged for more accessible oil. The entire process will take between 70 and 150 days.

The transfer of NPR oil to the SPR will result in a budget outlay of \$1.2 billion. The SPR currently has \$1.8 billion available in obligated funds and \$2.3 billion in appropriations that expires December 31, 1980. We will continue to seek congressional reappropriation of the \$2.3 billion as you requested for FY 81, to bring total funds available to \$4.1 billion for SPR oil acquisition.

The ESA requires the President to amend the entitlements program to allow acquisition of oil for the SPR at the price of lower tier crude

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Per: Rac Project

ESDN: NLG-116-22-9-2-7

DECLASSIFY
or
 REVIEW
on: Jul 23, 1986
(date of event)

NATIONAL SECURITY
INFORMATION

Unauthorized Disclosure subject to
Administrative and Criminal Sanctions.

BY: 165 NARA DATE: 1/3/84

~~CONFIDENTIAL~~

Classified by C. W. Duncan, Jr.
(Original Authority)

~~CONFIDENTIAL~~

- 2

oil. Upon DOE's receipt of a delegation of authority from you, DOE's Economic Regulatory Administration will issue a rule implementing this provision. As a result, the effective cost of SPR oil will be approximately \$7 a barrel. Attached for your consideration is a suggested delegation.

The Defense Fuel Supply Center and the SPR office are confident that there is sufficient administrative flexibility in the procurement process to avoid cargoes that might give rise to adverse reactions during the first few months of SPR fill when attention will be focussed on the program.

I have conducted consultations on the SPR with our Summit partners, as required by the Tokyo Communique, and with other European countries at the IEA Ministerial. They expressed a general understanding of the considerations underlying our actions. I have also discussed this issue with producers, who maintained their opposition to the SPR but stopped short of threatening to change pricing or production policies in retaliation to SPR fill. We plan to send a circular telegram for information to relevant posts and will brief interested members of Congress on or about the date on which the administrative papers are issued. We contemplate no press release, but will prepare guidance for response to inquiries.

Attachment

~~CONFIDENTIAL~~

IMMEDIATE
PRECEDENCE

CONFIDENTIAL
CLASSIFICATION

FOR COMMCENTER USE ONLY

FROM: WHSR

TO: STU EIZENSTAT/CAMP DAVID

INFO:

DEX _____

DAC 34

GPS _____

LDX _____

PAGES 8

TTY _____

CITE _____

DTG: 26 1834Z Jul 80

RELEASED BY:
WHC

TOR: 26 1951Z JUL 80

SPECIAL INSTRUCTIONS:

RECEIVED
JUL 26 P 4: 08
MESSAGE
SITUATION ROOM

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 25, 1980

STU:

Attached is a copy of our response to the Duncan memo on filling the strategic petroleum reserve for your signature. It should be sent on to the President right away as Duncan needs to get word by Monday. The staff secretary's office is closed so we are dexting our copy of the Duncan memo to you, to be forwarded to the President. Also, for your information, is a draft of the NSC response to Duncan's memo. Erica thinks that it will not be substantially changed.

Bert

~~CONFIDENTIAL~~



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

FROM: JIM MCINTYRE ~~STU~~ EIZENSTAT

SUBJECT: Filling the Strategic Petroleum Reserve

Preparing the country for an oil supply disruption must be given high priority. We strongly support the approach Secretary Duncan has outlined for resumption of Strategic Petroleum Reserve (SPR) fill. While there are some risks in this action, we believe they are manageable.

Most of the oil which actually goes into the SPR will come from the international market. While crude oil from the Naval Petroleum Reserve (NPR) at Elk Hills, California may be put directly into the SPR, most of the NPR crude will be traded for oil from other countries or other parts of the U.S. which will then be delivered for storage in the SPR. Transportation difficulties require this exchange arrangement.

It is possible that through this NPR exchange program some of the crude oil going into the reserve might come from Saudi Arabia. This could be awkward in view of the Saudi position on the issue of resuming SPR fill. Best available information is that the Saudis can go along with our resumption of SPR fill, but we will want to avoid any conspicuous use of their crude for the SPR, particularly during the initial months of fill.

The Department of Energy has examined various approaches to this issue, including a formal rule prohibiting procurement of Saudi crude. DOE believes, and we concur, that the best approach is reliance on a combination of the administrative discretion of the Defense Fuel Supply Center (the purchasing agency for crude) and the natural self interest of the oil companies which participate in the exchanges. These companies will be reluctant to engage in activities which would jeopardize their own relationship with the Saudis or other producing countries which may be sensitive about SPR use of their oil.

~~CONFIDENTIAL~~

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Per, Rac Project

ESDN: NLC-126-23-9-3-c

BY 163 NARA DATE 1/2/14

~~CONFIDENTIAL~~

You should recognize, however, that the possibility exists under this approach that a cargo of Saudi crude (for example, one provided by a small trading company without a permanent stake in the world oil market) could be used to fill the SPR. As we see it, this is a risk which has to be taken to proceed with the development of the SPR program. We will work with DOE and DFSC to ensure continuing attention to and caution on this point.

Budgetary Aspects

The use of NPR oil (which has generated budget receipts through sales to refiners) for SPR will not result in a loss of FY 1981 revenues. The NPR account will be reimbursed by the SPR account. OMB fully supports the principle that the SPR program reimburse NPR account for the oil taken for SPR. This approach provides for a complete accounting of the value of the government-owned oil reserves as well as a measurement of the true cost of developing the Strategic Petroleum Reserve. Implementation of this approach, though, requires the cooperation of the Congress in providing sufficient appropriations to the SPR to allow for reimbursement. We are working with the Congress to secure the full appropriation of \$2.3B in budget authority requested in your 1981 budget.

As Secretary Duncan notes, resumption of SPR fill will not significantly increase FY 1981 outlays due to provisions of the Energy Security Act. That Act requires DOE to modify its current crude oil entitlements program to give the government entitlement benefits when it buys oil for the SPR. This provision will lower the government's cost of oil to roughly \$8/barrel. With entitlements, we estimate that the SPR fill resumption will add about \$100 million to FY 81 outlays (as projected in the mid-session review).

Recommendation

We recommend that you approve Secretary Duncan's memo with a note to him to proceed with due caution, and urge him to take aggressive action to secure the full \$2.3 billion appropriation in FY 1981. This signal from you on the budget will be important to our efforts to secure adequate appropriations.

~~CONFIDENTIAL~~

XC: Bert
DR

Erica W.

ID 393323

THE WHITE HOUSE
WASHINGTON

DATE: 24 JUL 80

FOR ACTION: STJ EIZENSPAT

ZBIG BRZEZINSKI

JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

SUBJECT: ~~CONFIDENTIAL~~ DUNCAN MEMO RE RESUMING THE FILL OF THE
STRATEGIC PETROLEUM RESERVE

+ RESPONSE DUE TO RICK HUTCHESON STATE SECRETARY (456-7052) +
+ BY: 1200 P4 SATURDAY 25 JUL 80 +

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

~~CONFIDENTIAL~~

DECLASSIFIED
Per, Rac Project
ESDN: NLC-126-22-9-3-6
BY 125 NARA DATE 1/2/14



THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

July 23, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: Charles W. Duncan, Jr. *C. W. Duncan, Jr.*

SUBJECT: Resuming the Fill of the Strategic Petroleum Reserve

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DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-22-9-3-6

BY *KJ* NARA DATE 1/2/14

DECLASSIFY
or on: Jul 23, 19
 REVIEW (date of event)

NATIONAL SECURITY
INFORMATION
Unauthorized Disclosure subject to
Administrative and Criminal Sanctions.

~~CONFIDENTIAL~~

Classified by C. W. Duncan, Jr.
(Original Authority)

~~CONFIDENTIAL~~

- 2

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Attachment

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

ACTION

July 25, 1980

Draft
NSC memo

MEMORANDUM FOR: THE PRESIDENT
 FROM: HO ^W (~~with Stu? Jim?~~)
 SUBJECT: Resumption of SPR-Filling

I endorse Charles Duncan's plan for resumption of Strategic Petroleum Reserve-filling and recommend that in approving it you underline his point about the need for a cautious start so as to avoid provoking Saudi accusations of bad faith or a cut-back ^{IN} Arab oil production. This means, I believe, that we should:

-- try to make the initial and widely publicized purchase a literal transfer of Naval Petroleum Reserve (NPR) oil to the SPR, so as to bear out the general concept Duncan presented to Yamani;

-- limit the early (October-November) contracting to about 100,000 b/d of either direct acquisition of NPR oil or swaps of NPR oil for non-Arab oil, so as to give Duncan time to assure that a bolder program will not trigger ^Q Saudi cutback;

-- avoid public statements detailing our procurement plan, which would invite press stories that we are going to hit the general market for imported crude, possibly including Saudi or other Arab oil;

DECLASSIFIED

Per, Rac Project

ESDN: NLC-136-22-9-3-6

BY /CS NARA DATE 1/2/14

~~-- keep as private as possible our lobbying on the Hill for the full SPR-fill budget authority, which can only be justified by the need to buy more than the mandatory 100,000 b/d.~~

After a cautious initial period of establishing SPR-filling as an established fact, we can move more boldly to increase the fill rate, subject to budget limits and avoidance of a significant impact on world oil prices. We will maintain a continuing economic impact review among the interested agencies and Executive Office advisers.

Poats agreed to delete

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

RICK:

Here's Stu's and Jim's response to the Duncan SPRO memo. We dexed it up to Stu (along with our copy of Duncan memo) for signature and to be sent on to the President. Since a decision on this has to be made right away, this seemed to be the best thing to do.

Nancy

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 25, 1980

STU:

Attached is a copy of our response to the Duncan memo on filling the strategic petroleum reserve for your signature. It should be sent on to the President right away as Duncan needs to get word by Monday. The staff secretary's office is closed so we are dexing our copy of the Duncan memo to you, to be forwarded to the President. Also, for your information, is a draft of the NSC response to Duncan's memo. Erica thinks that it will not be substantially changed.

Bert

~~CONFIDENTIAL~~



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

FROM: JIM MCINTYRE ~~STU EIZENSTAT~~ *[Handwritten signature]*

SUBJECT: Filling the Strategic Petroleum Reserve

Preparing the country for an oil supply disruption must be given high priority. We strongly support the approach Secretary Duncan has outlined for resumption of Strategic Petroleum Reserve (SPR) fill. While there are some risks in this action, we believe they are manageable.

Most of the oil which actually goes into the SPR will come from the international market. While crude oil from the Naval Petroleum Reserve (NPR) at Elk Hills, California may be put directly into the SPR, most of the NPR crude will be traded for oil from other countries or other parts of the U.S. which will then be delivered for storage in the SPR. Transportation difficulties require this exchange arrangement.

It is possible that through this NPR exchange program some of the crude oil going into the reserve might come from Saudi Arabia. This could be awkward in view of the Saudi position on the issue of resuming SPR fill. Best available information is that the Saudis can go along with our resumption of SPR fill, but we will want to avoid any conspicuous use of their crude for the SPR, particularly during the initial months of fill.

The Department of Energy has examined various approaches to this issue, including a formal rule prohibiting procurement of Saudi crude. DOE believes, and we concur, that the best approach is reliance on a combination of the administrative discretion of the Defense Fuel Supply Center (the purchasing agency for crude) and the natural self interest of the oil companies which participate in the exchanges. These companies will be reluctant to engage in activities which would jeopardize their own relationship with the Saudis or other producing countries which may be sensitive about SPR use of their oil.

~~CONFIDENTIAL~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-22-9-3-6

BY *KS* NARA DATE: 1/2/14

~~CONFIDENTIAL~~

You should recognize, however, that the possibility exists under this approach that a cargo of Saudi crude (for example, one provided by a small trading company without a permanent stake in the world oil market) could be used to fill the SPR. As we see it, this is a risk which has to be taken to proceed with the development of the SPR program. We will work with DOE and DFSC to ensure continuing attention to and caution on this point.

Budgetary Aspects

The use of NPR oil (which has generated budget receipts through sales to refiners) for SPR will not result in a loss of FY 1981 revenues. The NPR account will be reimbursed by the SPR account. OMB fully supports the principle that the SPR program reimburse NPR account for the oil taken for SPR. This approach provides for a complete accounting of the value of the government-owned oil reserves as well as a measurement of the true cost of developing the Strategic Petroleum Reserve. Implementation of this approach, though, requires the cooperation of the Congress in providing sufficient appropriations to the SPR to allow for reimbursement. We are working with the Congress to secure the full appropriation of \$2.3B in budget authority requested in your 1981 budget.

As Secretary Duncan notes, resumption of SPR fill will not significantly increase FY 1981 outlays due to provisions of the Energy Security Act. That Act requires DOE to modify its current crude oil entitlements program to give the government entitlement benefits when it buys oil for the SPR. This provision will lower the government's cost of oil to roughly \$8/barrel. With entitlements, we estimate that the SPR fill resumption will add about \$100 million to FY 81 outlays (as projected in the mid-session review).

Recommendation

We recommend that you approve Secretary Duncan's memo with a note to him to proceed with due caution, and urge him to take aggressive action to secure the full \$2.3 billion appropriation in FY 1981. This signal from you on the budget will be important to our efforts to secure adequate appropriations.

~~CONFIDENTIAL~~

ID 393323

THE WHITE HOUSE
WASHINGTON

XC: Bert
DR

Erica W.

DATE: 24 JUL 80

FOR ACTION: STJ EIZENSTAT

ZBIG BRZEZINSKI

JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

SUBJECT: ~~CONFIDENTIAL~~ DUNCAN MEMO RE RESUMING THE FILL OF THE
STRATEGIC PETROLEUM RESERVE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STATE SECRETARY (456-7052) +
+ BY: 1200 P4 SATURDAY 25 JUL 80 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

~~CONFIDENTIAL~~

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-22-9-3-6
BY: K25 NARA DATE 1/2/19



THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

July 23, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: Charles W. Duncan, Jr. *C. W. Duncan, Jr.*

SUBJECT: Resuming the Fill of the Strategic Petroleum Reserve

It is the stated policy of the Administration to fill the Strategic Petroleum Reserve (SPR) as rapidly as possible, consistent with prevailing market conditions. In addition, the Energy Security Act of 1980, Public Law 96-294 (ESA), requires the President to "immediately undertake . . . crude oil acquisition, transportation, and injection activities" to fill the SPR at an average rate of at least 100,000 barrels per day (B/D) for each year beginning in FY 81. We look forward to achieving a substantially higher average rate over FY 81, if present market conditions continue.

We plan to use the federal share of Naval Petroleum Reserves (NPR) production at Elk Hills, about 100,000 B/D, as I indicated to producer and other consumer countries. As the ESA requires the President to authorize the use of NPR oil for the SPR, we have prepared and circulated a draft executive order providing for the necessary delegations under the ESA. I attach a suggested draft for your consideration.

Most of the NPR oil cannot be placed directly in the SPR because of inadequate facilities for transporting the oil from the NPR production areas to SPR storage sites. Therefore, NPR oil will have to be exchanged for more accessible oil. The entire process will take between 70 and 150 days.

The transfer of NPR oil to the SPR will result in a budget outlay of \$1.2 billion. The SPR currently has \$1.8 billion available in obligated funds and \$2.3 billion in appropriations that expires December 31, 1980. We will continue to seek congressional reappropriation of the \$2.3 billion as you requested for FY 81, to bring total funds available to \$4.1 billion for SPR oil acquisition.

The ESA requires the President to amend the entitlements program to allow acquisition of oil for the SPR at the price of lower tier crude

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-22-9-3-6

DECLASSIFY
or on: Jul 23, 1980
(date of event)

REVIEW

NATIONAL SECURITY INFORMATION BY KS NARA DATE 1/3/14
Unauthorized Disclosure subject to
Administrative and Criminal Sanctions.

~~CONFIDENTIAL~~

Classified by C. W. Duncan, Jr.
(Original Authority)

~~CONFIDENTIAL~~

- 2

oil. Upon DOE's receipt of a delegation of authority from you, DOE's Economic Regulatory Administration will issue a rule implementing this provision. As a result, the effective cost of SPR oil will be approximately \$7 a barrel. Attached for your consideration is a suggested delegation.

The Defense Fuel Supply Center and the SPR office are confident that there is sufficient administrative flexibility in the procurement process to avoid cargoes that might give rise to adverse reactions during the first few months of SPR fill when attention will be focussed on the program.

I have conducted consultations on the SPR with our Summit partners, as required by the Tokyo Communique, and with other European countries at the IEA Ministerial. They expressed a general understanding of the considerations underlying our actions. I have also discussed this issue with producers, who maintained their opposition to the SPR but stopped short of threatening to change pricing or production policies in retaliation to SPR fill. We plan to send a circular telegram for information to relevant posts and will brief interested members of Congress on or about the date on which the administrative papers are issued. We contemplate no press release, but will prepare guidance for response to inquiries.

Attachment

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

ACTION

July 25, 1980

Draft
NSC memo

MEMORANDUM FOR: THE PRESIDENT
 FROM: HO ^{Jim} (~~with Stu? Jim?~~)
 SUBJECT: Resumption of SPR-Filling

I endorse Charles Duncan's plan for resumption of Strategic Petroleum Reserve-filling and recommend that in approving it you underline his point about the need for a cautious start so as to avoid provoking Saudi accusations of bad faith or a cut-back ^{IN} Arab oil production. This means, I believe, that we should:

-- try to make the initial and widely publicized purchase a literal transfer of Naval Petroleum Reserve (NPR) oil to the SPR, so as to bear out the general concept Duncan presented to Yamani;

-- limit the early (October-November) contracting to about 100,000 b/d of either direct acquisition of NPR oil or swaps of NPR oil for non-Arab oil, so as to give Duncan time to assure that a bolder program will not trigger ^a Saudi cutback;

-- avoid public statements detailing our procurement plan, which would invite press stories that we are going to hit the general market for imported crude, possibly including Saudi or other Arab oil;

DECLASSIFIED
 Per: Rac Project
 ESDN: NLC-126-22-9-3-6
 BY KS NARA DATE 1/2/14

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Poats agreed to delete

ID 803823

THE WHITE HOUSE

WASHINGTON

DATE: 24 JUL 80

FOR ACTION: STU EIZENSTAT

ZBIG BRZEZINSKI

JIM MCINTYRE

concur

Lloyd Cutler

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

SUBJECT: ~~CONFIDENTIAL~~ DUNCAN MEMO RE RESUMING THE FILL OF THE STRATEGIC PETROLEUM RESERVE

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM SATURDAY 25 JUL 80 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

~~CONFIDENTIAL~~

DECLASSIFIED
 Per, Rac Project
 ESDN: NLC-126-22-9-3-6
 BY *K3* NARA DATE *1/2/19*

~~CONFIDENTIAL~~



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: JIM MCINTYRE *JM* STU EIZENSTAT *SE*

SUBJECT: Filling the Strategic Petroleum Reserve

Preparing the country for an oil supply disruption must be given high priority. We strongly support the approach Secretary Duncan has outlined for resumption of Strategic Petroleum Reserve (SPR) fill. While there are some risks in this action, we believe they are manageable.

Most of the oil which actually goes into the SPR will come from the international market. While crude oil from the Naval Petroleum Reserve (NPR) at Elk Hills, California may be put directly into the SPR, most of the NPR crude will be traded for oil from other countries or other parts of the U.S. which will then be delivered for storage in the SPR. Transportation difficulties require this exchange arrangement.

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The Department of Energy has examined various approaches to this issue, including a formal rule prohibiting procurement of Saudi crude. DOE believes, and we concur, that the best approach is reliance on a combination of the administrative discretion of the Defense Fuel Supply Center (the purchasing agency for crude) and the natural self interest of the oil companies which participate in the exchanges. These companies will be reluctant to engage in activities which would jeopardize their own relationship with the Saudis or other producing countries which may be sensitive about SPR use of their oil.

~~CONFIDENTIAL~~

Electrostatic Copy Made
for Preservation Purposes

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-22-9-1-7
BY: KS NARA DATE 1/2/14

~~CONFIDENTIAL~~

You should recognize, however, that the possibility exists under this approach that a cargo of Saudi crude (for example, one provided by a small trading company without a permanent stake in the world oil market) could be used to fill the SPR. As we see it, this is a risk which has to be taken to proceed with the development of the SPR program. We will work with DOE and DFSC to ensure continuing attention to and caution on this point. ok

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Recommendation

We recommend that you approve Secretary Duncan's memo with a note to him to proceed with due caution, and urge him to take aggressive action to secure the full \$2.3 billion appropriation in FY 1981. This signal from you on the budget will be important to our efforts to secure adequate appropriations.

Electrostatic Copy Made
for Preservation Purposes

Mr. President:

The delegation of authority referred to in Secretary Duncan's ~~CONFIDENTIAL~~ memorandum was not sent here, but will be available at the White House Monday.

