

9/22/77 [2]

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THE WHITE HOUSE
WASHINGTON

September 22, 1977

Zbig Brzezinski

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

Rick Hutcheson

cc: Frank Moore

RE: TALKING PAPER ON B-1 AND
MINUTEMAN III RECISSIONS

THE PRESIDENT HAS SEEN.
OFFICE OF THE SECRETARY OF DEFENSE

9/21

Memo For the President

Through: Zbigniew Brzezinski

Here is the talking paper on the B-1 and Minuteman III rescissions for your use on the telephone with George Mahon, as you asked yesterday. I have also included a few points about the Patrol Hydrofoil (PHM) rescission, which is not yet ripe (because we want to get success of the B-1/MM III first, to give us the momentum we will need if we are to have any chance to get the Congress to approve a rescission (the PHM) that they have once denied.

I suggest that you call George tomorrow morning before the subcommittee meets to vote, if possible. Though the rescissions will almost surely lose by a large margin in the subcommittee, your conversation with George will have a good effect on that vote and on the key vote of the full Appropriations Committee next week.

Respectfully,
Harold Brown

21 September 1977

TALKER

RESCISSIONS

- Two rescissions now pending. One on the B-1; the other on Minuteman III.
- A third rescission relates to the PHM which failed enactment prior to the recess; the issue now is whether to re-submit or not.
- At George Mahon's Defense Subcommittee markup yesterday, under pressure from Sikes and Kemp, he was forced to promise a vote on Thursday on the B-1 and Minuteman III rescissions.
- He expects to lose in Subcommittee; however,
 - He will take it to his full Committee where our chances are considerably better.
- Favorable action on the rescission is important
 - For the substantial dollars involved,
 - As further evidence of support for the basic B-1 decision,
 - As an indication that the decision is firm and that implementation through development and deployment of cruise missiles should proceed at full speed,
 - Because each rescission we lose tends to reduce the chances of future successes,
 - To lay the groundwork for the possible re-submission of the PHM rescission request.
- B-1 Rescission
 - The proposed rescission (\$463.4M) for B-1 and Short Range Attack Missile (SRAMs) is a consequence of the decision to cancel B-1 production -- it rescinds uncommitted FY 77 funds for aircrafts 5, 6, and 7. The first four aircraft are adequate for completing the B-1 development program.
 - Best estimate is that completion of aircraft 5 and 6 would require approximately \$600M.
 - These aircraft are not needed for testing, nor will they have an operational value as part of the force.

3619 -
I talked to Mahan
He'll go all out in
full committee -
PR for
See Def
& JC's
will
help
J

- There are no procurement funds in the FY 78 Appropriations Bill just passed by the Congress.
- Admittedly, ending production with aircraft 4 allows rapid disappearing of a production base.
- We view the B-1 as an option against totally unexpected events. Because odds are against start-up, it is too expensive to keep production going simply to reduce prospective lead times and start-up costs.
- In this connection we are looking at an Air Force prototype development program for a version of the FB-111.
 - Purpose of such a program is to verify performance predictions; it does not represent a commitment to a production program.
 - This option for a penetration bomber may prove to be more attractive for the out years.

- Minuteman III Rescission

- Proposed rescission is \$105M. Stems from our decision to terminate Minuteman III after producing final ten missiles with FY 77 funds.
- Neither the Ford nor our FY 78 budget contained funds for additional Minuteman IIIs. When to terminate became the question at issue.
- Decision was based on the following:
 - Increasing the size of Minuteman III force is not a preferred option for enlarging our strategic capability.
 - Within present constraints Minuteman force increases would be at expense of less vulnerable weapons.
 - Sufficient spare missiles are available for operational testing in the future.

- PHM Rescission

- The Congress has denied our PHM rescission request.
 - There are good and justifiable reasons for the rescission.
 - PHM has no capability against the greatest Soviet navy threat -- submarines.
 - Useful to counter a Soviet surface threat, but we and Allies have an in-being potent anti-surface capability.

- There was very little serious consideration of the rescission -- no hearings in the Senate and limited inquiry in the House.
- PHM is expensive. Instead of \$18M, each craft now costs \$60-70M.
- Because of a limited range (1150 n.m. at 11.5 kts off the foils, or 750 n.m. at 45 kts on the foils), it cannot respond rapidly to a crisis in a distant area.
- Essentially, it is a coastal patrol mission -- not one for US Navy ships in a European scenario.
- Navy has high priority procurement programs on which to use the money.
- Actions required of SecDef under the Impoundment Act do not preclude the possibility of pursuing rescission further; thus we could try again on the PHM rescission request.
- Whether to go this route will depend on the actions the Congress takes on the B-1 and Minuteman III rescissions, both in Committee and on the floor.
- Success on the B-1 and Minuteman III would be a good indicator that re-submission of PHM rescission could be acted upon favorably.