John Sizer

CONFIDENTIAL

ACTION

July 25, 1980

Draft
NSC memo

MEMORANDUM FOR: THE PRESIDENT
FROM: HO ^{with} ~~(with Stu? Jim?)~~
SUBJECT: Resumption of SPR-Filling

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DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-22-9-1-7

BY KS NARA DATE 1/2/84

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Poats agreed to delete

THE WHITE HOUSE
WASHINGTON
28 Jul 80

Frank Moore
STu Eizenstat

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

Rick Hutcheson

The Vice President
Jack Watson
Al McDonald
Gene Eidenberg

ADMINISTRATIVELY
CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

July 25, 1980

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE ^{F.M.}
STU EIZENSTAT

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

**Electrostatic Copy Made
for Preservation Purposes**

Gas Rationing Plan

The 30-day period for Congressional disapproval of the standby gas rationing plan expires next Wednesday, July 30. The Senate Leadership hopes to avoid any consideration of the plan on the Senate floor.

The House Commerce Committee has postponed until Tuesday its consideration of the resolution of disapproval. Dingell thinks we have the votes to defeat the resolution in Committee. Even if Dingell is successful, Congressman Brown will offer a Discharge Motion on the House floor on Wednesday in order to facilitate consideration of his disapproval resolution. Although current indications are that the vote will be close, we are working with DOE to ensure a victory. Even if the House were to disapprove the plan, that disapproval would have no effect without Senate concurrence.

Utility Oil Backout

It is uncertain at this time when Chairman Dingell will introduce the utility oil backout bill which he has redrafted to try to buy votes from the liberals on his subcommittee. His bill calls for more stringent environmental and conservation provisions and ties conversion grants to a constant emission cap which would bring emissions below standards of present law.

The utility and coal industries and the United Mine Workers are up in arms over Dingell's bill and prefer the approach of the Administration's bill, but there aren't enough votes to pass it.

Dingell may take the bill to markup on Tuesday, but opposing interests may attempt to delay markup while they try to work out a compromise.

EMB

There has been no formal Congressional activity on the Energy Mobilization Board since the June 27 House vote to recommit the conference report to conference. If action is taken, we expect it to be after our convention. The Speaker has been meeting with key House Members in an effort to gain their support for moving the legislation, as have a large number of private interests. There is some indication of movement among Republican leaders. Dingell and Brown are continuing to work hard.

2. Alaska National Interest Lands

Since Wednesday morning when the bill was taken off the Senate floor, a series of closed door meetings have been held in an effort to develop a compromise position that all parties (except Senator Gravel) can accept. The Senators who have been most involved in the negotiations have been Senators Tsongas, Cranston, Hart, Stevens, Jackson and Hatfield.

Environmentalists and members of the Alaska Coalition were very pleased with the Administration's efforts in the Senate - especially the outcome of the three roll call votes that were taken on the Wildlife Refuge Amendment on Tuesday. The key vote there was the defeat of the Jackson "substitute" by a vote of 33 to 62.

From the reports we have received, it appears that there is a reasonable chance that an acceptable compromise will emerge from the Senate negotiations. However, Senator Stevens is coming under substantial pressure from "no-bill" advocates within Alaska and will have to be given something tangible if a compromise is to be achieved.

We expect the negotiations will continue over the weekend. Even if a compromise is achieved, it is unlikely that the bill will be brought up again until the middle of next week.

3. Fair Housing

On July 23 the Senate Judiciary Committee took up the Fair Housing bill and held it over for one week with the agreement that amendments and a vote on reporting the bill will be completed on July 30. The Committee agreed further that if a quorum is not present on July 30 or if work on the amendments or final passage is not finished on that date the Committee will complete its action by polling.

4. Youth Bill

House action is now scheduled for late next week, but the press of numerous appropriations bills may delay action past the convention. If that happens, our chances of enactment this year are significantly lessened since the Senate won't be under any pressure to report out a bill. We are working with the leadership to try to get the Youth Act up earlier. The House Republican Policy Committee yesterday announced its unanimous support for the bill.

5. Higher Education Reauthorization Bill

The conferees met four days this week and resolved roughly 80% of the 270 items of disagreement between the House and Senate bills. The conference did not conclude because the conferees deadlocked on proposed changes to the student loan programs.

The decisions reached thus far regarding Basic Grants and other student financial aid programs make the bill potentially quite costly; however, the cost of most of these liberalizations can ultimately be controlled through the appropriations process.

After much debate, the conferees reached a compromise on the Title III Developing Colleges Program that should maintain this program as an important source of aid for Black and other minority colleges. The conferees also agreed to include in their bill an amendment to the Impact Aid Program which would provide funds to school districts serving Cuban, Haitian, and Indo-Chinese refugees.

Congressman Bill Ford and Carl Perkins have been particularly helpful during the conference.

6. Social Security

On Monday the House passed by voice vote H.R. 7670 which will temporarily shift a portion of social security tax revenue now allocated to the more solvent disability trust fund to the financially ailing retirement trust fund. The retirement trust fund would otherwise run out of money by late 1981 due largely to the effects of inflation and unemployment. H.R. 7670 will delay this problem until sometime in 1982. We feel that rate reallocation is a good interim step because it will allow more time next year for the Administration and Congress to work out a long-term financing bill. The bill passed by the House on Monday makes no change in social security taxes for any year. Last month, the Senate passed a similar proposal as part of its reconciliation bill. At this point it is uncertain which of these bills will reach your desk first.

On the same day, the House voted 384-1 to adopt a concurrent resolution, urged by the Democratic Caucus and sponsored by Congressman Ullman, opposing taxation of social security benefits. This issue has heightened since the 1979 Social Security Advisory Council report recommended that half of social security benefits (now exempt from Federal taxation) be included for Federal income tax purposes. The Senate Finance Committee had reported a similar resolution in May.

7. Mental Health Systems Act

Yesterday the Senate passed the Mental Health Systems Act by a vote of 93-3. Previously, they adopted a compromise on Title III which urges the States to adopt mental patients' bills of rights and which provides funds for patient advocacy programs.

The House Committee on Rules has reported a rule for the consideration of the companion House bill, which is expected to be considered in the House in the near future.

8. Domestic Violence

It is now possible that the Domestic Violence bill will be scheduled next week. We should know more on Monday.

9. Supplemental Summer Jobs Aid

Virtually all of the projects funded by EDA and Labor to provide extra summer jobs in selected cities are underway. We are working with the Press Office to get a couple of favorable stories written about the rapid implementation of this effort.

10. General Revenue Sharing

Just before the recess, the House Government Operations Committee voted 21-15 to include funding for the State share in FY 1982 and FY 1983. We are working with Congressmen Brooks, Fountain, and Horton to try to reverse this vote. Secretary Miller had breakfast this morning with key Members to seek their support for an effort to eliminate the States entirely. We expect the vote to take place next Tuesday.

11. EDA

Senator Hollings, Chairman of the Senate Appropriations Subcommittee, plans to move early next week to provide FY 1981 appropriations for EDA, even though the authorizing bill still is stalled in Conference. He plans to include the level of funding recommended in your FY 1981 budget.

While we have not aggressively supported this effort, we also have not opposed it. We are hopeful that this movement on the appropriations bill may increase the pressure on the House-Senate Conferees to break their deadlock.

12 Auto Policy

We are working with the agencies to follow up on your auto policy announcement. We are doing the following:

1. Arranging a visit by you to a plant that manufactures fuel-efficient American cars.
2. Working with business and labor to form the auto industry committee. We hope to have this ready for announcement when you visit the auto plant.
3. Following up with the regulatory agencies to seek additional regulatory changes.
4. Working with SBA to implement the dealers aid program which so far has been very well received.
5. Coordinating Administration filings with the International Trade Commission.

On Wednesday Secretary Goldschmidt briefed House and Senate Members on your auto policy announcement. In both briefings Members criticized the Administration for not taking stronger steps to restrain imports. There was some discussion in both meetings about a tax rebate for consumers who trade in their autos and purchase American fuel-efficient cars. Reps. Brademas and Blanchard expressed concern that the SBA loan guarantee program was not helping dealers and that the criteria for eligibility should be changed. Members were also concerned that the \$50 million in EDA funds was insufficient to meet the demand.

The House has invited Goldschmidt to participate in a panel discussion next week which is being organized by the Speaker's office to discuss auto industry problems and solutions. The Secretary will act as moderator.

13. Railroad Deregulation

In light of the very strong feelings expressed to the Administration on the rate flexibility issue from Texas, Louisiana, and other states, we attempted to facilitate a compromise between Jim Florio, the bill's floor manager, and Bob Eckhardt. Florio and Eckhardt could not agree on terms. Eckhardt, backed by the utilities, agricultural shippers, and the coal industry, took his amendment to re-regulate commodity rates to the floor. Despite opposition to the Eckhardt amendment from us, Florio, the railroads, and labor, the amendment narrowly passed, 204-197. After the vote, Florio pulled the bill off the floor. We believe that with slight modifications we can reverse the vote. DPS, WHCL and DOT are developing a "compromise" and will endeavor to find a suitable Member to offer it.

14. Drought/Heat Relief

Today CSA submitted letters to Chairmen Magnuson and Natcher of the Appropriations subcommittees requesting permission to reprogram an additional \$21 million for relief to heat wave victims. The agency also asked for authority to use the funds in limited instances to help pay utility bills in cases of extreme poverty. Senator Eagleton and other Members from the areas affected have responded well to the announcement. Senate approval is certain. House approval is less certain but probable.

15. The Campaign

Two congressional meetings occurred Friday where alternatives to both your candidacy and Senator Kennedy's were discussed. At the meeting Friday morning a letter was drafted which called upon you and the Senator to free your delegates and have an open convention. Though most of the participants were Kennedy supporters, and this is obviously a Kennedy ploy, it did attract some uncommitted Members of the House and some committed to you. Friday afternoon the drafters of the letter met with a larger group to discuss the possibilities of an open convention. Those Congressmen attending the meeting were Carr, Swift, Bob Duncan, Mikulski, Chisholm, Moffett, Dicks, Ambro, Markey, Wolpe, Don Edwards, Barnes, LaFalce, Walgren, Weaver, Waxman, Downey, Schroeder, Maguire, Dellums, Ottinger, John Burton, Lundine, Lloyd, Kogovsek, Wirth, Glickman, and Conyers. Congressman Carr informed the WH of the meeting and reported that other Members who were concerned about the President's chances of winning included Cavanaugh, Gore, Gephardt and Mica.

The Libyan-Billy Carter affair on top of a Lou Harris poll that showed Republicans having a real chance to win the Congress provided what could be a stampede effect that could damage your chances. Most Members contacted voiced concern of no hope for a Carter-Mondale victory, and this makes it even more clear that meetings outlining our campaign and showing how we can win should be held with Members of Congress who support us.

II. ECONOMIC ISSUES

1. Tax Legislation

A full report from Treasury on Hill sentiment regarding a tax cut is attached.

2. Appropriations

Status of 1981 Bills

Passed House:

Energy and Water
 Military Construction
 Legislative
 State-Justice

Reported by House full committee:

Agriculture
 Interior
 Treasury-Postal
 Transportation
 Foreign Assistance
 HUD-Independent Agencies

No action yet:

Defense (subcommittee mark-up began last week)
 Labor-HHS-Education
 D.C.

The Senate has not yet taken any action on 1981 bills, and is not likely to move ahead until after the Democratic Convention. One reason is that the subcommittee chairmen do not like to have their incomplete bills dangling in public view during a long recess hiatus.

House Floor Schedule (tentative)

Monday: HUD-Independent Agencies

Tuesday: Agriculture

Thursday: Interior

Friday: Transportation

Defense

House Appropriations subcommittee mark-up began this week and will continue into next week. Chairman Addabbo and Ranking Minority Member Edwards have negotiated a package that is only \$1.7 billion over our request. They hope to get through mark-up with no more than \$2.0 billion added to our request. OMB and the Budget Task Force have been in contact with all subcommittee members and have encouraged their support of this package.

Based on the first two mark-up sessions, we predict that the Chairman should be able to keep the committee within his intended range. Although the package does add more than we want for tactical aircraft, none of the more objectionable programs such as B-1, activation of mothballed ships, Minuteman expansion, or ELF are included. The \$1.7 billion includes \$700 million for Nunn/Warner compensation items and a net increase in the operating accounts to support increased readiness.

Legislative

This bill passed the House Tuesday. It was amended to limit SES bonuses to 25% of those eligible, which is the same compromise enacted for 1980 in the recent supplemental.

State-Justice

This bill passed the House yesterday by a vote of 252-158. The bill is under our budget in policy terms.

The following amendments were among those that were agreed to:

- 1) Prohibition of use of funds in the bill which were not in compliance with the 1980 Refugee Act. (The intent is to mandate 100% Federal share for certain expenses dealing with refugees. This provision may not have much actual effect.)
- 2) Prohibition of any agency funded in the bill from spending more than 20% of its appropriation during the last two months of the fiscal year. (We had opposed this amendment by Herb Harris and instead preferred a more flexible approach we negotiated with Jack Brooks.)
- 3) Prohibition of use of funds by Justice to require busing to a school other than the nearest school to a pupil's home (except for handicapped children).
- 4) Prohibition of agency implementation of, or enforcement of, any regulations that have been disapproved by the Congress. This was added due to Congressional concern about the Executive Branch position on legislative vetoes.

Transportation

On Thursday, the House completed full committee mark-up of this bill, making several technical changes. On the whole, the bill is considered generally acceptable. A seriously objectionable "Buy America" amendment, which was approved in subcommittee at the urging of Congressman Benjamin, was softened in full committee with the help of subcommittee Chairman Robert Duncan.

Allocation of First Budget
Resolution to Subcommittees

The Appropriations Committees are required to allocate their share of the First Budget Resolution to their subcommittees under the 1974 Budget Act. These allocations, rather than the functions in the first resolution, become the basis for determining whether a particular appropriation bill is consistent with the budget resolution.

In a full committee meeting today, Chairman Magnuson and Senator Hollings had a heated disagreement over the amount which would be allocated to the Defense Subcommittee. Hollings supports a much higher number than either Senator Magnuson or Stennis was prepared to recommend. The committee will meet on the allocation again Monday afternoon.

3. Defense Authorization

Conference on the authorization bill began this week. It may finish before the convention break, but there is little chance of a final bill until late August. The final outcome will likely show an increase of about \$5.0 billion over our authorization request. We do not anticipate that either the B-1 Strategic Weapons Launcher, the Minuteman III expansion, or the Kazen contracting-out provisions will survive the conference. Other than these few items, most of the add-ons recommended by the Armed Services Committees will remain in the final bill.

4. Reconciliation

The House Rules Committee will consider this bill on Monday with possible floor action on Tuesday or Wednesday. Budget Committee staff expect the Rules Committee to grant a modified closed rule, which will allow only a few amendments. One likely amendment will be a motion to strike the Superfund language from the bill because of disagreements between two authorizing committees. Other amendments which could be included under the rule are:

- 1) A motion to strike the repeal of the Vanik bill (including trade adjustment assistance) from the reconciliation bill; and
- 2) A motion to strike the program enhancement provisions (as opposed to the savings provision) for medicare/medicaid.

The official Administration position on the reconciliation bill is as follows:

"The Administration strongly supports House passage of the reconciliation bill, although it will be making recommendations on certain provisions in conference."

5. Second Budget Resolution

Hearings on the Mid-Session Review took place this week before both Budget Committees, the JEC, and the tax committees. The Budget Committee hearings with Jim McIntyre went exceedingly well, given the negative economic and budgetary news we were presenting to the Hill.

Senate Budget Committee mark-up on the Second Budget Resolution was postponed until August 18, after the convention. House mark-up is tentatively planned for the week of August 25.

III. FOREIGN POLICY ISSUES

1. FY 81 Foreign Assistance Bills

The full House Appropriations Committee reported out the FY 81 Foreign Assistance Bill Thursday after a quick mark-up. The only controversy came on Bill Young's amendment to require continued appropriation of callable capital for the multi-lateral development banks. The amendment was defeated, and the Administration's position sustained, by a vote of 11 to 27.

In other action, the Committee adopted a Doc Long/Bill Lehman amendment adding \$65 million for special assistance to Cuban and Haitian refugees, agreed to a McHugh/Charlie Wilson (D.-Tx.) amendment which restored \$500 million in direct loan authority for EXIM Bank which was cut in subcommittee, and added \$8.1 million to our military assistance program (\$1.1 million in emergency assistance for Thailand and a \$7.0 million restoration of the \$10 million subcommittee cut in MAP funding).

Bill Young noted that he would offer several amendments on the House floor but was not more specific. We will undoubtedly face the callable capital issue on the floor in addition to country-specific (perhaps aid to Nicaragua) and across-the-board cuts.

Doc Long wants us to press the leadership for prompt floor action, but we see little likelihood that the House will act until after the convention recess.

Meanwhile, it appears unlikely that the FY 81 foreign aid authorization bill will move to conference before late August at the earliest. Continued Senate-House impasse over Hughes-Ryan and Senator Church's absence from Washington next week are the current obstacles.

2. Tarapur

Current plans are for a considerable amount of action on the Tarapur issue next week in both the HFAC and the SFRC. There are, however, indications that both committees could put the issue off until after the Democratic Convention.

The House has tentatively scheduled a mark-up for Tuesday, but some members of the Committee are attempting to draw the Administration into negotiations on a compromise proposal. If Lee Hamilton, our biggest hope for support on the Committee, is able to interest Zablocki and Bingham in these negotiations, the Committee may decide to delay the mark-up.

The proposal Lee Hamilton is considering could be attractive. Originally offered to the Committee by former Deputy Under Secretary Joe Nye, the suggestion would have the Congress approving the two licenses (or, not disapproving them) while we would agree in writing not to export the second shipment of fuel until there is a need in India. When that need exists--we estimate this to occur in about one year--we would inform the Congress of that fact and state that no persuasive evidence exists that India is proceeding toward peaceful nuclear explosions or the weaponization of their existing device.

On the Senate side, Church hopes to schedule a mark-up on Wednesday, July 30, but John Glenn has yet to decide whether to go along. As the principal sponsor of the disapproval resolution, the Committee will defer to Glenn if he chooses to wait until after the recess. Glenn will undoubtedly be influenced by the knowledge that we have nine Committee votes against a disapproval resolution, but we are also hoping his desire to avoid embarrassing you will make him reasonable.

Our hope is that a compromise proposal with which we can live will emerge from discussions on the House side. If the public debate on this issue commences with the opposition taking the initiative on a compromise, we will have difficulty gaining support on the Senate floor. While Glenn seems to be the key, we still hope to move the issue to the full Senate before the August 6 adjournment date. Meanwhile, we will hope to tie up the House in negotiations.

3. Jordan Tanks

The House Foreign Affairs Committee, Middle East Subcommittee, has scheduled a hearing for Tuesday to review the proposed sale of 100 M60A3 tanks to Jordan. The hearing is at the request of Steve Solarz and Ben Rosenthal. We expect

questions to focus on the King's attitude toward the peace negotiations, the Jordanian military connections with Iraq and Syria, and the status of the request for another 100 tanks. We should be able to satisfy most legitimate concerns, and we expect no vote on a resolution of disapproval. Nevertheless, a strong effort will be made to warn us away from the second 100 tanks and some negative publicity will be generated. Solarz has also asked that we stop the 30-day clock on the first 100 tanks and start it again when Congress reconvenes on August 18.

4. Ambassadorial Nominations

*9/11 help
if needed*

Due to heavy scheduling, the Senate Foreign Relations Committee is falling behind in considering Ambassadorial nominations. There are 13 nominations outstanding and even a greater number yet to be formally forwarded to the Committee, including a number of critical vacancies. The concentration of nine prospective Ambassadorial changes in Latin America has piqued interest on the part of the press and Senator Helms. There are indications Helms and his Republican colleagues may move to put a hold on some or all new envoys to Latin America as an expression of disapproval over our policies. Timing is a key factor since the two scheduled recesses before the targeted October 3 adjournment date leave the Committee little time to spare if we are to avoid a growing number of unfilled missions carrying over until the Congress reconvenes in January.

5. Reprogramming Hearings on Oman, Kenya and Liberia

The Long Subcommittee will hear State and DOD witnesses next week on Administration plans to reprogram Foreign Military Sales (FMS) and Economic Support Fund (ESF) funds for Oman and Kenya, respectively, in connection with access of U.S. forces to port and air facilities. The purpose of the hearing, according to staff, is to expose Committee members to the strategic rationale for our actions in the Indian Ocean area. We do not expect the Subcommittee to object to either reprogramming notification.

The reprogramming of \$5 million in ESF to Liberia has encountered some opposition; Chairman Long has indicated his intention to hold a hearing. We are working with Subcommittee members to build support for the reprogramming action and to ensure that a hearing is held before the House breaks for the Democratic Convention.

6. Soviet Grain Embargo

On Wednesday the House soundly defeated all amendments to the State-Justice-Commerce bill attempting to cut off funds for the Soviet grain sale embargo. A similar battle is likely in the Senate Appropriations Committee and on the Senate floor next week. Upon agreement by Secretary Klutznick to provide the Senate Banking Committee with the reporting information required under S. 2491, Senator Proxmire postponed his grain embargo hearings until at least late August.

7
Senator Bayh yesterday introduced a Senate resolution calling on us to formally protest to Argentina that country's grain sales to Russia. Bayh will also offer a measure calling for a ban on meat imports to Argentina until that country changes its grain policy.

7. Cuban-Haitian Entrant Legislation

The Cuban-Haitian Refugee Status legislation is now in final drafting for transmission to the Hill. Opinion among Members is unanimous that passage this year is virtually impossible.

The timing of the delivery of the bill to Congress will be measured carefully so as to avoid hearings in the remainder of this session if possible. Some believe the temptation by Chairwoman Holtzman to use the hearings to promote her Senate candidacy may be too great.

House Schedule for the Week of July 28Monday

H.R. 7458	Veterans Housing Amendments
H.R. 7152	Intelligence Authorization
S. 1916	OPIC (Overseas Private Investment Corp.) Amendments
H.R. 5604	Lacey Act Amendments
H.R. 6626	Small Business Loans Programs Flexibility
H.R. 5961	Currency and Foreign Transactions Act Amendments
H.R. 7478	To increase interest ceilings on U.S. Savings Bonds
S. 658	Clarifying and Technical amendments to Bankruptcy Law
H.R. 7786	Presidential Candidates' Wives Protection bill
H.R. 7631	HUD-Independent Agencies Appropriations for FY '81 (complete consideration)

Tuesday

H.R. 7591	Agriculture Appropriations, FY '81
H.R. 748	UN Mid-Decade Conference for Women

Wednesday

H.R. 7765	Budget Reconciliation
H.J. Res. 575	Disapproval of Administration's Gas Rationing Plan
H.J. Res. 589	Additional Program Authority for the EXIM Bank

Thursday

H.R. 7724	Interior Appropriations, FY '81
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Friday

H.R. 7831	Transportation Appropriations, FY '81
H.R. 6711	Youth Act of 1980 (complete consideration)

AT THE CLOSE OF BUSINESS ON FRIDAY, THE HOUSE WILL ADJOURN UNTIL NOON ON MONDAY, AUGUST 18 FOR THE DEMOCRATIC NATIONAL CONVENTION AND THE AUGUST DISTRICT WORK PERIOD.

ADJOURNMENT: Saturday, October 4 is firm, although we probably will have a post-election session.

THE WHITE HOUSE
WASHINGTON

28 Jul 80

Lloyd Cutler

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

Rick Hutcheson

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

		VICE PRESIDENT
		JORDAN
X		CUTLER
		DONOVAN
		EIDENBERG
		EIZENSTAT
		MCDONALD
		MOORE
		POWELL
		WATSON
		WEDDINGTON
		WEXLER
		BRZEZINSKI
		MCINTYRE
		SCHULTZE
		ANDRUS
		ASKEW
		BERGLAND
		BROWN
		CIVILETTI
		DUNCAN
		GOLDSCHMIDT
		HARRIS
		HUFSTEDLER
		LANDRIEU
		MARSHALL

		MILLER
		MUSKIE
		AIELLO
		BUTLER
		CAMPBELL
		H. CARTER
		CLOUGH
		FIRST LADY
		HARDEN
		HERTZBERG
		HUTCHESON
		KAHN
		MARTIN
		MILLER
		MOE
		MOSES
		PETERSON
		PRESS
		RECORDS
		SANDERS
		SHEPPARD
		SPEITH
		STRAUSS
		TORRES
		VOORDE
		WISE

THE WHITE HOUSE
WASHINGTON

July 23, 1980

Lloyd
ok
J

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for Preservation Purposes**

MEMORANDUM TO THE PRESIDENT

FROM: LLOYD N. CUTLER *lnc*
SUBJECT: CIA POLICY REGARDING USE OF JOURNALISTS

As you recall, this issue arose following remarks by Admiral Turner before the American Society of Newspaper Editors' Convention. It is an issue of considerable concern to the press, particularly the New York Times.

We have worked out the attached response which I propose to send to two officers of the ASNE who wrote me expressing their concern. This statement has been cleared with the NSC, the DCI, DOJ, and Jody.

I should call your attention to paragraph 3. which, while committing us to provide for Presidential review of cases in which the exception clause is employed, does not require prior review.

I am also attaching the initial letter of inquiry.

THE WHITE HOUSE

WASHINGTON

Gentlemen:

This refers to your letter of April 18, and our meeting on May 28, in which you expressed concerns about CIA policies relating to the possible use of professional journalists employed by U.S. media organizations as intelligence sources.

As you know, the Agency's published policy since 1977 has been to ban such uses except in unusual circumstances approved by the Director. A copy of this published policy is attached. Based on the discussion in our meeting on May 28, we understand that the Society has no objection to this policy, other than the Director's reserved right to make exceptions in unusual circumstances.

At the President's direction we have fully reviewed the present policy and practices in the light of the concerns expressed in your letter and at our meeting.

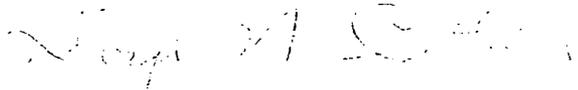
We can now give you the following assurances:

1. Since the policy was published, the Agency has not made any actual use of a journalist or non-journalist staff employee of any U.S. news media organization as an intelligence source forbidden by the 1977 policy statement, regardless of the exception clause.

2. As the Director made clear in his ASNE remarks, each of the exceptions to this policy approved by the Director was aborted before any actual use of the proposed source was made.

3. While we continue to believe that some leeway must exist for rare, exceptional circumstances, there are no current collection activities that violate the published policy or rely on the exception clause. Procedures are being established for Presidential review of uses of the exception clause in the future.

Sincerely,



Lloyd N. Cutler
Counsel to the President

Messrs. Thomas Winship
Charles W. Bailey
American Society of Newspaper Editors
Minneapolis Tribune
425 Portland Avenue
Minneapolis, Minnesota 55488

(k) Journalists and Staff of U.S. News Media Organizations

(1) Policy. The special status afforded the press under the Constitution necessitates a careful policy of self-restraint in regard to relations with U.S. news media organizations and personnel. Accordingly, neither the Agency nor the Office of the Director will:

- (a)** Enter into any relationships with full-time or part-time journalists (including so-called "stringers") accredited by a U.S. news service, newspaper, periodical, radio, or television network or station, for the purpose of conducting any intelligence activities. The term "accredited" means any full- or part-time employee of U.S. or foreign nationality who is formally authorized by contract or by the issuance of press credentials to represent himself or herself either in the U.S. or abroad as a correspondent for a U.S. news media organization or who is officially recognized by a foreign government to represent a U.S. news media organization
- (b)** Without the specific, express approval of senior management of the organization concerned, enter into any relationships with nonjournalist staff employees of any U.S. news media organization for the purpose of conducting any intelligence activities.
- (c)** Use the name or facilities of any U.S. news media organization to provide cover for any Agency employees or activities.

(2) Limitations

- (a)** The policies set forth above are not designed to inhibit open relationships with journalists (as for example contracts to perform translating services or to lecture at training courses) which are entered into for reasons unrelated to such persons' affiliation with a particular news media organization. Willingness on both sides to acknowledge the fact and nature of the relationship is the essential characteristic of the open relationships which will be entered into with journalists under this provision.
- (b)** In addition, no person, including full-time or part-time accredited journalists and stringers, will be denied the opportunity to furnish information which may be useful to the U.S. Government. Therefore, unpaid relationships with journalists or other members of U.S. news media organizations who voluntarily maintain contact for the purpose of providing information on matters of foreign intelligence or foreign counterintelligence interest to the U.S. Government will continue to be permitted.
- (c)** Likewise, regular liaison with representatives of the news media will continue to be maintained, through the Office of the Assistant for Public Affairs to the Director, to provide public information, answers to inquiries, and assistance in obtaining unclassified briefings on substantive matters.

(3) Exceptions. No exceptions to the policies and prohibitions stated above may be made except with the specific approval of the Director.

SOCIETY OF
NEWSPAPER EDITORS

THOMAS WINSHIP
THE BOSTON GLOBE
President

~~CONFIDENTIAL~~

MICHAEL J. O'NEILL
NEW YORK NEWS
Vice President

Minneapolis Tribune
425 Portland Avenue
Minneapolis, MN 55488

April 18, 1980 069978

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

Dear Mr. President:

We write on behalf of the American Society of Newspaper Editors, which as you know includes the supervising editors of most of the nation's 1,750 daily newspapers.

We are gravely concerned over the position that you and your Director of Central Intelligence have taken on the use of American journalists by the Central Intelligence Agency. We refer specifically to the remarks of Admiral Turner before the ASNE convention and to your comments in a meeting with a group of editors, as recorded in a White House transcript released April 12.

Our concern has been expressed concisely and forcefully by A. M. Rosenthal, editor of The New York Times, who wrote to us after hearing Admiral Turner and reading your comments. We share his views completely, as do a majority of the editors we know. Mr. Rosenthal wrote:

"We send correspondents abroad as correspondents, not as agents. They ask their host countries to trust them, to give them special access, to allow them to travel about, and to enjoy the privileges of a correspondent whose only job is to gather the news.

"If it is the policy of the U.S. government to decide that it can on occasion use a foreign correspondent, every American correspondent abroad immediately becomes suspect.

"Why should any government trust any American correspondent under those circumstances? Admiral Turner says he planned on three occasions to use correspondents. 'Why believe him?' would be the natural reaction of any foreign government: 'Why not 300?'

THE BOARD OF DIRECTORS CONSISTS OF THE OFFICERS AND THE FOLLOWING:

- | | | | | | |
|--|---|---|---|--|-------------------------------------|
| CHARLES W. BAILEY
MINNEAPOLIS TRIBUNE | FREDERIC BLACK
LEXINGTON HAVEN HERALD & LEADER | JUDITH W. BROWN
NEW BRITAIN JOURNAL HERALD | ANTHONY D'AMICO
LOS ANGELES TIMES | MICHAEL GARTNER
DES MOINES REGISTER & TRIBUNE | JOHN HUGHES
THE NEW YORK TIMES |
| CHARLTON W. HARRIS
CHICAGO TRIBUNE | EDWARD D. MILLER
ALBANY GAZETTE | JOHN J. QUINN
GANNETT NEWS SERVICE | CHARLES ROSE
FREDERICKSBURG FREE PRESS | CLYDE R. STETSON
KANSAS CITY STAR | JOHN J. TERRY
THE NEW YORK TIMES |

"It is so obvious that it is almost painful that this CIA policy puts into jeopardy the physical safety and ethical position of every American correspondent abroad."

We find it ironic that on the one hand officials of your administration argue that the CIA must be exempt from judicial review under the Freedom of Information Act, on the ground that the mere existence of the machinery makes foreign sources reluctant to provide information -- while on the other hand the same officials cannot see that the mere existence of authority to use American correspondents as agents has exactly the same effect on the correspondents' ability to obtain information.

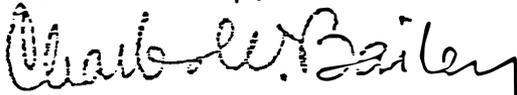
But it goes beyond that. At issue in this matter, we believe, is not merely the ability of American journalists to operate effectively, but the credibility of the American press at home and abroad -- and in some cases the physical safety of correspondents.

We believe the administration simply does not understand why we are so concerned about this: If our concern were fully understood, we believe, the policy would surely be different. We would appreciate an opportunity to discuss this matter with you personally.

Sincerely,



Thomas Winship, President



Charles W. Bailey, Chairman, Freedom of Information Committee

cc: Adm. Stansfield Turner
Jody Powell, The White House
Lloyd Cutler, The White House
Medley Donovan, The White House

ID 803825

T H E W H I T E H O U S E

WASHINGTON

DATE: 24 JUL 80

FOR ACTION: RICK HERTZBERG

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

SUBJECT: CUTLER MEMO RE CIA POLICY REGARDING USE OF JOURNALISTS

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM SATURDAY 25 JUL 80 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

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<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
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ACTION
FYI

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<input type="checkbox"/>	CAMPBELL
<input type="checkbox"/>	H. CARTER
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<input type="checkbox"/>	TORRES
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WISE

THE WHITE HOUSE
WASHINGTON

28 Jul 80

Zbig Brzezinski/Henry Owen
Jim McIntyre

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

Rick Hutcheson

Signed original to NSC
for handling and delivery.
+ dating

ID 3895

THE WHITE HOUSE
WASHINGTON

July 25, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
SUBJECT: ICDA Report

I do not want to hold up the attached memo from Jim and Henry, but I think a letter from you to Ehrlich is premature, in particular the instructions conveyed in paragraphs two and three of the letter.

**Electrostatic Copy Made
for Preservation Purposes**

ACTION

THE WHITE HOUSE

WASHINGTON

July 21, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM MCINTYRE
HENRY OWEN

SUBJECT: IDCA Report

1. Attached is a report to you from Tom Ehrlich on the first six months of IDCA (Tab B).

2. He makes three main points:

a. He wants to concentrate bilateral development aid in countries where our resources will have the greatest effect, to permit more efficient use of limited funds and to permit personnel savings; this means eliminating seven poor performers as aid recipients. State objects to the principle of concentration, on both economic and political grounds. We will outline this issue for you in the budget preview session on July 25. We are asking IDCA and State to staff out the implications of the course that Ehrlich recommends for individual countries so that it can be decided in the fall.

b. IDCA also wants to concentrate our bilateral development aid in three fields: energy, agriculture, health and population, phasing out education other than in these fields. Tom should be encouraged to intensify our efforts in the three fields of concentration. He also should be asked to report on his plans for scientific and technological cooperation in these fields.

c. He is working hard to coordinate bilateral and multilateral aid. This is overdue; he should be encouraged to do more.

3. Tom's report does not mention some friction over administrative issues that has arisen between IDCA and AID. Such problems are inevitable. We will intercede, if necessary.

4. A draft reply, which has been cleared by your speechwriters, is attached at Tab A.

RECOMMENDATION:

That you sign the letter to Mr. Ehrlich at Tab A.

THE WHITE HOUSE

WASHINGTON

To Tom Ehrlich

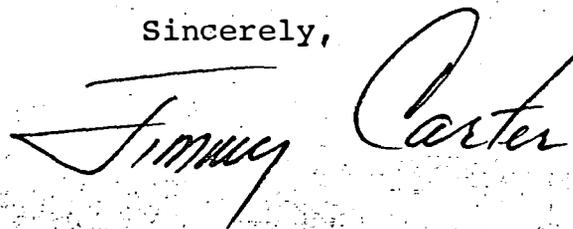
I am encouraged by the progress you have made in coordinating development policy during your first six months in office. Your report justifies the hopes that I had in establishing IDCA.

Development aid should be used to promote long-term economic progress. Further staff work by State and IDCA will be necessary before we can decide what this means in terms of the concentration and allocation of aid among specific countries.

You are doing well to concentrate our bilateral aid on energy, health and population, and agriculture. In each of these areas, we should place increasing emphasis on scientific and technological cooperation with developing countries, in order to make the most effective use of our limited funds. Please present in your fall budget submission the steps you are taking to achieve this goal.

Your efforts to coordinate bilateral and multilateral aid are commendable. All future plans and proposals for bilateral aid should explicitly take account of multilateral aid to the country in question and indicate how the two can be meshed to increase their impact.

Sincerely,

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

The Honorable Thomas Ehrlich
Director
International Development Cooperation Agency
The Department of State
Washington, D.C. 20523

*Tom, we'll resolve issues in
future budget discussions*

UNITED STATES
INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
Washington, D.C. 20523

July 3, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: IDCA: The First Six Months

On October 7, 1979 IDCA was established as an independent agency in the Executive Branch. The creation of IDCA was the center piece of your reorganization designed to provide the United States Government with machinery that would be better able to fulfill our commitment to assist poor people in developing countries.

Six months ago you approved our first annual policy statement establishing clear objectives for accelerating the attack on global poverty. This report is designed to indicate to you the most important concrete steps that have already been taken to achieve those goals.

I. IMPROVING THE EFFECTIVENESS OF OUR BILATERAL DEVELOPMENT ASSISTANCE PROGRAMS

To make our assistance more effective, we are seeking to focus our efforts in nations where our resources are likely to have a maximum impact in achieving self-sustaining growth and in improving the quality of life for poor people. We plan to reduce or end development assistance programs in countries where our assistance is unlikely to meet those objectives, absent overriding foreign-policy considerations, on which we would expect guidance from the State Department. Papers on this matter will reach you shortly.

To make certain that our assistance is used in the most effective way in those countries in which we plan to make our most significant efforts, we are attempting to target our efforts on the high priority areas of energy, agriculture, and population and related health care.

To make our efforts even more efficient we are cutting the amount of paper work and time necessary to process projects within AID. Similar steps will be taken in connection with the PL 480 program.

The results of this approach will be more efficient use of our declining personnel levels and a more effective use of our funds. As a result of these and other efforts, staff levels will decline by five percent between 1980 and 1985.

TAB B

We have established a Trade and Development Program that will significantly enhance our ability to stimulate exports of goods and services from private U.S. firms and government agencies, while promoting development.

II. PRIORITY DEVELOPMENT SECTORS

ENERGY

Our proposal to create a training program to train scientists, engineers, and managers from developing countries in the energy field is now ahead of schedule. We will have students in the United States by January 1981, nine months ahead of our original target.

We also expect to set in motion a program to make coal more readily available to developing countries to meet their future needs for electricity and industrial heat.

The remaining link in IDCA's overall energy effort is to make certain that financing will exist to accelerate exploration and development of energy resources in the developing countries. Working with oil exporting countries and the World Bank, that problem should be resolved in the months ahead.

POPULATION POLICY AND FAMILY PLANNING

Our target is to extend family planning and related measures to two-thirds of the population of the developing countries by 1985. This would double the group that now has such services available to it. We have completed our study of the comparative strengths of different donors and we are now discussing with them methods for doubling the amount of funds made available for this purpose. Of crucial importance is the decision to take a country's efforts in the population field into account in allocating our own development assistance. This is now being done.

AGRICULTURE

We have completed an initial assessment of what ought to be the major features of U.S. foreign assistance to the rural sector during the next four years. During the budget review, you will have before you concrete recommendations on the nature and level of U.S. foreign assistance contributions necessary to achieve substantial progress in the world's effort to eradicate hunger.

III. COORDINATION OF BILATERAL AND MULTILATERAL ASSISTANCE

We have completed arrangements with the Department of State to improve the development impact of our work in UN Agencies. This has been a fundamental concern troubling the Executive Branch and the Congress for at least two decades.

Working with the Treasury, we have put into effect a system that will enable our personnel overseas to provide advice on the activities of the World Bank and the regional banks at a sufficiently early stage so that the U.S. can make a significant development contribution to the work of those institutions. This rectifies a gap in the overall U.S. efforts that has been of key concern to the Congress.

IV. THE NORTH/SOUTH DIALOGUE

We have prepared a framework for this dialogue that focuses constructively on the key issues of food, energy, population, and financing. It is our intention that this framework form the basis for discussions with OPEC, OECD, and developing countries in the UN, the multilateral banks, and other specialized organizations.



Thomas Ehrlich

Re 1:30

THE WHITE HOUSE
WASHINGTON

July 28, 1980
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MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE

SUBJECT: Press Handling of Farm
Policy Announcement

I don't believe that you should make the press announcement; I think Bob Bergland should leave here after your farm meeting and make the announcement from USDA.

My reasons:

While the farm reactions will be good, the urban press will call it inflationary;

The White House press corps will give it a purely political approach "Carter moves to appease farmers by raising farm prices";

The USDA press corps will get it right;

You will get good press coverage in the farm states in any event even if Bob Bergland makes the announcement, but the more you get personally involved, the more attention the urban press will give it -- and that can't help.

1:30 p.m.

THE WHITE HOUSE
WASHINGTON

July 28, 1980

Mr. President:

Jody and Frank feel strongly that at the outset of your 1:30 meeting you should express your deep concern over the farmers' plight, many of whom feel that you do not care.

We have prepared the attached statement for this purpose.

Stu
--Stu

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for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

Meeting with Farm Policy Leaders

Monday, July 28, 1980

The Cabinet Room

1:30 p.m. (30 minutes)

From: Stu Eizenstat
Lynn Daft

Stu
Lynn

**Electrostatic Copy Made
for Preservation Purposes**

I. Purpose of Meeting

To express your concern over the current farm economic situation and to announce the policy actions you are taking.

II. Background, Participants, and Press Plans

Background. As you know, the actions that are to be announced at this meeting have been under consideration for several months. Since late 1979, we have recognized that some policy action might be required in the face of a very strong cost-price squeeze in 1980. We began exploring the idea of a special loan for grain entering the reserve soon after the first of the year. However, it has not been until the past 2 or 3 months, with spring planting completed and now harvest of some crops underway, that the dimensions of the problem and the policy changes that are required have taken definite form.

You have personally consulted with a number of farm community representatives. Within recent weeks, this includes meetings with the heads of three major farm organizations (Robert Delano of the American Farm Bureau Federation, George Stone of the National Farmers Union, and Ed Andersen of the Grange), last week's meeting with Chairmen Talmadge and Foley, and your brief visit to the Range farm in Texas. Earlier this year you met with the State Presidents of the National Cattlemen's Association, the State Commissioners of Agriculture, County Presidents of the Ohio Farm Bureau, Illinois farm organization leaders (via telephone hookup), and various individuals (e.g., Congressmen Bedell and Harkin) to discuss the situation and hear their suggestions.

The legislative situation remains ambiguous, especially following Senate adoption of the amendments to the Child Nutrition Act last Friday. Due to the several amendments adopted in the Senate, as many as five House Committees have a jurisdictional interest in the Conference. No conferees have been appointed. Chairman Talmadge plans to spend the next week campaigning in Georgia. Thus, we are told that it is unlikely the bill will go to Conference until the Congress returns following the Democratic Convention.