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

21 September 1976

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subj: PHM

Naval Sea Systems Command has been proceeding toward a target date of 22 September 1977 for award of the PHM contract. I intend to delay the decision on the award for approximately two weeks, within which time I will be able to have the proposed contract analyzed in more detail than has been possible to date by ASN Hidalgo.

The target date itself is not imposed upon us by any direction or statutory or regulatory requirement--it is a date of convenience. Nonetheless, the date is well known around the Department of Defense, as well as outside the Department, and our failure to make that date can be expected to occasion a number of inquiries from Congress and the press.

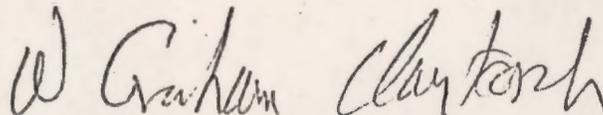
I do not intend, however, to delay our decision much beyond October 1, 1977, for a number of reasons:

1. Earlier this summer, the President forwarded a rescission message to the Congress concerning the PHM program. Once it became clear to us that the bill would not be cleared by the appropriate committee, the message was withdrawn. Section 1402 of Title 31 of the United States Code requires that, now that rescission has not been granted by the Congress, the funds be made available for obligation. Other provisions of Title 31 authorize the Comptroller General to report to the Congress if we do not comply with the obligation to make the funds available and--if he deems it appropriate--to bring suit against the Department if an appropriate Federal court.

2. Thirty days ago, the Department of Defense reported to the Congress concerning its planned award of the PHM contract. These reports are required under 10 U.S.C. section 139(b). Under that provision, the contract may not be awarded prior to 30 days after the date of our report to Congress or later than 90 days of our report. We have, thus, entered a 60-day "window" during which time we may make the award of the PHM contract. If we fail to do so within the next 60 days (i.e., before the expiration of 90 days since our report to Congress), no contract award may be made until a new report has been submitted and an addition 30 days has passed.

m.w.h.

3. If contract signing is delayed significantly, escalation may increase the price that will have to be paid for these ships. I do not believe that the proposed delay of about two weeks will have this effect, but that cannot be stated with certainty. This is, however, a reason for not delaying the execution of contracts significantly more than this, and I shall make every effort to complete our contract review within that period.

A handwritten signature in cursive script that reads "W. Graham Claytor, Jr." The signature is written in dark ink and is positioned above the printed name.

W. Graham Claytor, Jr.

Copy to:
DEPSECDEF
CNO

THE WHITE HOUSE
WASHINGTON

September 22, 1977

Stu Eizenstat

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

Rick Hutcheson

cc: Hamilton Jordan

RE: PENDING DECISION ON THE
OVERSEAS PRIVATE INVESTMENT
CORPORATION

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
/		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

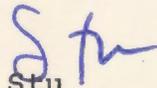
THE WHITE HOUSE
WASHINGTON

September 19, 1977

Mr. President:

OPIC

In light of your concern about OPIC, Ham and I thought it would be useful for Secretary Vance and Governor Gilligan to write you directly on the subject. Attached is a copy of their memorandum.


Stu

Attachment

7722970

THE PRESIDENT HAS SEEN.
THE SECRETARY OF STATE
WASHINGTON

September 16, 1977

Stu -
*a) What are top 5
US companies served by
OPIC $\frac{1}{2}$ % OPIC guarantees
going to each?*
*b) I'm not convinced,
but will not oppose OPIC*
J.C.

MEMORANDUM FOR: THE PRESIDENT

From:

Cyrus Vance *ew*
John J. Gilligan *John J. Gilligan*

Subject:

Pending Decisions on the Overseas
Private Investment Corporation (OPIC)

The Congressional Committees have received favorably the Administration's proposals to renew OPIC's operating authorities, to sharpen its focus on private enterprise development in lower income countries, and to stimulate mineral and energy production in a larger group of less-developed countries. Administration testimony has followed the policy lines adopted by the EPG and reported to you in May. Legislative markups are scheduled by the House International Relations Committee next week and by the Senate Foreign Relations Committee at the end of this month.