Meeting Format. We propose that you open the meeting by discussing the general farm economic situation, followed by a brief description of the actions you are taking. At this point, we suggest you turn to Secretary Bergland for a more detailed description of these actions and the reasons for them. Finally, we suggest that you recognize a few key participants for response (Congressman Foley and Governor Link are good candidates).

Following this meeting, as we proposed last week, you will make a brief statement before the press in the briefing room. Secretary Bergland would remain to answer press questions after you leave.

Participants. A partial list of those invited is attached. A final list will be provided later.

Press Plan. White House photographer only during Cabinet Room meeting.

III. Talking Points

Attached.

TALKING POINTS

- o I appreciate your attendance on such short notice. For those of you coming long distances, I am doubly grateful. Having made the several decisions I will be announcing shortly, I did not want to delay putting them in effect a day longer than necessary.
- o As everyone here knows, this has been a difficult year for farmers. Although commodity prices have not been as strong as we would have liked, the more serious problem has been the rapid rise in production costs . . . lead by an unprecedented increase in energy prices. While these costs began rising last year, the effect on net farm income has only this year become completely obvious. Last year the higher costs were partially offset by record yields for six major crops (corn, wheat, soybeans, cotton, sorghum, and barley). Yields this year will be somewhat lower.
- o There are several indications that the underlying health of the American farm economy is sound and that the current economic situation is improving. Commodity prices have strengthened markedly over the past several weeks. Thanks to a combination of higher product prices and the fact that farmers have done an outstanding job of controlling costs, the USDA now expects that net farm income will be somewhat higher than had been expected earlier. Agricultural exports continue to rise ... reaching a record \$40 billion this year.

- o Furthermore, we have evolved an overall farm policy of which I am very proud. We have demonstrated the effectiveness of a grain reserve. We have opened new foreign markets, reduced foreign trade barriers, and expanded exports. We have reduced Federal intervention and regulation and returned decision-making to the farmer and to the market where it belongs. Thus, our overall policy framework -- which we have constructed with the close cooperation and support of all of you -- is strong and effective.

- o Despite these improvements and my high degree of satisfaction with the overall framework of our farm policy, I have become convinced that several important adjustments in the current program are required. As all of you know, agriculture contributes a great deal more to our national well-being than its share of the total population or its share of product value would suggest. A large measure of our agricultural abundance is made possible by the willingness of the entire nation to share with farmers in the risks that are an inherent part of farming. This partnership in risk-sharing has served our Nation well -- producers and consumers alike. The farmer-owned grain reserve has made an especially important contribution.

FACT SHEET

Actions Being Taken

- o Loan, reserve release and reserve call prices for wheat and feed grains and the soybean loan price are being increased.
- o Administration support for pending legislation to authorize higher loan prices for grain placed in farmer-owned reserves, a Food Security Reserve, and an expanded All Risk Federal Crop Insurance Program is reaffirmed.

Administrative Actions

Loan Prices

Commodity Credit Corporation non-recourse loans at 11.5 percent interest are available to all 1980 wheat, feed grain, and soybean producers who have certified their crop acreage. These loans mature in 9 months and may be repaid at any time at the farmer's discretion.

- o The wheat loan price for the 1980 crop is being increased from \$2.50 to \$3.00 per bushel. Discounts for feed quality wheat will be increased.
- o The corn loan price for the 1980 crop will be \$2.25 a bushel, up from the \$2.10 per bushel for the 1979 crop.
- o Loan prices for 1980-crop sorghum, barley, oats and rye will be, respectively, \$2.14, \$1.83, \$1.16 and \$1.91 per bushel.
- o The soybean loan price for the 1980 crop will be \$5.02 a bushel, up from the \$4.50 a bushel for the 1979 crop.

Farmer-owned Reserve Release Prices

The Department of Agriculture contracts with eligible farmers to hold grain in reserve. A CCC loan is made for the life of the contract. Storage payments at 26.5 cents per bushel of wheat and corn per year are made by the government. Interest rates on CCC reserve loans are waived after the first year. The owner agrees to hold grain in reserve until the contract matures, or until the farm price reaches at least a specified level called the "release" price.

- o A new farmer-owned reserve program for food quality wheat will be offered wheat producers, with the reserve release price at 140 percent of the loan price. The reserve release price will be \$4.20, compared with current reserve release prices of \$3.50 and \$3.75 a bushel.

Some farmers hold reserve contracts that specify a reserve release price at 150 percent of the loan price. These producers will have a choice: they may keep the existing contract, which means a reserve release price of \$4.50 a

bushel, or they may convert the existing contract to the 140 percent provision of the new reserve.

- o Reserve release prices for the farmer-owned feed grain reserves will remain at 125 percent of the loan price. The higher loan prices on 1980 feed grain crops will increase the reserve release prices.

The reserve release price for corn will be \$2.81 a bushel compared with the current \$2.63 a bushel.

The reserve release price for the new sorghum reserve will be \$2.68 a bushel (\$4.79 per cwt); it was \$2.50 a bushel (\$4.46 per cwt) for the old reserve.

The reserve release price for barley will rise from \$2.14 to \$2.29 a bushel.

The new oat reserve will have a release price of \$1.45 a bushel; the old one was at \$1.35.

Farmer-owned Reserve Call Prices

Farmers with grain in reserve programs agree to repay the loan, plus accrued interest and unearned storage payments, when the farm price reaches a level termed the "call" price.

- o The call price for the new wheat reserve will be 175 percent of the new loan price. It will be \$5.25 a bushel, compared with the \$4.38 and \$4.63 for existing reserves.

Some farmers have reserve contracts specifying a call price of 185 percent of the loan. They will be able to retain these contracts or convert them to a contract with a call price of 175 percent of the loan. The old contract will have a call price of \$5.55 a bushel.

- o The call prices for the feed grain reserves will remain at 145 percent of the loan prices.

The call price for reserve corn will be \$3.26 a bushel. It will be \$3.10 per bushel (\$5.84 per cwt) for reserve sorghum, \$2.65 for reserve barley, and \$1.68 for reserve oats.

CCC-owned Sales Policy

Consistent with current policy, the government will not sell grain it owns into the domestic market at a price less than 105 percent of the highest of any current farmer-owned reserve call price, except that grain for use in the production of gasohol may be sold at a price as low as the reserve release price. Minimum sales prices are shown on the attached table.

Soybean Reserve

- o The invitation to comment upon a proposed farmer-owned reserve program for soybeans will be delayed until the impact of the weather on oilseed production can be fully assessed.

Legislative Actions

The Administration also announced today its position of several legislative actions now pending in the Congress.

Special Reserve Loans Rates

Current CCC price support loans do not adequately compensate producers for holding grain in reserve. The Administration will work with the Congress to obtain authority for special reserve loan rates at higher levels than the regular loans.

- o For wheat, a special reserve loan rate of \$3.30 is proposed. This is \$0.30 above the regular loan rate of \$3.
- o For corn, a special reserve loan rate of \$2.40 is proposed. This is \$0.15 above the regular loan rate of \$2.25.
- o For other feed grains, a special reserve loan rate would be established that is fair and reasonable relative to the special rate for corn.

This program would go into effect for 1980 crop grain. All 1980 wheat and feed grain producers who have certified their crop acreage are eligible for entry into the farmer-owned grain reserve. They will be eligible for the special reserve loan rates upon the establishment of that program.

Interest Waiver

Pending legislation that would mandate the waiver of all interest on loans for grain in the farmer-owned reserve, and that would specify minimum reserve release prices will be opposed.

Food Security Reserve

Creation of government-owned Food Security Reserve continues to be a high priority for this Administration. We will support the proposal now before the Congress to establish the authority to maintain a Food Security Reserve and to convert 4 million tons of the wheat now owned by the CCC into such a reserve.

Crop Insurance

The Administration reaffirms its support for the expanded All Risk Crop Insurance program passed by the Congress and agreed to by the House-Senate Conference.

Reasons for the Actions

These program adjustments are necessary to assure the continual viability of the farm economy. They will also help to protect our reserve grain stocks in the face of the considerable uncertainty caused by recent weather conditions.

- o The loan rates are being adjusted to reflect increase in farmers' operating costs this year. These interest bearing loans will allow farmers to repay basic operating costs but still delay marketings until prices rise enough to cover full costs of production.

- o By adjusting the reserve release and call prices to levels that more adequately reflect the higher costs of producing crops in 1980, the Nation's stocks will not be sold at prices below costs for the majority of producers.
- o Grain prices have only recently risen to the year earlier levels. In the interim, the cost of producing crops has risen dramatically. As a result, the reserve release and call prices that provided the opportunity for a reasonable return to producers on the 1979 crops, are too low for the 1980 crops, especially for wheat.

The loan, and reserve program adjustments announced today do not guarantee a return to producers that exceeds their production costs. However, if farmers make effective use of the programs they will help them to obtain a return that will cover their costs.

Impact of the Actions

As a consequence of these actions, some funds will be loaned to farmers and some grain will be placed into farmer-owned reserves. Farmer prices and cash receipts to farmers will be higher.

- o Cash receipts to wheat and feed grain producers will be about \$900 million higher than they would have been without these actions. The season average wheat prices will be about 20 cents per bushel higher. The corn price will be about 5 to 10 cents per bushel higher. If wheat and feed grain crops turn out to be smaller than expected on July 1, the impact of these actions on prices will be reduced.
- o Export receipts will be about \$500 to \$600 million higher. Export quantities will not be affected by these actions, but prices will be slightly higher.
- o U.S. food costs will be slightly higher than they would be without these actions, but more grain will be in reserve to protect against crop shortages. Consumers of wheat products will pay about \$150 million more for those products (less than 0.3 cents per loaf of bread). If the higher feed costs were all passed on to meat consumers, meat prices would rise by less than 0.5 cents per bushel. The food CPI could rise by 0.1 percent.
- o Budget costs will be higher than without these actions. But most all of these outlays are recoverable and the loans are interest bearing. FY 1980 and FY 1981 outlays are expected to be about 1 billion higher than without these actions.

Net taxpayer costs associated with these actions will total less than \$100 million. These costs are for the storage payments covering the additional grain in reserve.

Additional Information

- o The Commodity Credit Corporation loans will be made at 11.5 percent interest, and will be repaid with interest at maturity (9 months after being made) or earlier when the farmer decides to repay the loan. Therefore, although the decision to increase loan prices means an increase in loan outlays when the loans are made, there will be no net increase in budget outlays once the loans are repaid.

The higher loan prices will make it more attractive for farmers to place some of their grain into the farmer-owned reserve, as the amount they obtain from the loan will cover a higher share of production costs. A larger quantity of 1980-crop grain to be placed in reserve than would have been the case under a continuation of the present loan prices.

The higher reserve release and call prices will mean higher farm prices for wheat, corn and the other feed grains. All reserve grain has been released and oat and sorghum reserves have been called. This means:

- o Oat producers will have to pay back the loans on grain now in the farmer-owned reserve, but will be able to place grain in the new reserve as soon as the regulations are in place. They are unlikely to do so, however, as farm prices are well above the new reserve release price and close to the new call price.
- o Sorghum producers must repay the loans on grain now in reserve. They will not be able to enter sorghum grain into the old reserve unless the farm price falls below the old reserve call price between now and October 1. Grain may not be entered into the new reserve unless the farm price is below the new call price. At present, the farm price is slightly below the new call price. Unless the farm price declines, farmers cannot be expected to place significant quantities of new crop sorghum in reserve.
- o Corn producers can now market reserve grain without penalty. The corn reserve is in release status, and will be until at least the end of August. Corn producers can place grain in reserve now, and will be able to place the new crop corn in reserve at harvest. On October 1 the release and call prices on all reserve corn will be increased--the release price from \$2.63 to \$2.81 a bushel and the call prices from \$2.94 and \$3.05 to \$3.15 and \$3.26 a bushel. The farm price is near the new reserve release price now. Any harvest price decrease this fall would encourage producers to place grain in reserve.

- o Barley producers also can market their reserve grain without penalty. They may also place grain in reserve, as the farm price is below the current call price. Because the 1980-81 marketing year for barley began on June 1, the increase in reserve release and call prices will be effective immediately, without the need for any change in existing regulations. However, barley will remain in release status through August. Farm prices for barley are now above the new reserve release price. We do not expect farmers to place any appreciable quantities in reserve unless farm prices decline.

- o Wheat producers are also able to market reserve grain without penalty, and can place grain in reserve. The farm price is above the release prices but well below the call prices for both wheat reserves. The 1980-81 marketing year began on June 1. The higher loan price announced today will immediately increase the release and call prices of existing reserves. And, all wheat will remain in release status through August.

Farmers will be able to enter grain into the new reserve as soon as new regulations can be issued. Until that time, they can continue to enter grain into the existing reserve. When the new reserve is in place, these producers will have a choice between the old reserve contract and the terms and conditions of the new contract. Since market prices are well below the new reserve release prices, we expect a significant quantity of new crop wheat to be placed in reserve this year.

Loan, Reserve Release and Call Prices

	<u>Wheat</u>	<u>Corn</u>	<u>Sorghum</u>	<u>Barley</u>	<u>Oats</u>	<u>Rye</u>	<u>Soybeans</u>
	----- dollars per bushel -----						

Loan Prices

Current	2.50	2.10	2.00	1.71	1.08	1.79	4.50
New	3.00	2.25	2.14	1.83	1.16	1.91	5.02

Reserve Release Prices

Existing Reserves:							
Reserve I	3.50	2.63	2.50	2.14	1.35	--	--
Reserve II	3.75	--	--	--	--	--	--
Modified Reserves:							
Reserve I	4.20	2.81	--	2.29	--	--	--
Reserve II	4.50	--	--	--	--	--	--
New Reserve ...	4.20	2.81	2.68	2.29	1.45	--	--

Reserve Call Prices

Existing Reserves:							
Reserve I	4.38	2.94	2.80	--	1.51	--	--
Reserve II	4.63	3.05	2.90	2.48	1.57	--	--
Modified Reserves:							
Reserve I	5.25	3.15	--	--	--	--	--
Reserve II	5.55	3.26	--	2.65	--	--	--
New Reserve ...	5.25	3.26	3.10	2.65	1.68		

CCC Sales Price

Current:							
General	4.75	3.15	3.00	2.57	1.62		
Gasohol	4.75	2.63					
New:							
General	5.51	3.42	3.26	2.78	1.76		
Gasohol	5.51	2.81					

ATTENDEES

American Soybean Association
Allen Aves, President

National Grange
Edward Andersen, Master

National Turkey Federation
Dennis Brown, Director of Industry Relations

National Pork Producers Council
William Buller, President

American Bankers Association
Stephen Brush, Assistant Secretary for Agriculture

National Cattlemen Association
Merlyn Carlson, President

Minnesota Farmers Union
Cy Carpenter, President

American Farm Bureau Federation
John Datt, Washington Representative

National Association of Wheat
Growers
Jack Felgenhauer, President

National Farmers Organization
Charles L. Frazier, Washington Representative

National Milk Producers
Patrick Healy, Secretary

National Farmers Union
Reuben Johnson, Washington Representative

National Corn Growers Association
William R. Mullins, President

National Council of Farmer Cooperatives
Kenneth Naden, President

National Broiler Council
William Roenigk, Director of Economic Research and Technical Services

U.S. Feed Grain Council
Hal Smedley, Vice President

National Rural Electric
Cooperative Association
Paul Wesslund, Washington Correspondent

National Association of State
Departments of Agriculture
Fredric Winthrop, Jr., Vice President

Congressional Representatives

Congressman Thomas S. Foley
Gene Moos, Administrative Assistant to Foley

Governor

Governor Athur A. Link of North Dakota

Administration

Secretary Bob Bergland
Stu Eizenstat
Lynn Daft (DPS)
Gail Harrison (VP)
Bill Boehm (CEA)
Assistant Secretary Dale Hathaway (USDA)
Howard Hjort (USDA)

Opening Statement

The American farmer is suffering from a serious cost-price squeeze this year. Increases in the cost of fuel, fertilizer, and other production items have out-paced increases in farm receipts, causing net farm income for many farmers to fall. In addition, farmers in some parts of the country have been hit by the effects of drought. I visited one such farm in Texas last week and saw first-hand the devastating effect of the drought on crops. And many other parts of the country have been hit at least as hard.

It is hard for most of us to appreciate the risks and uncertainties that farmers and ranchers confront on a daily basis. For all its sophistication, agriculture is still at the mercy of factors beyond the farmers control. Furthermore, farmers can seldom pass on higher production costs, as many other industries can. Instead, they must accept the dictates of a supply-demand market. It is in everyone's interest -- whether we are farmers or consumers -- to see that these risks are equitably shared and that farmers receive a fair return for their investment.

o For the past few months we have been considering measures that are required by the changing circumstances I have described. We have already made a number of key adjustments on extensions in our programs. This includes:

- Enactment of legislation to increase 1980 target prices (corn - \$2.35, wheat - \$3.63).
- Enactment of legislation to extend and expand (by \$2 billion) the Economic Emergency Loan Program.
- Extension of the dairy price support authority.

o Today, I am taking several further actions that will complete these adjustments. They will materially strengthen our programs and will provide assistance that the American farmer needs and deserves. I am:

- (1) Raising the loan rate for wheat (\$3.00*), feed grains (corn \$2.25) and soybeans (\$5.02).
- (2) Raising the release and call levels for grain held in the farmer-owned reserve (wheat \$4.20 and \$5.25*; corn \$2.81 and \$3.26).
- (3) Urging the Congress to quickly enact pending legislative proposals that would:
 - (a) provide a special loan rate for grain entering the farmer-owned grain reserve (\$2.40 for corn; \$3.30 for wheat);

* These levels assume your approval of the \$3.00 loan level for wheat.

- (b) establish an international emergency grain reserve; and
- (c) institute a comprehensive crop insurance program.

While I do not agree with every detail of the pending legislation, we are close enough to agreement that final enactment should not be delayed further.

- o Many of you have played an instrumental role in the design of these measures. I appreciate your help and dedication. I am especially grateful to Senator Talmadge (who could not be with us today -- due to an upcoming political event in Georgia) and Congressman Foley for their leadership and statesmanship. I pledge to you in the Congress this Administration's full cooperation in reaching agreement on the pending legislation.
- o Now I would like to ask Bob Bergland to describe these actions in more detail.

Shirley M. Hufstедler

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July 26th 1980

My dear Mr. President:

I have requested a small team from EO to put together the facts for me about the plight of Sumpter and to give me a legal memorandum describing the remedies available either through our Office for Civil Rights or Justice.

When I receive the information, I shall follow through and let you know what we can do.

The story in the Atlanta Constitution has the melancholy ring of verity. Surely our legal arsenal must have the weapons to fight for these youngsters.

Sincerely,

Shirley

9:00 AM

THE WHITE HOUSE

WASHINGTON

July 28, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE EIDENBERG *Gene*

**Electrostatic Copy Made
for Preservation Purposes**

SUBJECT: Agenda for the Cabinet Meeting
Monday, July 28, 1980
9:00 a.m.- 11:00 a.m.
Cabinet Room

All members of the Cabinet are expected to attend except Secretary Brown, who will be represented by Deputy Secretary Graham Claytor; Secretary Landrieu, who will be represented by Under Secretary Victor Marrero; and the Vice President, who is travelling. Also in attendance will be two White House Fellows, Mr. Jay Reich and Ms. Katherine Sebo.

This is the first regular Cabinet meeting since March. A photograph of you with each Cabinet member in attendance (list attached) will be taken before the meeting convenes. Each member of the Cabinet has been so advised. The pictures will be taken in the Cabinet Room.

PROPOSED AGENDA

DOMESTIC ISSUES

1. Economic Policy

You may want to open this discussion by summarizing your position regarding a tax cut and your discussions with the Congressional leadership on this issue. Charlie and Secretary Miller can report on the economic picture and the current direction of policy development. Charlie can summarize recent economic indicators and Bill can report on the status of the EPG's work.

2. Budget

Jim can report on the FY '82 budget process and the status of the FY '80 and '81 budgets. For FY '82 there

should be a minimum of public discussion of proposals, priorities and issues. We should not have internal budget questions appearing in public over the next three months. Jim is prepared to elaborate on this.

3. Transportation Policies

Neil can report on the status of Rail Regulatory reform legislation and progress in implementing your auto policy announcements in Detroit.

4. Energy

Charles can report on the status of Congressional review and action on EMB and utility oil backout legislation.

5. Alaska Lands

Cece can report on the status of Senate debate on the Alaska Lands legislation.

6. Steel

Philip Klutznick can report on the Steel Tripartite Committee meeting last Monday and actions that may flow from it.

FOREIGN AFFAIRS

1. Vienna Summit

You may want to brief the Cabinet on the Vienna Summit. Charles can summarize the accomplishments on the energy front.

2. Soviet Relations

Secretary Muskie can review the status of U. S. policy toward the Soviet Union. I suggest that you personally emphasize your continuing policy on the grain embargo and ask Bob to report on last week's debate in the House of Representatives on this issue.

3. Mideast Autonomy Talks

Secretary Muskie is prepared to brief the Cabinet on the status of Middle East negotiations and the special session of the U. N. General Assembly on the Palestinian question.

MISCELLANEOUS

1. Combined Federal Campaign

Secretary Bergland is serving again this year as Chairman of the campaign. He should make brief comments about this year's drive.

2. Billy Carter

It will be useful for the Cabinet to have you briefly put in context the current controversy over Billy Carter's role viz. the Libyan government and your "full disclosure" policy of dealing with it.

3. Campaign

You may want to close the meeting by giving the Cabinet a brief personal overview of the political situation and your attitude about the upcoming Convention. A brief statement along the lines of the comments you have made at the Carter delegate briefings will be good for the Cabinet to hear.

cc: Vice President
Jack Watson

ATTENDEES

Cabinet Meeting

July 28, 1980

Secretary Robert Bergland

Secretary Philip Klutznick

Secretary Charles Duncan

Secretary Patricia Harris

Secretary Cecil Andrus

Attorney General Benjamin Civiletti

Secretary Ray Marshall

Secretary Edmund Muskie

Secretary Neil Goldschmidt

Secretary William Miller

Secretary Shirley Hufstедler

Secretary Graham Claytor (representing Secretary Brown)

Under Secretary Victor Marrero (representing Secretary Landrieu)

Mr. Charles Schultze

Mr. James McIntyre

Ambassador Reubin Askew

Dr. Zbigniew Brzezinski

Mr. Douglas Costle

Admiral Stansfield Turner

Ambassador Sol Linowitz

12:15 PM

THE WHITE HOUSE

WASHINGTON

July 25, 1980

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LUNCHEON WITH CLIF GARVIN

Monday, July 28, 1980

12:15 p.m. (60 minutes)

The Oval Office

FROM: ANNE WEXLER *AW*

I. PURPOSE

To discuss synfuels and their potential, the EMB, economic issues and other matters of mutual interest. *SPRO*

II. BACKGROUND

Clif Garvin is the new Chairman of the Business Roundtable and of Exxon which is the major member of the American Petroleum Institute. In his capacity as Exxon Chairman he has done a series of presentations to government officials on the potential for synthetic fuels through shale and coal development through the year 2010. The presentation is dramatic and exciting. Since Bill Miller and I requested this luncheon, several other issues have arisen, each discussed below:

Synthetic Fuels

About six weeks ago, Exxon published a very aggressive report on the development of synthetic fuels. It concluded that the timely development of a synthetic fuels industry is essential to any realistic expectation of decreasing this country's need for imported petroleum in this century. It projects a need for 15 million barrels per day of synthetic fuels by the year 2010, at the cost of \$800 billion in 1980 dollars.

Exxon's plan relies on the production of about 8 million barrels per day of shale oil from deposits in Colorado and Utah. About one-fourth of this could be mined underground, but the rest would have to be obtained from large-scale surface mining. Because substantial quantities of water are required for oil shale production, a new pipeline would have to be built to bring additional water into these areas, probably from the Missouri and other midwestern rivers. Exxon argues that the private sector has the capacity to build these facilities, but only if all levels of government play a leadership role by simplifying and expediting the regulatory, permitting and economic obstacles to the projects.

Governor Lamm has condemned Exxon's plan as "irresponsible," because of its potential environmental effects. DOE has taken

the position that with careful long-term planning, in concert with the affected states, we can develop significant quantities of fuels from oil shale in an environmentally responsible manner. Stu and DOE believes that it is impossible to set specific production targets, however, before we have some experience with commercial-scale production over the next few years. You should congratulate Exxon for its leadership in the vital area of synthetic fuels; express the federal government's commitment to the development of synthetic fuels, including oil shale; and make no specific commitments.

EMB

Clif's presentation on synfuels will lead to a discussion of institutional and governmental barriers to successful completion of this important task. At that point, you should bring up the EMB and emphasize the following:

Recently the House, in a surprise move, voted to send the EMB bill back to Conference. The Republicans reversed their position of a year ago (with only nine Republicans supporting the Conference Report this time). Republicans may only be expected to change their attitude if they feel industry genuinely wants this legislation.

Clif will insist that the U.S. move ahead vigorously on synthetic fuels, with which objective we agree fully. In the summary and conclusions of the recent Exxon White Paper on synfuel potential (p. 10), Exxon states:

"A second major responsibility of the federal government is to function more effectively in a managerial role -- reconciling conflicting priorities and regional interests, and assuring that studies, hearings, and permitting processes proceed without inordinate delays of the sort that have slowed energy projects so often in the past."

Without an EMB, development of synfuels will be slowed if not frustrated.

Other than Dave Stockman's political maneuver to deny you a victory on the EMB, the business community in general felt that the bill was not strong enough for their strong support and not weak enough for their opposition. Clif should respond favorably to the following major arguments for the EMB.

- consolidation of judicial review in one federal appellate court and elimination of most opportunities for interlocutory injunctions

- an effective grandfather clause -- to protect priority projects from post hoc rules changes
- binding deadlines and the power to enforce them through bump-up
- authority to order streamlining of federal procedures and new authority to states to streamline their own procedures, regarded as important by some governors

The positions of the other major oil companies are as follows:

ARCO -- strong support
 Shell -- limited support
 Chevron -- medium support
 Gulf -- limited support

It is important that the Business Roundtable and the American Petroleum Institute actively support the EMB in a vote after the convention.

Economic Issues

On July 1, 1980, Clif attended one of the regularly scheduled luncheons I have arranged for business leaders and your economic advisors. At that lunch he suggested the credit controls be dropped. On July 3, the Federal Reserve cancelled the credit controls program. You might want to mention your thanks for his advice.

Tax policy was the major topic at the 7/1 lunch. Clif made the following comment, "The country believes in fiscal restraint, but at the same time is very concerned about the recession. I'm afraid of what Congress will do. We need leadership. None of us buy the Reagan proposal." While the Tax Policy Committee of the Business Roundtable has taken a position whose timing calls for enactment of a tax cut (\$30 billion, 50% business, 50% consumer, effective January 1, 1981, with the business component based upon 10-5-3) during this session, there is strong disagreement within the Roundtable with regard to this timing. You should reiterate your determination not to pass a tax cut this year and discuss your commitment to increasing capital investment and productivity.

Alaska Pipeline

Exxon is to be complimented on its cooperation with the pipeline.

sponsors. Exxon, along with Arco and Sohio, have entered into two agreements: (1) for joint engineering, design and cost estimation of the pipeline and conditioning plant, and (2) a generalized commitment to work on a financing plan.

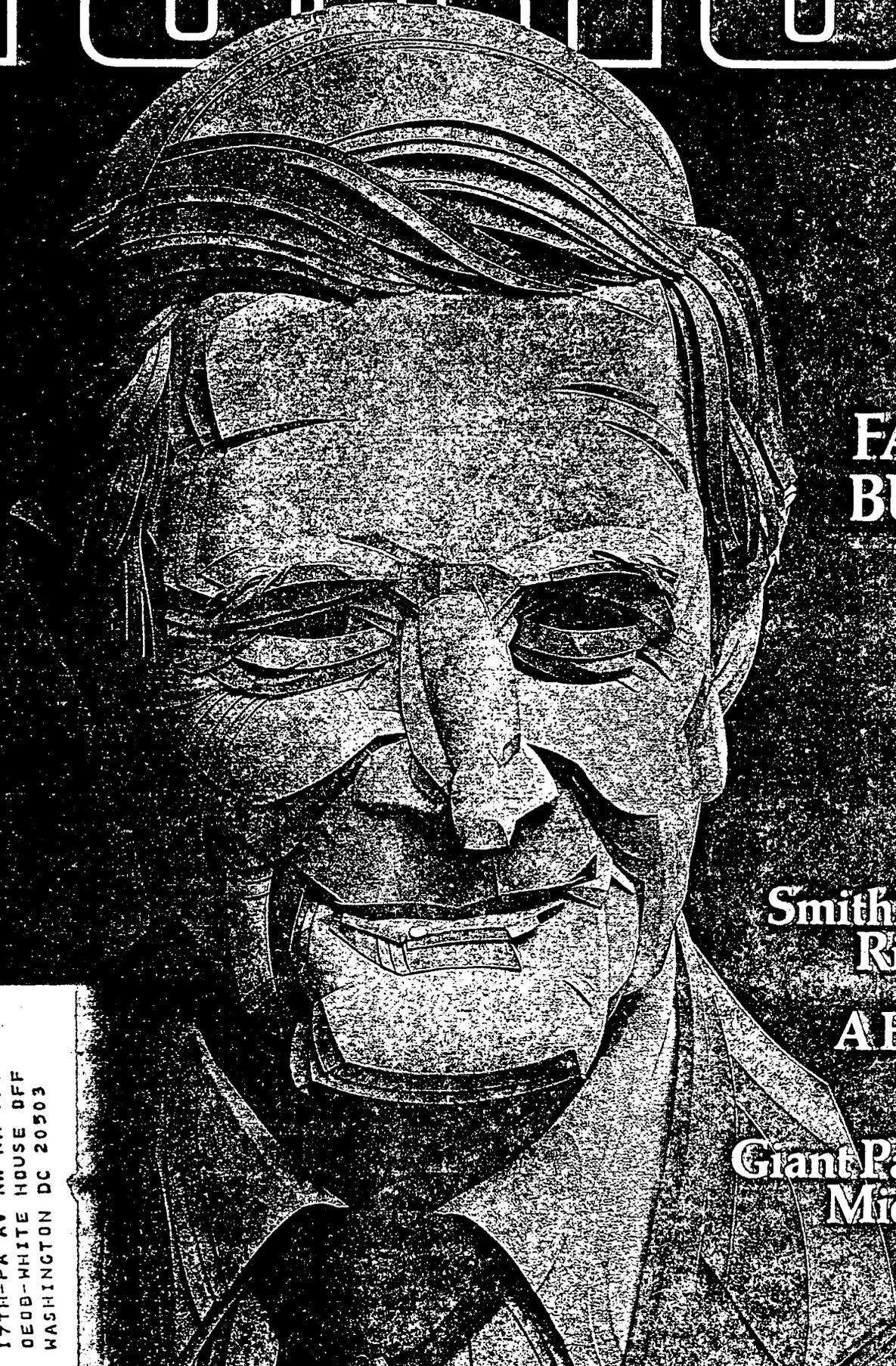
The Administration, together with Congressional leadership, and the FERC, have provided assurances to the Canadians and they have now authorized the pre-build of the southern Canadian parts of the pipeline. This should help materially in financing the entire project.

Exxon, however, has probably been more negative than the other producers on the prospects of private financing of the Alaska pipeline. Exxon and its financial advisors have been quoted as saying that the project may cost as much as \$40 billion (an estimate not agreed to by the pipeline sponsors or confirmed by detailed studies), and that even with the resources of the producers, financing cannot be completed without some federal government guarantees. The pipeline sponsors and their investment advisors, three respected Wall Street firms, as well as the investment advisors to the State of Alaska, have said the project can be privately financed. On this point, you should state that we obviously do not know whether the project can be privately financed; we believe and hope that it can be. It seems perfectly clear to us, however, based partly on our continuing conversations with Congressional energy leaders, that no government participation or guarantees are likely to be forthcoming unless and until the companies involved have fully explored and exhausted opportunities for private financing. It is, therefore, premature to talk of government participation or guarantees, but one way or another, the pipeline must be built.

I have attached, the June 30 story about Cliff from Fortune for your review.

FORTUNE

\$2.50/June 30, 1966



A NEW
PUBLIC
FACE FOR
BUSINESS

SmithKline Finds
Rich Is Better

A Hunt Cron
Tells A

Giant Payoffs from
Midget Stock

Cliff Garvin of Exo

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MR RICHARD REIHAN MD14
17TH-PA AV NH RM 107
0E0B-WHITE HOUSE OFF
WASHINGTON DC 20503

Now that there's a new chairman of all the other chairmen at the Business Roundtable, the elite association must address the need for

A New Public Face for Business



by WALTER GUZZARDI JR.

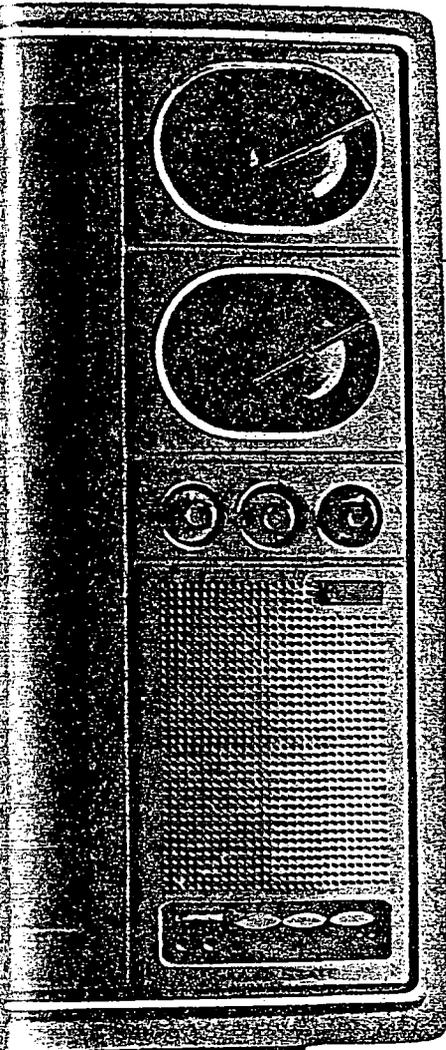
The election of Clifton C. Garvin Jr. as the chairman of the Business Roundtable illustrates both the present confident mood of big business and the need to reappraise its role during the 1980s. Garvin is the chief executive officer of Exxon, the world's biggest oil company, so choosing him did bespeak confidence even though he is the model of the successful executive.

At 58, Garvin has spent 33 years working for the huge and complex corporation that he now heads. Of course he has the stamina of a mountain climber—that is a prime requisite for the struggle up the tall and slippery pyramid at Exxon, as *Research associate: Nancy Welles*

well as for the relentless succession of tightly scheduled days and years that follow arrival at the top—but Garvin also possesses a range of other gifts. He is sound, intelligent, careful, decisive, and in his conversation he can be suitably opaque. Handsome and appropriately tailored, Garvin works in a spacious and secure office so quiet that the whirl of his mind seems almost audible, but he appears unimpressed with himself and his lofty position: there is no trace of affectation in his level, direct, somewhat folksy manner. Evidently, to the chief executives of other companies—the man at the apex of Exxon does not really have peers—all that makes Garvin the quintessential ex-

ecutive. To a degree that would embarrass him, he is apotheosized by the other members of the synod that he now heads. The remark of James Evans, the chief executive of Union Pacific, that Garvin is "a magnificent man, really" may be extravagant, but it also stands as the consensus of those who now flank Garvin at the Roundtable.

As for that synod itself, it has the eminence and dimension necessary to make it worth so much of Garvin's virtually priceless time. The Business Roundtable is an organization of around 200 big companies—196 is the exact number at the moment—that by inviolable rule can be represented at Roundtable activities only



Courtesy, Dominick Show

Last summer, amid an epidemic of gasoline shortages and price increases, Exxon's Clifton Garvin stepped fearlessly forward to argue his industry's case on a nationally syndicated TV talk show. The audience appreciated his guts, if not always his logic.

by their chief executives. Besides Exxon, membership includes the nation's second-largest industrial company, General Motors, and other giants such as Ford, IBM, General Electric, U.S. Steel, and Union Carbide; a collection of the biggest financial institutions, including the Bank of America, Merrill Lynch, and Metropolitan Life; and some of the big utilities, such as AT&T and Middle South Utilities. Now joining Garvin at the head of the table—although round, the table does have a head, located wherever Garvin wants to sit—are three new co-chairmen: Walter Wriston of Citicorp, Theodore Brophy of GTE, and Evans of Union Pacific.

With its roster of famous names, the Roundtable emerged in the 1970s as the formidable and educated voice of big busi-

ness. While it sometimes makes its mission sound noble enough for a medieval knight, the Roundtable's real purpose is to work out positions on issues concerning big business, and then to lobby for those positions in Washington's citadels. Other business organizations do much the same thing, but the Roundtable has achieved remarkable distinction by introducing the chief executive officer as lobbyist.

The gates of the citadels swing open readily for him, and, once inside, in contrast to his Neanderthal forebears, the chief executive has shown himself to be a man well trained and equipped for such a public role. Persuasive men like Irving Shapiro of Du Pont, who was chairman of the Roundtable a few years ago; like Reginald Jones of GE, who was co-chairman under Shapiro; like Thomas Murphy of GM, who was Shapiro's successor and now steps aside for Garvin—all know how to climb the Hill, and still have plenty of breath left to articulate the well-crafted arguments that support their views.

This reasonable and sophisticated approach, so successful during the Seventies, may now require reappraisal. The chief executive officer still has the valuable asset that Washington calls "access." Yet his appearances at the citadels have lost some of their novelty—which suggests that the way business now does its lobbying bears reexamination.

A philosophy for business

But the reassessment at the Roundtable will have to go far beyond tactics, to engage no less deep and difficult an issue than what positive public policies business should advocate. During the 1970s, when the environmental and consumer movements had the political initiative, what the Roundtable did most successfully was to turn back invasions. Now, while the political climate is more favorable, its task is far harder—to determine the guiding philosophy, indeed the ultimate justification, for big business in a new era. Just what kind of accommodation with big government does big business seek? Like government, business too has

been a desecrater of the altar of free enterprise. What new construct does business have to propose? Does it want competition or protection? On such big issues, where parochial interests conflict, the Roundtable has tended to hide behind silence or ambiguity. Unless Garvin can lead the Roundtable onto that new ground, it will do no more than travel the well-worn paths to congressional subcommittees and to the offices of the Stuart Eizenstats of this world, striking out clauses and adding riders—possibly fading during the next decade just as rapidly as it rose during the last one.

Victory for the defense

Although Garvin, muffled in his shroud of caution, will not even claim that his organization has a good record—"I don't really know how we do, our batting average would be hard to guess at"—the Roundtable was on the winning side of a lot of important arguments in the Seventies, not long after its founding. That the first victories were defensive ones was largely a function of the times. Joining with the Chamber of Commerce and the National Association of Manufacturers, the Roundtable helped win a signal victory by defeating a bill for a consumer protection agency—in retrospect, a watershed in the history of consumerism.

Then labor's efforts to occupy higher ground were beaten back. A bill that would have permitted a single striking union to picket an entire construction site, and another that would have made it easier for labor to organize nonunion corporations, were both defeated. The urging of the Roundtable and other groups also led to the rejection of central planning for the national economy, put forward in an early version of the Humphrey-Hawkins bill (and now resurfacing in some proposals to "re-industrialize" America).

What is most important about all those engagements today, though, is not so much their substance as the means by which the victories were won. The principal strategists of the Roundtable then were Shapiro, Murphy, and Jones; all re-

The Roundtable's New No. 2's

main powers around the place today, but all are approaching retirement. Shapiro has consistently preached that "industry can't always say, 'It's this or nothing.' The art of government is to find compromises."

Playing an insider's game

That lesson has certainly been taken to heart at the Roundtable. Its leaders go to Washington with an attitude very much like the one that politicians take there themselves. They usually find something to praise and accept as well as something to refine or reject; they are willing to do deals and strike bargains; they never go away mad. To describe the approach as "getting along by going along" is to simplify and denigrate it a bit, but the characterization is not far wrong. Shapiro prefers to say, "We work within the system."

The question that Garvin must examine now is not the wisdom and effectiveness of the Shapiro strategy during the 1970s—the batting average was really pretty good—but whether the country is now ready for a more fruitful philosophy. Business is still far from popular, but the need in the 1980s to get the economy back to sustained growth gives it a rare opportunity to have a new agenda enacted. To do that, though, business must first determine what it believes in, and where it stands on tough issues like welfare and incentives to work. Some critics of the Roundtable think that such a declaration, if its signatories lived by it, would bring better long-term results for the country and for business than compliance and expediency have done. In any case, they think that the propensity to compromise has gone too far. From one chief executive on the Roundtable comes the harsh judgment that the organization's retiring strategists were "more interested in being seen walking in or out of the White House than in representing business's interests."

Garvin must be aware of this kind of discontent. He is full of praise for Shapiro—"In any fight I want Irv on my side," he



Daniel Kramer

Serving under Garvin are the Roundtable's three new co-chairmen—all of them No. 1's in their own large corporations. Walter Wriston of Citicorp (above) heads the Roundtable's task

force on health care. Theodore Brophy of GTE (above right) works on tax issues, and James Evans of Union Pacific (right) is concentrating on the costs of environmental protection.

says—but he also concedes that "there's always disagreement about how adamant we should be on any particular issue." Only as his stewardship unfolds, however, will his own values become clear. To ask him now would elicit a comment deliberately either Delphic or vacuous.

One "particular issue" that sticks in the craw of those who believe in tougher stands is the tempered endorsement that the Roundtable gave to the Administration's wage and price guidelines. Explaining the Roundtable's action, Shapiro says that "we didn't learn about the Administration's intentions until very late. It was obvious that they were going ahead. So the question is whether you pick up your cards and walk away, or whether you accept all this as part of the system and work with it. And the answer is that you just *can't* say that as a matter of conscience you won't cooperate in something so fundamental to the President's program."