Successful floor action depends largely on averting two potential problems. The uncertain health of Senator Humphrey, an enthusiastic supporter, may preclude his managing the Bill on the Senate floor, putting it in the hands of Senator Church, a long-time critic of multinational corporations and U.S. Government association with them. The AFL/CIO which submitted a statement of opposition in response to the invitation of the House Committee but declined to testify, may decide to mount a lobbying effort.

We believe that your early nomination of the new slate of OPIC executives and private members of its Board of Directors, including William Winpisinger of the Machinists Union, would be decisive in forestalling AFL/CIO and other potential opposition.

**Electrostatic Copy Made
for Preservation Purposes**

The very limited opposition that has been expressed rests on three propositions:

1. that private investment by U.S. companies and banks in less-developed countries is not beneficial to the economic and social interests of these countries

OPIC selectively supports only those U.S. private projects that are individually welcomed by host governments and confirmed by OPIC analysis to be developmentally positive and viable. OPIC's participation is conditioned on and encourages long-term commitments by U.S. companies to mutually beneficial relations with the host community. In no sense can it be said that OPIC encourages predatory activities of multinational corporations. OPIC works with the host governments to assure that the U.S. private companies it insures conform to their hosts' development policies. It helps developing countries to attract constructive U.S. private investments which they desperately need, a job that simply cannot be done through concessional aid or wholly public sector assistance.

2. that OPIC has violated Congressional mandates to concentrate its insurance support on projects sponsored by U.S. small business and projects in very low income developing countries

In fact, the Congress considered and rejected such restrictions in the past. OPIC is mandated to give "preferential consideration" to projects sponsored by small business and projects in low income countries. OPIC has complied with these directives by (a) providing to small businessmen special counseling, feasibility study assistance, and relief from certain insurance surcharges imposed on big companies; (b) by concentrating its investment promotion initiatives on low-income countries. The major private foreign investments sought by developing countries can only be undertaken by big companies, which have the capital and manpower to venture into the less predictable environments of developing countries and make large investments. A program limited to small business would have only marginal impact on development.

About 20 - 25 percent of projects insured by OPIC are sponsored by companies smaller than "Fortune 1000" enterprises; two-thirds of OPIC loans have gone to these smaller companies. In the past three years, OPIC-associated projects in very low income countries (below \$500 per capita GNP) have increased from 40% in 1974 to 60% in 1976 of the total number of projects and to close to 50% of the total in dollar terms. The largest concentrations of OPIC-insured investment are (in rank order) in Jamaica, Korea, Dominican Republic, Brazil, Philippines, Indonesia, India, Taiwan, Guinea, and Argentina. We have decided to restrict operations in Brazil, Argentina, and other countries above \$1,000 per capita GNP, with certain exceptions.

*Conflict?
I doubt
the accuracy
of this*

3. that OPIC-supported investment in low-wage countries is encouraging the creation of unfair competition for U.S.-based producers

The AFL/CIO critique finds it necessary to say that OPIC encourages investment "in industries experiencing declines in U.S. employment" because it cannot demonstrate that OPIC supports particular projects likely to have significant adverse effects on U.S. employment. OPIC rigorously screens out runaway plant proposals and other projects which would have a significant negative effect on U.S. employment. This policy is being tightened by your Administration and undoubtedly will be vigilantly monitored by Bill Winpisinger as a Board member. OPIC is seeking to shift its program to emphasis on minerals and energy development and food production, sectors which have little or no likelihood of hurting the U.S. economy but yield high developmental benefits for the poor countries.

We believe that you can proceed with nominations of the Presidential appointees to OPIC and support of the OPIC legislation with full confidence that this program serves the best interests of the United States. It benefits developing countries, benefits U.S. businesses, large and small, and operates at no cost to the Treasury. It is an essential and prudently managed part of our development assistance program.

THE WHITE HOUSE
WASHINGTON

September 20, 1977

Zbig Brzezinski

The attached will be
submitted to the President.
This copy is sent to you for
your information.

Rick Hutcheson

RE: PENDING DECISIONS ON THE
OVERSEAS PRIVATE INVESTMENT
CORPORATION (OPIC)

THE WHITE HOUSE
WASHINGTON
September 22, 1977

Stu Eizenstat

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

Rick Hutcheson

cc: Zbig Brzezinski

RE: PROPOSE SST NATIONAL NOISE
RULE

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE PRESIDENT HAS SEEN
THE WHITE HOUSE
WASHINGTON

September 21, 1977

Stu - Word, politically &
Let me see text
of press release or
briefing paper -
J.C.