The judgment of the critics, though, is that the whole exercise in guideliny should have been opposed from the outset. Out of guideline trumpery comes the damaging notion that business is the responsible agent of inflation, which is further encouraged when the Council on

Wage and Price Stability publicizes "violators" and threatens those who do not cooperate "voluntarily." And guideliny creates the deceptive impression that something serious is being done about inflation. To the people now critical of Roundtable policy, the organization should, precisely as "a matter of conscience," have refused to cooperate with the guidelines. They point out that the Chamber of Commerce, which Roy Ash, chief executive of AM International, thinks is rapidly gaining in influence and open-mindedness, declared itself against the guidelines from the beginning.

A question of endangerment

The Roundtable is also said by some to be pursuing compromise and negativism with regard to a couple of propositions churning around in Senator Kennedy's Judiciary Committee. Under construction there is a voluminous reorganization of the federal criminal code. One of its most salient features for executives is the "endangerment" provision—a section that would make businessmen who manage recklessly "with unjustified disregard for human life" criminally liable for the consequences. The Roundtable's tactic was



Bill Ray



to change the phrasing from "recklessly" to "knowingly," thus shifting the argument toward whether there was criminal intent. The critics, however, still think that this is giving away too much. The Chamber of Commerce believes that the whole concept of endangerment is "a legal boobytrap" for managers.

The second question concerns new anti-trust legislation. The Roundtable has flatly opposed Kennedy's broad antimerger bills, as well as proposals to prevent big oil companies from acquiring corporations with assets of \$100 million or more. But the Roundtable has never really carried the fight to a higher plane—to argue, borrowing from some fine scholars in the field, that the last thing our world needs is more antitrust laws. Business's real ef-

fort now should be to press the Justice Department to concentrate on finding and punishing price conspiracies, and to end its exhausting and useless efforts, as in the IBM case, to bring big new cases for the sake of enlarging its jurisdiction. But the Roundtable does not seem to find that a politically palatable proposition.

"Why fight?"

The difficulty in choosing between compromise and confrontation finds splendid example in the matter of the windfall-profits tax, where Garvin himself was a very influential voice at the Roundtable. Intramurally the question was divisive, since most energy users weren't nearly as aroused over the tax as some producers were. Garvin helped to heal that division by contributing to an agreement in which the users labeled the tax "not needed," and the most vigorously opposed producers gave up trying to persuade the Roundtable to fight to the death on the issue. Garvin's remarks now give an insight into what he must have been saying at the time: "I never asked the Roundtable to go all out against the tax," Garvin says. "I think there was a perception that it was going through no matter what we did. So I guess the feeling was—why fight it?"

To the good argument that the tax ought to have been resisted harder, because it can inhibit the search for oil and its proceeds may just disappear into the government's insatiable spending machine, comes the good response that the tax was the multi-billion-dollar price for decontrol. In a tone implying that he really doesn't know, he's just speculating like the rest of you fellows, Garvin says, "I sense that Mr. Carter now feels he got what he was after. He was after decontrol, which we supported. He was after the windfall profits tax, which we didn't support." If one wants to infer a deal, feel free.

But there may have been a codicil. The President appears to have declared a truce in his demagogic attacks on big oil—just possibly in response to the Roundtable's

forbearance on the tax. That may be a reasonable inference to draw from Garvin's comment that "I think I see a definite change on the part of the Administration." When asked what kind of a change, though, Garvin expresses neither indignation about the White House's abuse in the past nor enthusiasm about the cease-fire today. In his intriguing, litotes-laden idiom, Garvin replies: "I think they are slinging less mud unfairly."

If disagreement about "how adamant we should be" complicates Garvin's tenure at the Roundtable, so will the related failure to develop policies and principles on the deep economic questions—the ones that squirm around so disturbingly and, before your very eyes, transmogrify into social issues. A Roundtable task force under Theodore Brophy of GTE is now advancing a proposal for a tax cut in the form of accelerated depreciation schedules, which the able Brophy supports with excellent economic arguments. But when the proposal elicits the question of where government expenditures could correspondingly be reduced—then the Roundtable retreats like a man backing away from a hot stove. Brophy concedes that business can't say "reform the welfare system" without sounding heartless; recommending cuts in government expenditures, he says, "isn't business's job." For two years, the Roundtable has had a task force on welfare, but it has apparently found the task too hard—or too hot.

As usual, Garvin is opaque on the subject. "I know that Vernon Jordan, before he was shot, was expressing his conviction that any reduction in taxes or sudden attempt to balance the budget would fall hardest on the poor. Vernon may be exactly right about that," Garvin says. But some agreement with Brophy's belief that business cannot decide where cuts should be made can be inferred from Garvin's remark that "it would take a lot of effort to find out where government expenditures really go. We haven't done it yet, and I don't know if we ever will." That leaves the nation's leading assemblage of businessmen without a position on one of

"Their strength should come from a coherent ideology, but they don't seem to know what that is anymore."

the most crucial issues that our welfare society poses—and one on which business does have a responsibility to search out reforms that might benefit both the country as a whole and the poor as well.

Now in a waxing phase, the issue of protectionism also highlights the importance of what the Roundtable isn't willing or able to do. The Roundtable stays out of the act when its members hunt for tariffs, quotas, and other anticompetitive devices temporarily helpful to their industries or companies but harmful to the economy at large. The c.e.o.'s of several big textile and steel companies, and lately the c.e.o. of Ford, all of whom are Roundtable members, have led movements for tariffs, quotas, trigger-pricing systems, or other protectionist measures. Meanwhile, the Roundtable has been silent or evasive, sometimes dismissing the moves as "single-industry issues."

Iacocca takes a walk

But Norman Ornstein, a political scientist at Catholic University and an insightful analyst of the Washington scene, thinks that unless big business takes a stand on principle against protectionism and other forms of government aid "a schism could split the Roundtable right down the middle." With some companies hurt and others helped by protectionism, the divisive pressures could be uncontrollable. Adds Ornstein: "The more the Roundtable fails to respond to the big issues, the more it loses its image of greatness. Their strength should come from a coherent ideology, but they don't seem to know what that is anymore."

The Roundtable, to be sure, did oppose the government bailout of Chrysler. Murphy abstained during the debate, and Iacocca walked out afterward. But that item looks pretty lonely on the ideological balance sheet.

While the Roundtable's evasions may make it seem a cowardly lion, the organization looked positively courageous when it selected the leader of the country's most pilloried industry to be its chairman. The decision to go after Gar-

vin, Shapiro says, "wouldn't have happened five years ago. The conventional approach would have been not to take that kind of heat. Instead we said, 'Let's deal on the merits.' That has great symbolic significance—it's a measure of business's confidence." So Rawleigh Warner went to Garvin, saying, "You're the best fellow for leadership now." Later, Garvin told Warner, "All my people tell me I shouldn't do this. But I say I should."

The man on whom the public spotlight thus falls says that he would much prefer not to be in it at all. Garvin does meet the media with reasonable frequency, but without much apparent enthusiasm. Sometimes he begins interviews with a long stare and a remark such as "Well, the ball is in your court." Whether or not those are gambits, Garvin's bluntness is natural enough. A big, self-contained man, he took chemical engineering at Virginia Polytechnic Institute and worked for 12 years at Exxon's huge Baton Rouge refinery, the academy where Jack Rathbone, who ran Exxon in the Sixties, and other top executives were trained. Garvin came to New York in 1964 to become executive assistant to Rathbone, and was made c.e.o. 11 years later.

Although Garvin understands the lure of public life, he finds its hazards unappealing. "What's the old saw ... there's no sweeter song than the sound of your own name? Candidly, I'm reluctant to step too far forward. That's not to say that I don't have a lot of self-confidence—I do. It's just that being right is hard. Making projections about the political situation—well, I'm not very sanguine about jumping up on any podium. I'm always being asked by some Senator, 'What's going to happen?' And I have to tell them frankly I don't know. I always find myself adding on the qualifications."

For all of his reluctance, though, Garvin will jump on the podium when the situation requires it. A year ago, when gas lines were long and tempers were short and oil executives were acting as if the TV camera were a death-ray machine, Garvin went on the Phil Donahue show. In St.

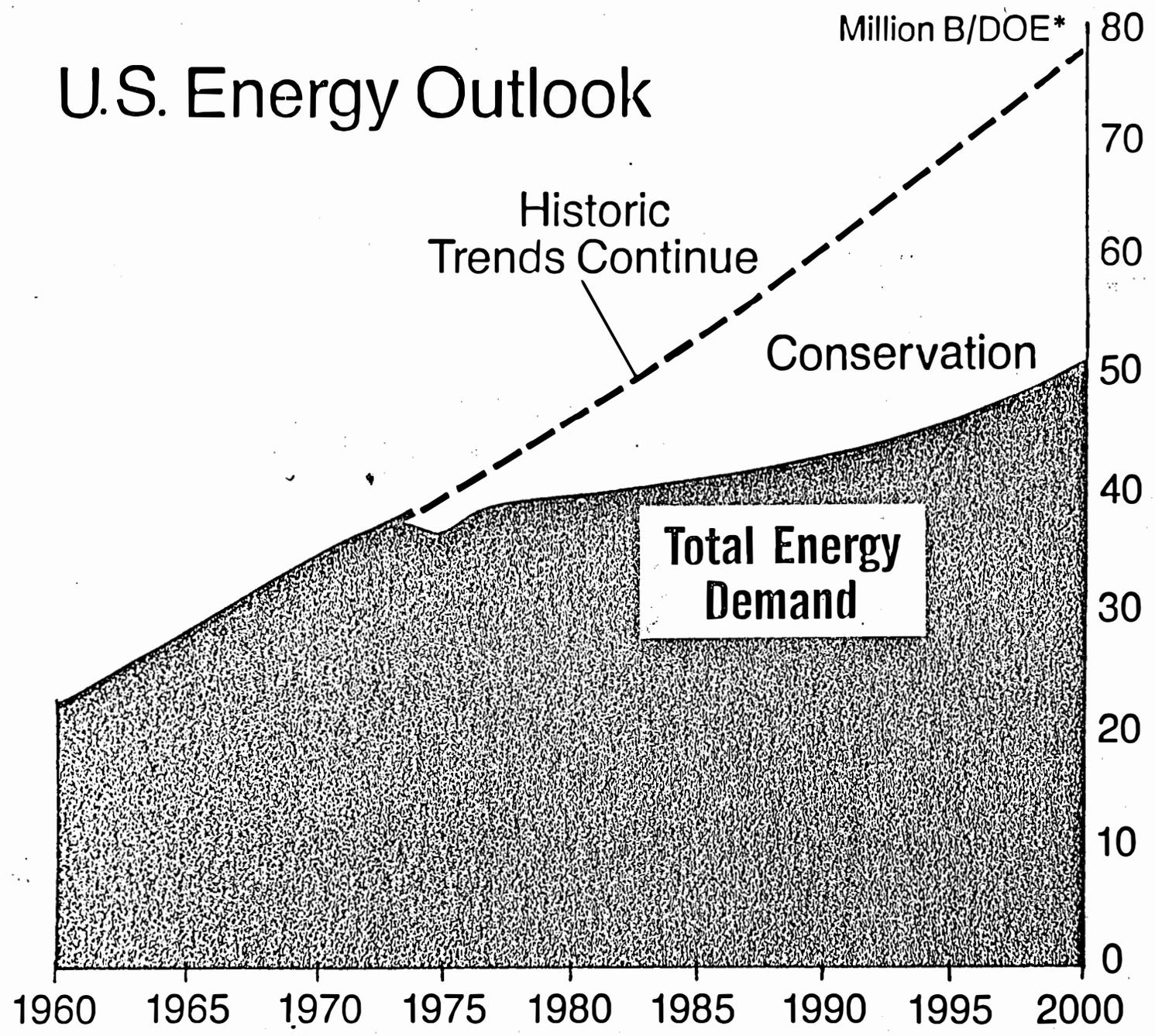
Louis, he faced an auditorium crowded with angry housewives, egged on by Donahue's grandstanding and tendentious questions. Garvin gave a spirited and gutsy performance. Only the good Saint Louis himself knows how much it helped. But Garvin managed to sound like a concerned American, and not like a creature from a faraway planet called Exxon.

Focusing on basic beliefs

No question asked in St. Louis, though, will prove any tougher than the ones that will come to Garvin now that he is on his new perch. He might consider, for example, whether some management of the kind Exxon is so good at providing should be imposed on business's several lobbying organizations. With the NAM, the Chamber of Commerce, and the Roundtable spending so much time on the Hill, there's a good deal of overlapping. Better coordination might let the Roundtable lobby less, with the Chamber of Commerce picking up the slack; that could help make a visit by a c.e.o. something of an event for a while longer. Although Anne Wexler, the presidential aide who receives business's missionaries, says she's bitter about the national Chamber—"That staff is hostile"—the organization, under Richard Leshner, has steadily improved its performance around Washington. If the Roundtable worked out closer relations with the Chamber, those long-range executive thinkers could turn their minds to contemplation of what business really believes in.

Strangely, the election of a Republican president would make the need for that reassessment even more urgent. Says Norman Ornstein: "Reagan is getting more and more support from anti-big-business conservatives—those people aren't a fringe movement anymore. Some of them can make a better case for free enterprise than big business can. Unless it starts addressing the tough questions, the Roundtable could be ripped apart from the right as well as from the left." Now there's a challenge for the quintessential executive who doesn't like to jump on podiums. **□**

U.S. Energy Outlook

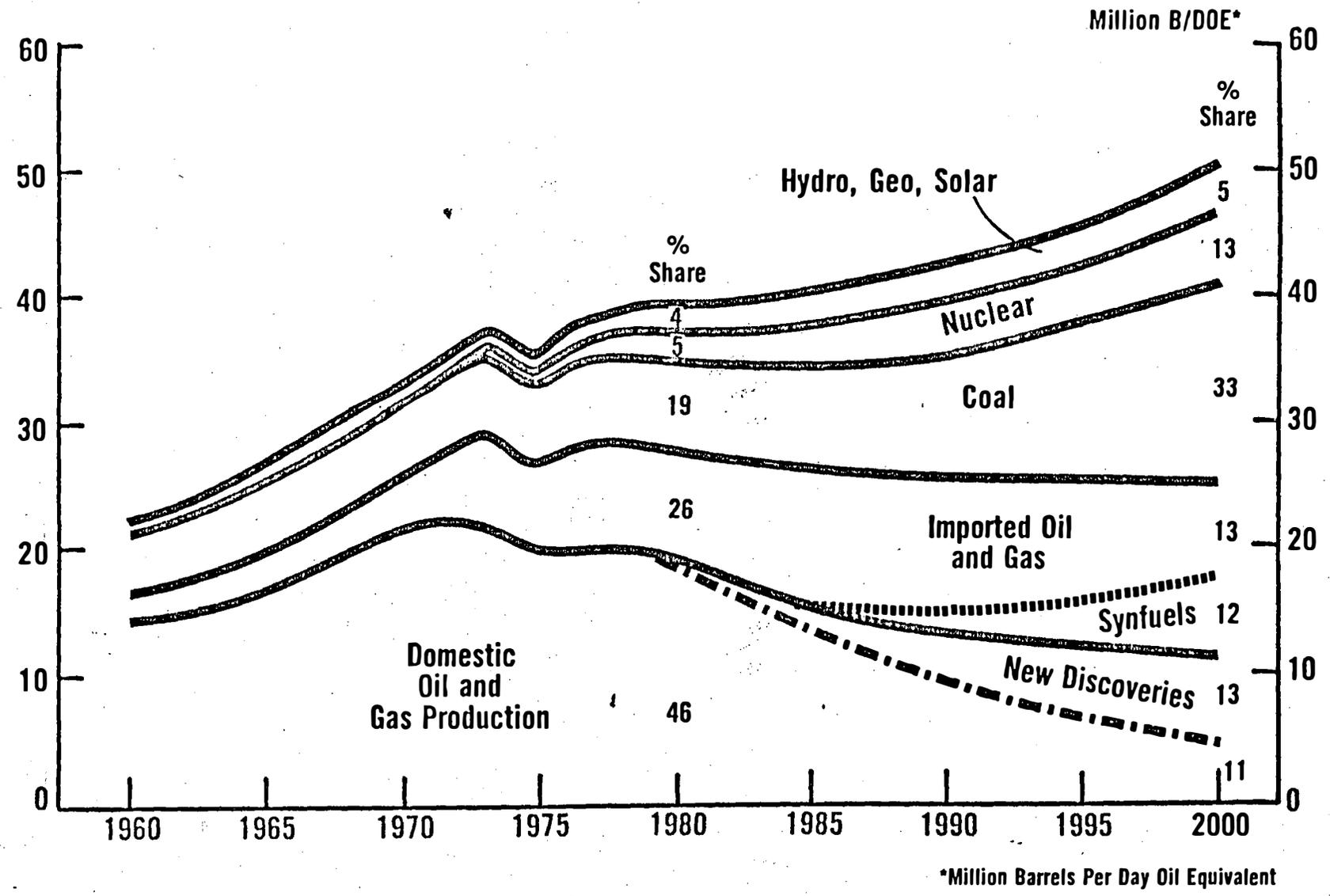


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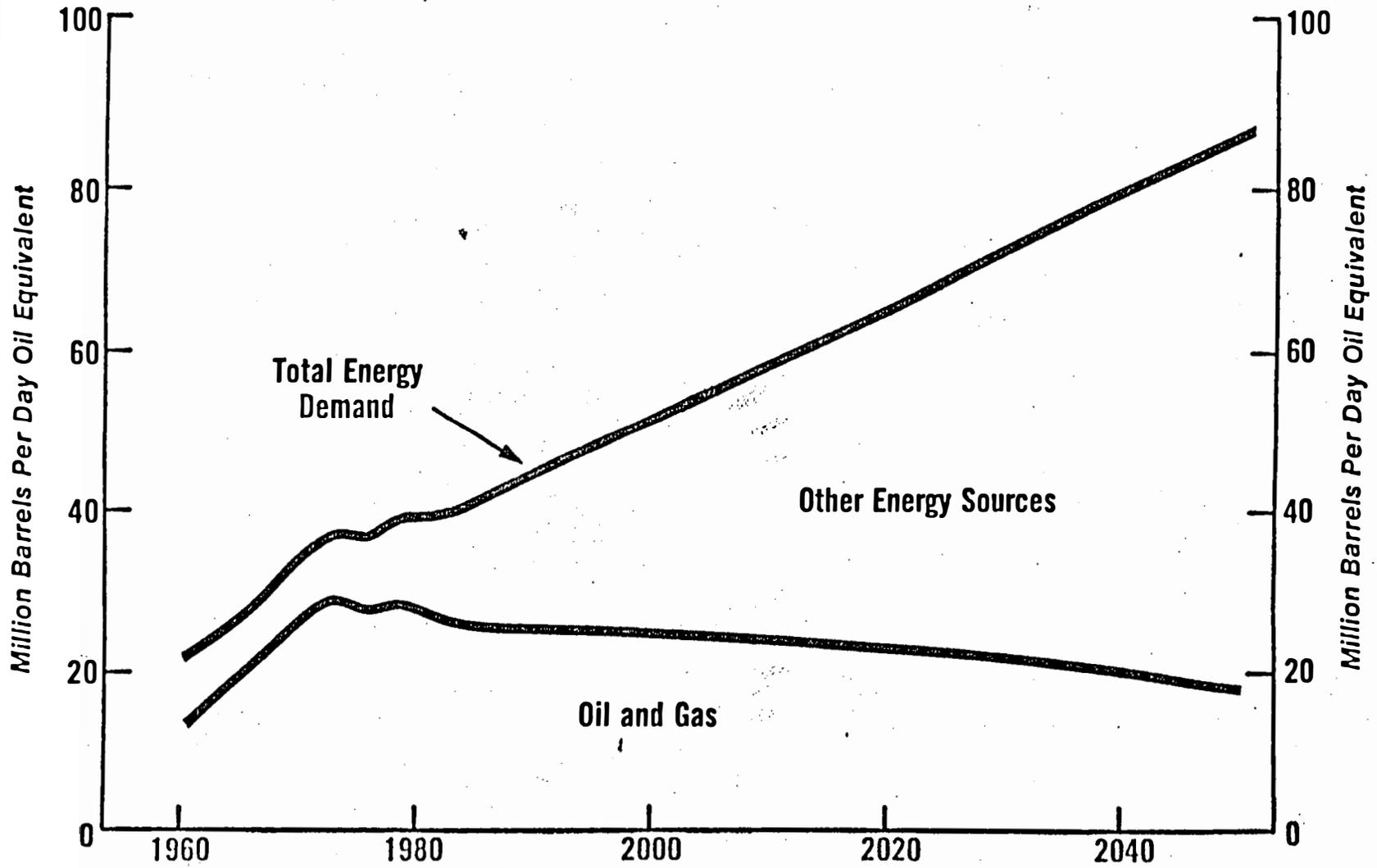
Total Energy Growth Rate, %/year