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT
ZBIGNIEW BRZEZINSKI
SUBJECT: Propose SST National
Noise Rule

Stu B.

BACKGROUND

A decision must be made concerning whether to permit operations of the Concorde or any other supersonic transport (SST) in the U.S., and if so, what noise controls to impose in relation to the Concorde and future versions of SST aircraft (second generation SST's.).

The trial period for Concorde at Dulles Airport ends September 24, 1977. At that time the British and the French expect DOT to publish the results of the test and to issue a tentative decision on future operations of SST's in the form of a notice of proposed rule-making (NPRM).

After the release of the NPRM a series of hearings will be held, and a final decision on a national SST noise rule will be rendered in the Spring of 1978. NSC and State have asked that that come after the March elections in France.

The test results from Dulles show that Concorde is twice as loud as the noisiest subsonic aircraft (Boeing 707's and Douglas DC-8's) at takeoff. Attached is a chart that shows noise levels of various airplanes, including Concorde, at takeoff. This chart indicates a Concorde noise level five miles from the commencement of takeoff which is 10 EPNdB (effective perceived noise level, in decibels) greater than the noisiest subsonic aircraft. As you know, sound travels through the air in the form of small waves of air pressure fluctuations. It is measured in decibels (db), a quantity of sound wave energy. Because decibels are a logarithmic function, an increase of 10dB is equivalent to doubling the loudness.

The Dulles test also shows that during approach to landing, the Concorde is approximately as loud as the noisiest subsonic aircraft. In addition, on takeoff the Concorde is approximately four times as loud as the newer wide-body aircraft; and it is approximately two and one-half times as loud on takeoff, and approximately twice as loud during approach to landing, as the noise standards which must be met by subsonic aircraft of comparable weight that operate in the U.S. after 1985.

You will recall that Representative Lester Wolff raised a safety concern about the "air acrobatics" which would be required of pilots operating Concorde out of Kennedy Airport. He stated that Concorde would have to make an unsafe maneuver of turning the plane at a 35 degree angle while only 50 feet off the ground. This has not been required of Concorde. Apparently, what Representative Wolff was referring to was a British/French proposal to the Port Authority in which the Europeans said that Concorde could meet the existing Kennedy airport noise standard by making a 26 degree bank turn initiated at 100 feet on takeoff. The proposal calls for the use of this flight plan on one rarely used runway, thus avoiding passage over residential areas. The Port Authority rejected the proposal, but FAA informally approved the flight plan as being a safe, standard bank procedure for an aircraft of this weight and design. FAA has not approved of the type of air acrobatics described by Representative Wolff.

The Federal Aviation Administration is requiring compliance with the 1969 U.S. subsonic noise rules by all subsonic aircraft operated in domestic commerce in the U.S. after January 1, 1985, and has stated its intent to do so in relation to all subsonic aircraft in foreign commerce by that date if ICAO (the Inter-national Civil Aviation Organization) does not impose such standards by international agreement. It should be noted that the Federal Aviation Act requires DOT to determine that noise rules are "technologically practicable" and "economically reasonable" before compliance can be mandated.

The central issues are (1) whether to allow the existing fleet of Concordes to operate in the U.S.; (2) whether future SST's should be required to meet subsonic standards and, if not, what rules should be applied.

OPTIONS

1. Ban the Concorde from operating in the United States.
CEQ and EPA favor this option for the following reasons:
 - a. Permission for the SST to land in the U.S. would be a stride in the wrong direction. The U.S. imposed noise standards applicable to all aircraft except the SST in 1969. In 1975 it adopted tougher standards. The American people have every expectation that such standards will be progressively more stringent in the future. Any standard which would permit in the Concorde would have to be weaker than the 1975 standards and the 1969 standards because it meets neither standard. We should authorize and encourage quieter aircraft (such as the European A-300 airbus), not noisier ones.
 - b. Recognizing that the British and French have a political problem with the Concorde, the United States potentially has one too. In excess of 20 million Americans live in noise impacted areas around airports. They may perceive a pro-Concorde decision as an Administration sanctioned exacerbation of their noise problems.

No other agencies support a total ban on Concorde. It is clear that a ban would have severe international ramifications. The French have linked progress in the trade negotiations and Concorde, and even hinted at a link with some non-proliferation steps. The French, and perhaps even the British, will feel obliged to take retaliatory action against U.S. airlines should a total ban be imposed.