*Million Barrels Per Day Oil Equivalent

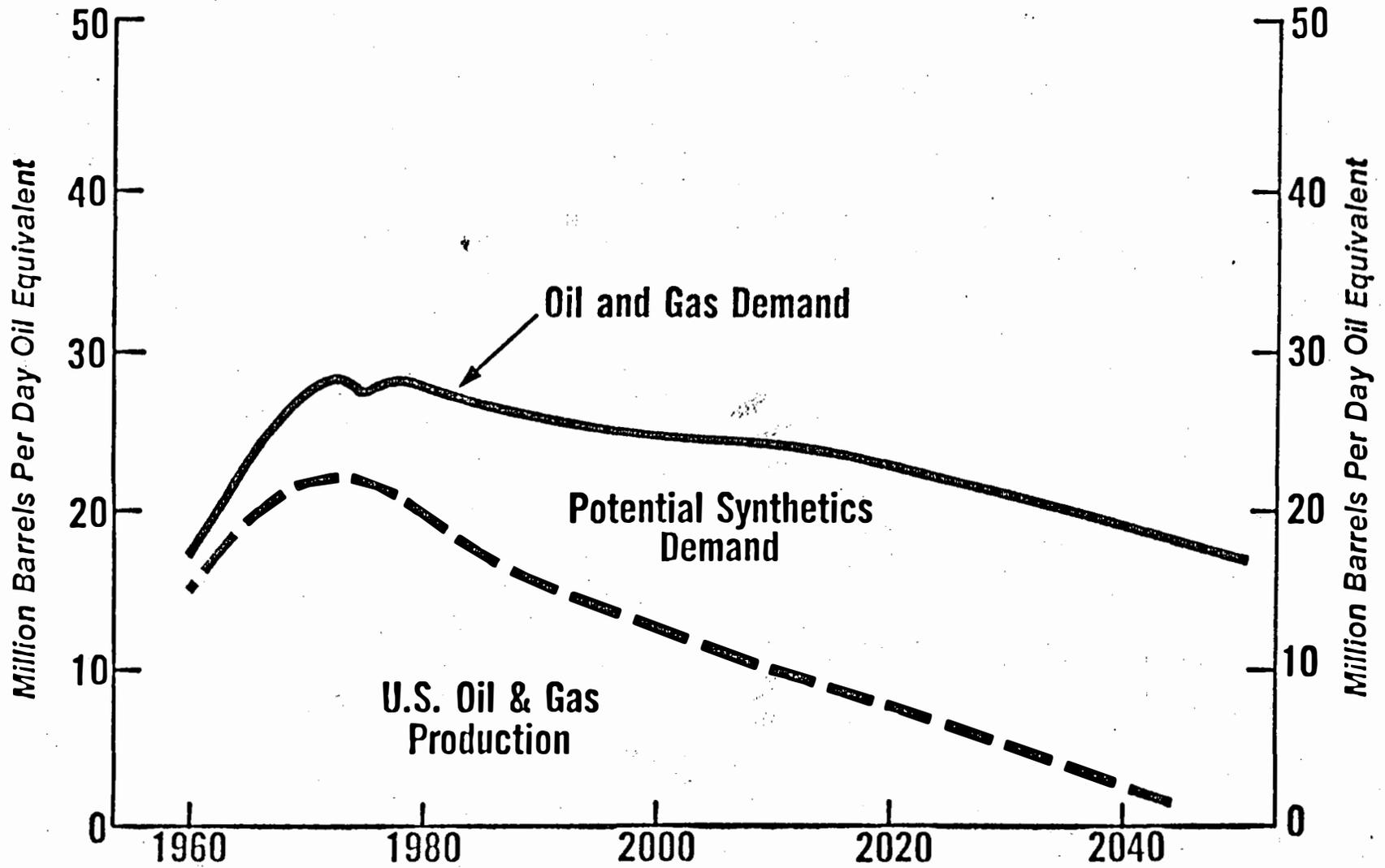
U.S. Energy Outlook by Fuel Consumed



U.S. Energy Through 2050



U.S. Oil and Gas Through 2050



Types Of Synfuels And Relative Costs

Synfuel	Process	Products	Cost
Shale Oil	Heating Of Oil Shale	Most Similar To Crude Oil	Base
Intermediate Btu Gas (IBG)	Gasification Of Coal	Gas, Largely CO And H₂ For Industrial Fuels Or Chemical Feedstock	Base
Synthetic Natural Gas (SNG)	Gasification Of Coal And Methanation	Gas, Largely Methane For Distribution With Natural Gas	15 to 25% Higher
Methanol From Coal	Gasification And Synthesis	Fuel Grade Methanol And SNG (50/50)	20 to 30% Higher
Other Liquids From Coal	Indirect And Direct Routes	Gasoline, Distillates, Heavy Fuel Oil And Up To 50% SNG	40 to 60% Higher

Potential Utilization U.S. Oil Shale and Coal

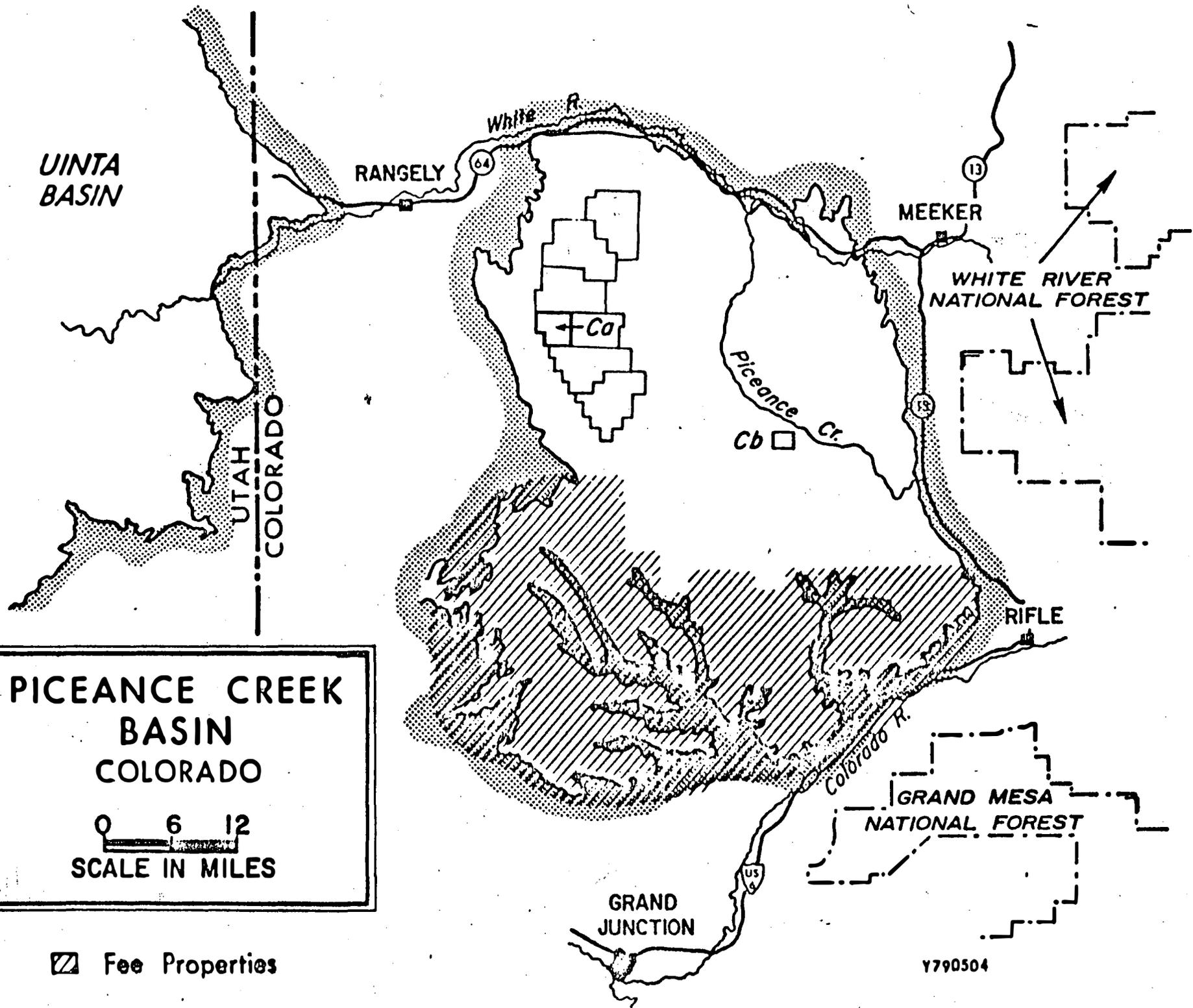
Oil Equivalent, Billion Barrels

	<u>Resource In-Place</u>	<u>Recoverable As Mined</u>	<u>Demand Ex Synfuels</u>	<u>Net Synthetics Production</u>
Oil Shale				
Underground Mined	670	} 1400	60	0
Surface Mined	730		580	0
Coal				
	2000	1360	570	430
	<u>3400</u>	<u>2000</u>	<u>570</u>	<u>980</u>

*Known reserves recoverable
70 bil oil eqs*

Equivalent to 15 million BPD for 175 years:

- 8 million BPD shale-based
- 7 million BPD coal-based



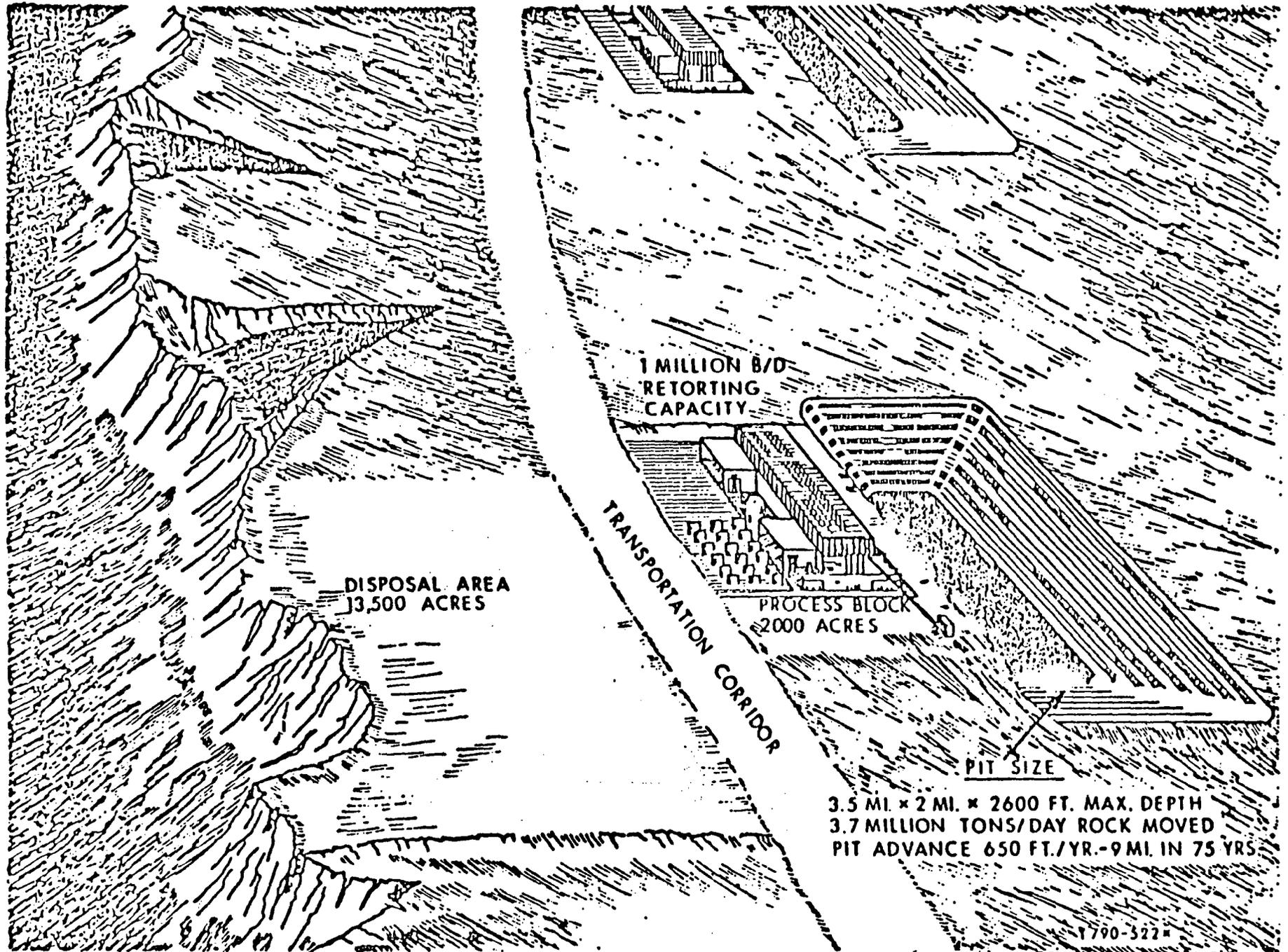
**PICEANCE CREEK
BASIN
COLORADO**

0 6 12
SCALE IN MILES

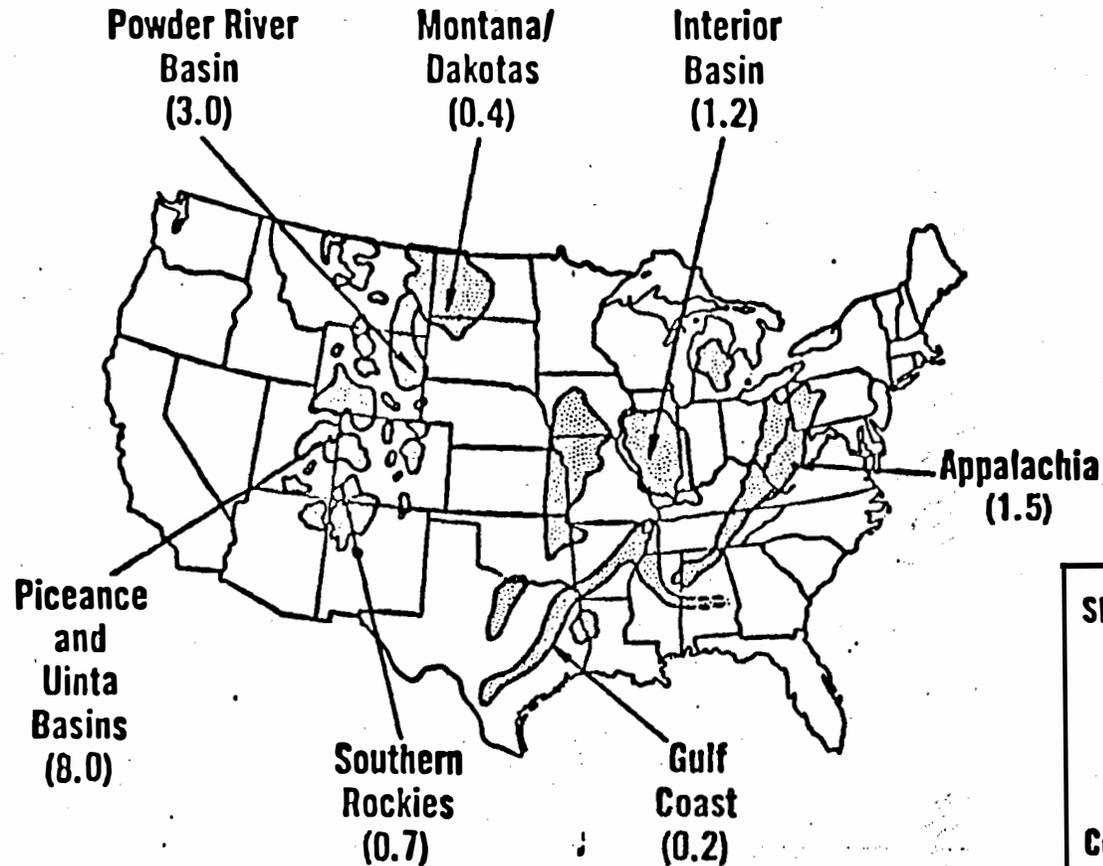
▨ Fee Properties

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SKETCH OF SURFACE OIL SHALE MINING OPERATION



Assumed Distribution Of Synthetics Industry (Million BPD Oil Equivalent)



Shale	
Surface Mines	6.0
Underground Mines	2.0
Total (Piceance & Uinta Basins)	<u>8.0</u>
Coal	
Powder River Basin	3.0
Other Western	1.1
Eastern/Gulf	<u>2.9</u>
Total Coal	7.0
Total Synthetics	15.0

Synthetics Development Requirements For 15 Million BPD Production In 30 Years

	<u>Shale Oil</u>	<u>Coal</u>	<u>Total</u>
Volume, Million B/DOE	8	7	15
Investment, Billion 1979 \$	330	380	710
Percent of GNP	0.4	0.5	0.9
Interbasin Water, Million Acre-Feet/Year	1.1	0.6	1.7
Employees, Thousands	310	560	870
Population Impact In Affected Areas, Thousands	1620	2600	4220

Direct People Effects

<u>Category</u>	<u>Peak Requirement</u>	<u>% Over Present</u>	<u>%/Yr. Current Growth</u>	<u>%/Yr. Increase Required</u>
Engineering	8,400	36	5	0.9
Construction	250,000	15	2	0.4
Plants	389,000	57	0.6	1.3
Mines	482,000	60	5	0.5

Total Population Growth

<u>Location</u>	<u>Initial Population</u>	<u>Population At End of Period</u>	<u>Increase %/Year</u>
Piceance Basin	100,000	1,750,000	10.0
Powder River	90,000	1,250,000	9.2
San Jose (1)	100,000	600,000	6.2
Orange County (2)	130,000	1,800,000	6.8

(1) 1950-1979

(2) 1940-1979

Summary And Conclusions

- **Realistically looking at the development and use patterns of all energy sources, including the effect of conservation, we conclude that the United States must develop a synthetics industry.**
 - **Liquids and gas will be needed for many decades to meet specific end uses which cannot be supplied by electricity.**
 - **Synthetics can reduce import dependence significantly in the 1990s and cover the shortfall of oil and gas expected in the next century.**
 - **Synthetics will need to be a large industry, with much of it centered in the West.**
 - **The private sector has the financial, managerial, and technical resources to develop the synthetics industry.**
 - **Plans are being made to construct the first synthetics plants.**
 - **Must begin now to plan for continued development of synthetics beyond 1990 goals.**

- **Political and management challenge is for government, industry, and other interested parties to work cooperatively in developing synthetics.**
 - **Synthetics development will have significant impacts in specific geographic areas.**
 - **Cooperation must begin with initial planning in order to balance and accommodate national energy needs and regional, state, and local interests.**
 - **One way to organize this cooperative effort is to establish a Regional Development Authority.**

THE WHITE HOUSE
WASHINGTON
28 Jul 80

Jim McIntyre/John White

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

Rick Hutcheson



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

July 25, 1980

cc John

*How about rate
(or number) of
registration?*

J

MEMORANDUM TO THE PRESIDENT

FROM: JOHN WHITE *JW*

SUBJECT: UPDATE ON DRAFT REGISTRATION

Registration continues to run smoothly. There have been no demonstrations for the last two days. Press comment--national and local--has become increasingly favorable as the week progressed. No post office has run out of forms or developed any significant overload problem.

In House testimony this week, we reported that use of the post office rather than a reconstituted Selective Service field structure to conduct registration saved the taxpayers approximately \$65 million.

Time Magazine will report next Monday that registration is a success!

**Electrostatic Copy Made
for Preservation Purposes**

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIDENBERG
	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
X	MCINTYRE / <i>J. White</i>
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

28 Jul 80

Stu Eizenstat

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

Rick Hutcheson

Frank Moore
Jim McIntyre

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		MCDONALD
	X	MOORE
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		WATSON
		WEDDINGTON
		WEXLER
		BRZEZINSKI
	X	MCINTYRE
		SCHULTZE
		ANDRUS
		ASKEW
		BERGLAND
		BROWN
		CIVILETTI
		DUNCAN
		GOLDSCHMIDT
		HARRIS
		HUFSTEDLER
		LANDRIEU
		MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
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	MARTIN
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	PRESS
	RECORDS
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	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

THE WHITE HOUSE
WASHINGTON

July 26, 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
LYNN DAFT *Lynn*
SUBJECT: Farm Policy

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Senators McGovern and Dole unexpectedly attached an amendment to the Child Nutrition Bill yesterday that would legislate most of the farm policy package we intend to announce Monday. More specifically, the amendment:

- o Increases the corn loan from \$2.10 to \$2.25.
- o Increases the wheat loan from \$2.50 to \$3.00.
- o Increases the soybean loan from \$4.50 to \$5.02.
- o Establishes a special loan for reserve corn of \$2.40 and wheat \$3.30.
- o Provides the Secretary of Agriculture with authority to sell CCC grain for alcohol fuel at lower prices than now permitted.
- o Authorizes the International Emergency Grain Reserve.
- o Changes the final dates for announcing the wheat program from August 15 to August 1 and feed grains from November 15 to November 1.

For the most part, these amendments are compatible with, if not identical to, the actions we have planned. The special loan levels and the basic loan rate for corn are identical. We had planned to announce a soybean loan rate of \$5.00 (consistent with the \$2.25 corn loan). The International Emergency Grain Reserve, which the Administration proposed nearly two years ago, has been stalled in Congress for most of that period.

The most significant difference between our package and the one passed by the Senate is the \$3.00 loan rate for wheat. Another important difference is that the Senate-passed measure would not become effective until October 1, 1980. The administrative actions you take on Monday will take effect immediately. This will be particularly important for wheat producers.

We have discussed the Senate actions with your farm policy advisers (Secretaries Bergland and Miller, Charlie Schultze, and John White). In particular, we have discussed the \$2.80 versus \$3.00 loan level option for wheat. For the following reasons, your advisers unanimously recommend that we adopt the \$3.00 level:

- * It is now practically assured that the Congress will legislate a \$3.00 loan. Chairman Foley tells us that he would have to support it, although he had been willing to settle for \$2.90. If we administratively adopt \$3.00, we will eliminate the basis for a confrontation with the Hill. In fact, we will have good reason to ask that the basic loan rate changes in the amendment be stricken in Conference.
- * From a budgetary standpoint, the \$3.00 loan adds about \$100 million in FY 1980 but reduces the FY 1981 budget by at least half this much and possibly a comparable amount. However, if we stay with \$2.80 and the Congress adopts \$3.00 (which would not become effective until October 1, 1980), the entire cost would be shifted to FY 1981, to the extent there is a net cost.
- * We can use essentially the same reserve release and call levels as we had recommended earlier (\$4.20/\$5.25 versus \$4.20/\$5.18) by applying different percentage factors to the higher loan rate. This will preserve the operational integrity of the reserve. Adopting the higher level will add somewhat to the administrative burden, but not unreasonably.
- * We are told that the Senate-passed measure is not expected to go to Conference until after the Democratic Convention. Thus, you will be able to take political credit for acting in advance of the Congress.

For these reasons, your advisers recommend that you adopt the \$3.00 loan rate for wheat. (CL has been advised.)

DECISION

- Approve \$3.00 loan (USDA, CEA, OMB, Treasury, and DPS)
- Disapprove



PRIORITY
PRECEDENCE

UNCLASSIFIED
CLASSIFICATION

FOR COMMCENTER USE ONLY

FROM: LYNN DAFT
TO: STU EIZENSTAT/CAMP DAVID

DEX _____
DAC 36 _____ GPS _____
LDX _____ PAGES 2 _____
TTY _____ CITE _____

INFO:

DTG: 262018Z Jul 80

RELEASED BY:
WHC

TOR: 262059Z JUL 80

SPECIAL INSTRUCTIONS:

7/28/80

STU:

PLEASE TAKE A LOOK AT THIS
BEFORE PASSING ALONG TO THE PRESIDENT.

LYNN DAFT

1500 JUL 26 20 17

RECEIVED
JUL 26 5:01
SITUATION ROOM

THE WHITE HOUSE

WASHINGTON

July 26, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT
LYNN DAFT 

SUBJECT: Farm Policy

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- * We are told that the Senate-passed measure is not expected to go to Conference until after the Democratic Convention. Thus, you will be able to take political credit for acting in advance of the Congress.

For these reasons, your advisers recommend that you adopt the \$3.00 loan rate for wheat. (CL has been advised.)

DECISION

_____ Approve \$3.00 loan (USDA, CEA, OMB, Treasury,
and DPS)

_____ Disapprove

THE WHITE HOUSE
WASHINGTON

28 Jul 80

Frank Moore

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

Rick Hutcheson

NAME Alan Cranston

1605

TITLE Senator

CITY/STATE Democrat - California

Phone Number--Home ()

Work (202) 224-3553

Other ()

Requested by Frank Moore *FM/m*

Date of Request 7/25/80

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for Preservation Purposes**

INFORMATION (Continued on back if necessary)

Purpose

To show your continued interest in the Alaska Lands Bill and to express your thanks to Senator Cranston for his hard work.

Background

Along with Senator Tsongas, Senator Cranston has been leading the effort for our side in the negotiations attempting to reach a compromise on

NOTES: (Date of Call 7-28)

Will meet this afternoon. Staff will need 48 hours if agreement is reached. May be ready Thurs. (No Senator is advocating an open convention except as earlier known - Hot Plan)

the Alaska Lands Bill. Closed door meetings have been going on since Wednesday and are expected to continue through the weekend.

Talking Points

1. Thank Cranston for the time and effort he has put into the Alaska Lands Bill.
2. Ask for a status report on negotiations and for his views on timing and the prospects for success.

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for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

28 Jul 80

Rex Scouten

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

Rick Hutcheson

cc: The First Lady

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	LAST DAY FOR ACTION

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	CONFIDENTIAL
	SECRET
	EYES ONLY

ACTION
FYI

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIDENBERG
	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
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	GOLDSCHMIDT
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	HUFSTEDLER
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	MILLER
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	AIELLO
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	CAMPBELL
	H. CARTER
	CLOUGH
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	HERTZBERG
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	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
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	VOORDE
	WISE

X Scouten

THE WHITE HOUSE
WASHINGTON

ok

R

Q

July 25, 1980

Mr. President:

The contract for the project covered in the attached Press Release will be signed by Thursday, July 31.

The funds have been appropriated and the procedure has been approved by our Senate and House Appropriations Committees, Hugh Carter and the National Park Service (who will let the contract).

Work will commence on Monday, August 11. Paint removal of the East side of the Residence will be the first step. We feel total paint removal of one wall at a time is the most practical approach.

Rex Scouten
Rex Scouten

**Electrostatic Copy Made
for Preservation Purposes**

NEWS RELEASE

U.S. DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE

FOR IMMEDIATE RELEASE:

RESTORATION OF WHITE HOUSE EXTERIOR ANNOUNCED

The National Park Service today announced the award of a \$98,000 contract to Rudco Air Maintenance Co. of Hartford, Connecticut for historic preservation work on the exterior sandstone walls of the White House.

Scheduled to begin August 11, the work will include removal of all paint from the East Wall of the Residence, stone repair and repointing, and application of a coating system to the entire residence.

The work should be completed by the end of November. Restoration work on the north, west and south walls will be scheduled for future years.

Historic records indicate that the White House was first painted in 1798. In recent times, it has been painted about every four years with extensive touch-ups in between.

The new restoration work comes after a two-year study by the National Bureau of Standards, which was commissioned by the (NPS) to study problems and recommend measures that would improve appearance of the White House exterior and at the same time lower the cost of maintenance.

The (NBS), considered as America's foremost paint chemists, concluded that there were too many layers of incompatible coatings of paint on the building. In some places, scientists found up to 30 layers of paint,

National Capital Parks

Washington, D.C.

(202) 426-6700

whitewash and other coatings. The (NBS) recommended complete removal of all paint down to bare stone and provided detailed specifications for accomplishing this work. The specifications also provide instruction on stone repair, repointing and recoating with an oil-alkyd masonry sealer and finish coating. All the (NBS) recommendations are based on extensive testing in the laboratory and on test surfaces at the White House. These recommendations will be published in the next few weeks as a technical guide for similar historic preservation projects.

Extremely valuable review of the (NBS) recommendations was provided by the Architect of the Capitol, (NPS) historical architects, preservation experts from the Heritage Conservation and Recreation Service of United States Department of the Interior, and the National Paint and Coatings Association. Assistance also was received from the Painting and Decorating Contractors of America and other industry experts.

The (NPS) administers the White House as a national monument and will be supervising the restoration work.

Rudco is a Hartford-based building restoration firm with many years of experience on projects throughout the United States and Great Britain. Known for their expert craftsmen and technicians, they recently completed paint removal and chemical cleaning of the walls and ceiling of the rotunda of the U.S. Capitol. This work was performed while tours proceeded below.

Press Contact: George Berklacy

Cabinet Meeting July 28, 1980

THE WHITE HOUSE
WASHINGTON

7-28-80

Cabinet

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- > Billy / Libya
Campaign - last
- > Economic policy - Schultze, Miller
- > Budget
- > Autos, rail
- > Steel - 57% of cap.
- > Energy
- > Alaska
- > MidE - UNGA & Jerusalem
- > us/ur - Afghan - TNF -
Com Fed Com - Bob
- > Cuban refugees
- > Grain sales - su. exports
- > EDA
- > Youth Act = jobs ok = ed
- > Bilingual
- > Hatch act

THE WHITE HOUSE
WASHINGTON
28 Jul 80

Jack Watson
ARnie Miller

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

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

July 25, 1980

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MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jach*
ARNIE MILLER *IF*

SUBJECT: National Council on the Arts

In April you approved a list of candidates for the National Council on the Arts. Max Roach is unable to serve at this time, and we recommend that Arthur I. Jacobs be nominated.

Arthur I. Jacobs (Florida): Chairman of the Fine Arts Council of Florida and member of the Board of Directors of the Southern Arts Federation. Attorney in private practice and County Attorney for Nassau County. Highly recommended by Senator Chiles and approved by Livingston Biddle, Mrs. Mondale and Phil Wise.

*Notify Gov
Graham*

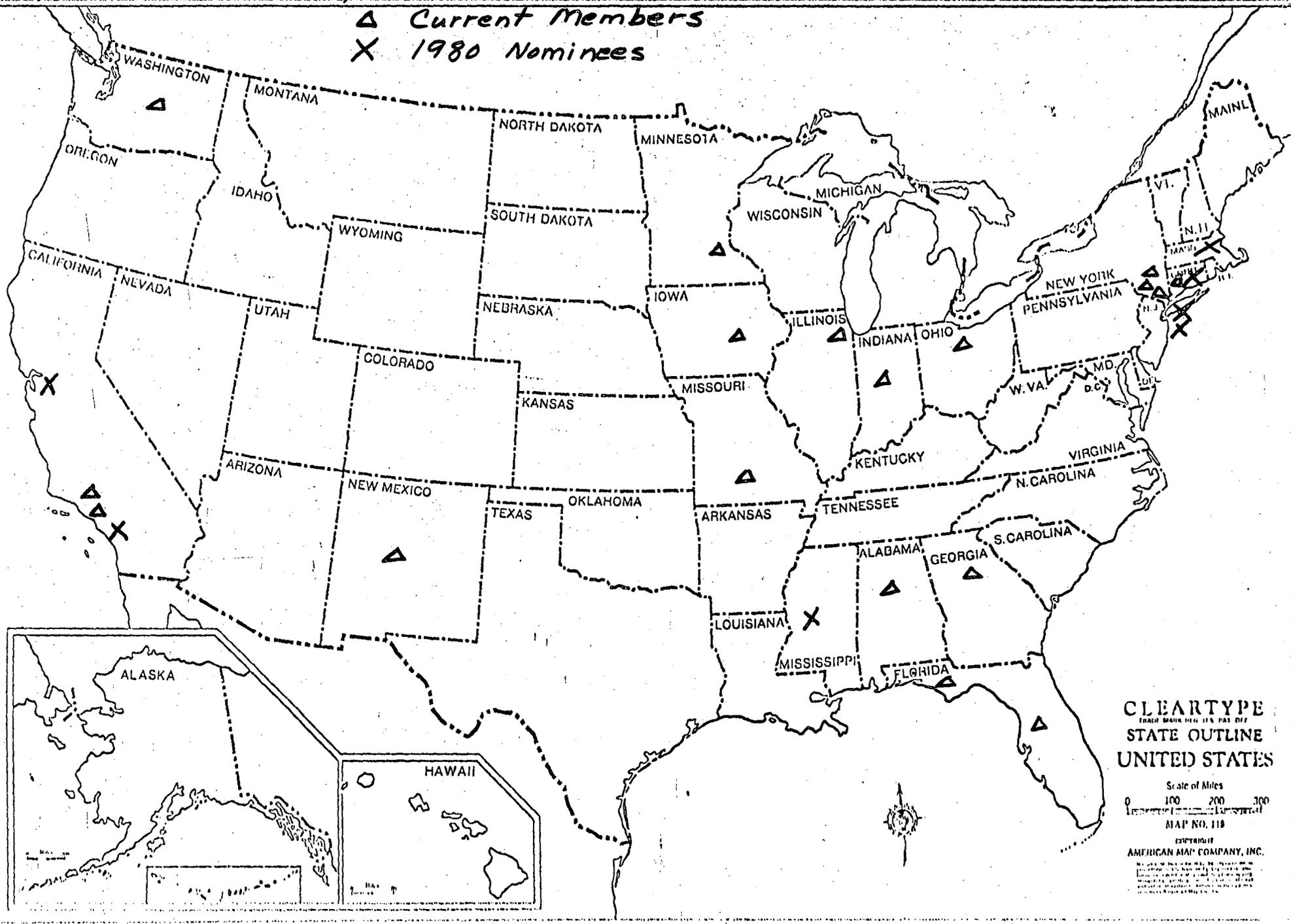
RECOMMENDATION:

approve

disapprove

National Council on the Arts

△ Current Members
 X 1980 Nominees



CLEARTYPE
 EQUAL MAIN 100 1/8 IN. PAT. OFF.
STATE OUTLINE
UNITED STATES

Scale of Miles
 0 100 200 300
 MAP NO. 118

AMERICAN MAP COMPANY, INC.

ARTHUR I. JACOBS

7/15/54
3/7/5

COLLEGE - University of Florida 1962 - 1965

President - Sigma Alpha Epsilon Fraternity

Chairman - Dollars for Scholars

President - University Religious Association

Member, Florida Blue Key

Selected to University of Florida Hall of Fame

Bachelor of Arts Degree - 1965

LAW SCHOOL - University of Florida 1965 - 1967

President - University of Florida Student Body - 1966

Member, Human Relations Council, City of Gainesville,
Florida - 1966

Who's Who in American Colleges and Universities - 1966

Juris Doctor Degree, December, 1967

CAREER EXPERIENCE

Director of Development - University of Florida - 1966

Dean of University Relations and Development - University
of Florida, 1967 - 1969

Associated with Kent, Darden and Kent, Jacksonville,
Florida, 1968 - 1970

Assistant State Attorney, 4th Judicial Circuit 1970 - 1973

County Attorney, Nassau County, 1973 - (CURRENT)

Private Practice, Fernandina Beach, Florida, JACOBS,
BURGESS & POOLE, 1972 - 1973

FRATES, JACOBS & FARRAR with law offices in Fernandina
Beach, Tallahassee, and Miami, Florida - (CURRENT)

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COMMUNITY SERVICE

Board of Directors - Fellowship of Christian Athletes,
Jacksonville - 1969

Member, Milling Bands - Jacksonville - 1969

Trustee, Memorial United Methodist Church of Fernandina
Beach, Florida, 1973 - (CURRENT)

Advance Gifts Chairman, United Fund, Fernandina Beach,
Florida, 1973 - 1977

Chairman, Citizens Advisory Board to the Council For
the Aging - 1975 - 1977

Founder and Executive Director, Fernandina Amelia Is-
land Restoration Foundation, Inc. - 1972 - (CURRENT)

Member, Board of Directors of Children's Home Society
of Florida Northeastern Division, 1976 - 1977.

Member, Children's Home Society of Florida Legislative
Committee, 1976 - 1977

EDUCATIONAL SERVICE

Chairman, Annual giving Fund - University of Florida - 1975

Chairman, Athletic Committee - University of Florida
Alumni Association - 1977

Member, Executive Committee - University of Florida
Alumni Association 1976 - 1978

Vice - Chairman of Trustees - University of Florida Law
Center - 1976 - (CURRENT)

Member, University of Florida Foundation Board of Directors
1975 - (CURRENT)

Member, Board of Trustees - University of North Florida
Foundation - (CURRENT)

Handwritten: 5/8/73

OTHER SERVICE

- Selected one of Five Outstanding Young Men in Florida - 1974.
- Trustee, Florida House, Washington, D. C. 1975 - 1978
- Executive Committee Member, Fine Arts Council of Florida 1977 - (CURRENT)
- Chairman, Legislative Committee, Fine Arts Council of Florida 1976 - 1979
- Vice-Chairman, Art in Capitol Committee 1976 - 1979
- Vice-Chairman, Fine Arts Council of Florida 1978 - 1979
- Chairman, Fine Arts Council of Florida - (CURRENT)
- Member, Board of Directors of Southern Arts Federation - (CURRENT)

BAR SERVICE

- Member, Criminal Law Committee, Florida Bar 1972
- Participant - Lecture series, International Law Section of the Florida Bar, Law School, Mexico City 1974
- Participant - Lecture Series, International Law Section of the Florida Bar, Cambridge University, Cambridge, England and Sorbonne University, Paris, France 1975
- President, Nassau County Bar Association 1976 - Honorable mention, Outstanding Bar Association in Florida.
- Member, Coordination Designation Committee, Florida Bar - 1975 - 1977
- Member, Advertising Committee, Florida Bar 1976 - 1977
- Vice-Chairman, Steering Committee of Litigation Section's consumer Protection Committee of the American Bar Association 1977
- Member, Grievance Committee, Fourth Judicial Circuit - 1976 - 1979

THE WHITE HOUSE

WASHINGTON

July 24, 1980

①

MEMORANDUM FOR THE PRESIDENT

**Electrostatic Copy Made
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FROM:

JACK WATSON *Jack*

HARLEY FRANKEL *HF*

SUBJECT:

Board of Directors of the
Inter-American Foundation

The Inter-American Foundation is a quasi-governmental institution affiliated with the State Department which supports private organizations in self-help projects in Latin America.

The Board of Directors has seven members who are nominated to the Senate, four from the private sector and three from the public sector member. The Chairman, Peter T. Jones, has recommended the appointment of Guy Erb, the Deputy Director of the International Development Corporation Agency. Secretary Muskie and Tom Erlich, the Director of IDCA, concur.

RECOMMENDATION:

Nominate Guy Erb as a Member of the Board of Directors of the Inter-American Foundation.

✓

APPROVE

DISAPPROVE

Since July 1979, Mr. Erb has been an NSC staff member responsible for U.S.-Mexico relations. In

most aspects he participated in the U.S.-Mexican negotiations on natural gas.

BE

Guy F. Erb is a member of the staff of the National Security Council (NSC). His responsibilities include trade policy -- for example, the Multilateral Trade Negotiations; U.S. economic policies toward the countries of Africa, Asia, and Latin America; and international commodity policy -- for example, the negotiations on a common fund for support of international buffer stocks and on individual commodity agreements. Mr. Erb maintains close contacts with Executive Branch agencies and the Congress, as well as with representatives of OECD countries, developing countries, and international organizations.

Before joining the NSC staff in September of 1977, Mr. Erb was a Senior Fellow at the Overseas Development Council in Washington, D.C. Mr. Erb has written and commented on U.S. economic and political relations with the developing world and his articles have appeared in a large number of professional journals. His publications include, Beyond Dependency, a collection of essays on North-South relations, edited with Valeriana Kallab; a chapter in Africa and the United States, edited for the Council of Foreign Relations by Jennifer Whitaker; and Negotiations on Two Fronts: Manufactures and Commodities, a monograph published by the Overseas Development Council.

Born on July 24, 1938, Mr. Erb attended the University of California at Berkeley, receiving a B.A. (Honors in Economics) in 1961. While an undergraduate he spent a year at the University of Madrid, Facultad de Filosofia y Letras. He then studied at the University of London, London School of Economics and Political Science, where he received the M.Sc. (Economics) degree in 1963.

Mr. Erb joined the U.S. Foreign Service in 1963, serving as a member of the American Delegation to the Kennedy Round of trade negotiations. He joined the United Nations Conference on Trade and Development in 1965, and worked with that organization in both New York and Geneva until 1971. At that time he travelled to Guatemala to take a one-year post as Advisor to the Central American Common Market. In 1972 he joined the Overseas Development Council.

While with the United Nations and the ODC, Mr. Erb travelled extensively in the developing world and Europe and advised international organizations and governments on trade and financial issues. These technical assistance assignments included a two-month tour in Southeast Asia with the Association of Southeast Asian Nations and consultations on trade and financial issues in Latin America and Europe.

Mr. Erb lives in Washington, D.C. with his wife, Eva Guevara Erb, and three children, William, Karl, and Nicole.

Since July 1979, Mr. Erb has been the NSC staff member responsible for U.S. Mexican relations. In that capacity he participated in the U.S.-Mexican negotiations on natural gas.

For Release
February 5, 1980

CALIFORNIAN NAMED TO FEDERAL POST

The White House today announced the nomination of Guy Feliz Erb to the position of Deputy Director of the International Development Cooperation Agency (IDCA). This new independent federal agency has key responsibilities for U.S. aid, trade and technology policies and activities toward Africa, Asia and Latin America.

Senate confirmation hearings are set for mid-February.

Mr. Erb, a native of San Francisco, comes to IDCA from the staff of the National Security Council where he was responsible for U.S. relations with Mexico, international trade, and U.S. economic policies toward developing countries.

Before joining the National Security Council in 1977, Mr. Erb was for five years a Senior Fellow at the Overseas Development Council in Washington, D.C. From 1965 to 1971 he held positions with both the UN Conference on Trade and Development and United Nations Development Program.

Mr. Erb, who has written numerous articles on American relations with the developing world, entered the U.S. Foreign Service in 1963. He served at that time as a member of the American delegation to the Kennedy Round of Trade Negotiations.

Mr. Erb attended San Francisco's Lowell High School, received a B.A. with honors in Economics from the University of California at Berkeley in 1963. While an undergraduate, he spent a year at the University of Madrid. He received a M.Sc. in Economics from the London School of Economics and Political Science.

Mr. Erb is married to the former Eva Guevara. The Erbs, with their children, William, Karl and Nicole, live in Washington, D.C.