2. Permit Concorde operations in the United States, but impose restrictions designed to reduce the noise impact.
DOT favors permitting Concorde under a national authorization which would contain the following limitations:
 - a. Only the sixteen Concordes now committed to be constructed would be permitted (grandfathered).
This would be accomplished by a rule providing that Concordes manufactured after January 1, 1980 would only operate in the United States if they meet noise standards now applicable to all newly manufactured subsonic aircraft (1969 standards).

- b. Concorde could not be scheduled to land or takeoff in the United States between 10:00 p.m. and 7:00 a.m.
- c. The federal rules would not affect the right of airport proprietors to limit or ban Concorde operations at their airports through reasonable, non-discriminatory noise rules, and the Notice would restate this basic principle of American aviation law. (This "local option" principle has been upheld in court; however, it is likely to be the subject of further court tests in New York and other cities with the outcome uncertain).
- d. Existing Concorde could not operate into the United States if they are modified in such a way as to increase their present noise levels.

This option is supported by DOT, State, Commerce and the Special Trade Representative (STR) because it is viewed as striking a reasonable balance between conflicting interests.

The advantages of this option are that it (1) treats our allies' aircraft in a non-discriminatory manner, (2) limits the noise impact of the SST, and (3) allows the Concorde to fail or to succeed on its merits rather than through restrictive actions taken by the U.S. The disadvantages are that (1) it will have sizeable and negative symbolic significance, being viewed by some as a retreat from domestic environmental concerns in favor of new technology and foreign policy considerations, and (2) it may add weight to the arguments of those who wish to relax present noise standards applicable to loud subsonics and encourage those who wish to see a proliferation of SST commercial operations.

EPA believes this option is supportable if (1) the Administration is confident that local control by airport proprietors would be upheld in court and (2) the national rule states explicitly that compliance with the 1975 subsonic noise level standards will be required of second generation supersonic aircraft (i.e., future SST's which are manufactured under a different type certificate from the one issued to Concorde).

DOT, State, Commerce and STR feel that we should not set a noise standard for future SST's which is more stringent than the 1969 noise standard until adequate technical data can be assessed to determine which standard would be technologically feasible. These agencies believe that in lieu of mandatory compliance to an unachievable standard, notice should be given that second generation Concorde would be required to meet subsonic noise standards unless technologically infeasible, and any future design SST that does not meet at least 1969 subsonic standards would be ineligible for operation in the U.S.

3. Permit Concorde operations in the United States, but limit these operations to airports in sparsely populated areas. This option is favored as a second choice by CEQ. Under this option Concorde could be restricted to three possible airports Dulles, Anchorage and Houston, depending on the severity of the restriction imposed. This will effectively ban the Concorde from all cities with large numbers of European travelers.

Although this would achieve greater environmental protection than Option 2, it would raise the issue of discrimination and would invite restrictive and retaliatory action against the U.S. by Britain and France.

RECOMMENDATION

1. We recommend that you support Option 2 despite the fact that permitting even a limited number of SST's into the U.S. will have some adverse domestic political consequences. The debate which is focused on Kennedy Airport will shift to other areas, although our reaffirmance of the local control principle may allay the fears of many. There will be litigation relating to the final noise rule adopted in 1978. It is clear that the SST controversy will remain a visible one through 1980.

If you choose Option 2 this would mean that the present authorization for a trial period of up to four flights a day at Kennedy airport would be continued pending a final decision on the rules (and depending on the outcome of court suits). Concorde operations at Dulles would also be granted pending the final noise rule decision. We believe that your decision on the NPRM should indicate clearly that nothing in the NPRM should be construed as affecting the litigation over the Kennedy airport situation.

With respect to other airports, the Option 2 noise rule would permit Concorde flights only where (a) the environmental impact has been addressed in the FAA's environmental impact statement or in a new environmental impact statement; (b) the airlines have applied for operating authority; and (c) the airport proprietor has not prohibited operations with a non-discriminatory rule. As you may recall, thirteen airports have been addressed in FAA's environmental impact statement: Anchorage, Boston, Chicago, Dallas-Fort Worth, Dulles, Honolulu, Houston, Kennedy, Los Angeles, Miami, San Francisco, Seattle-Tacoma and Philadelphia. We can expect public concern and possible court actions in some of these cities.

not Atlanta?

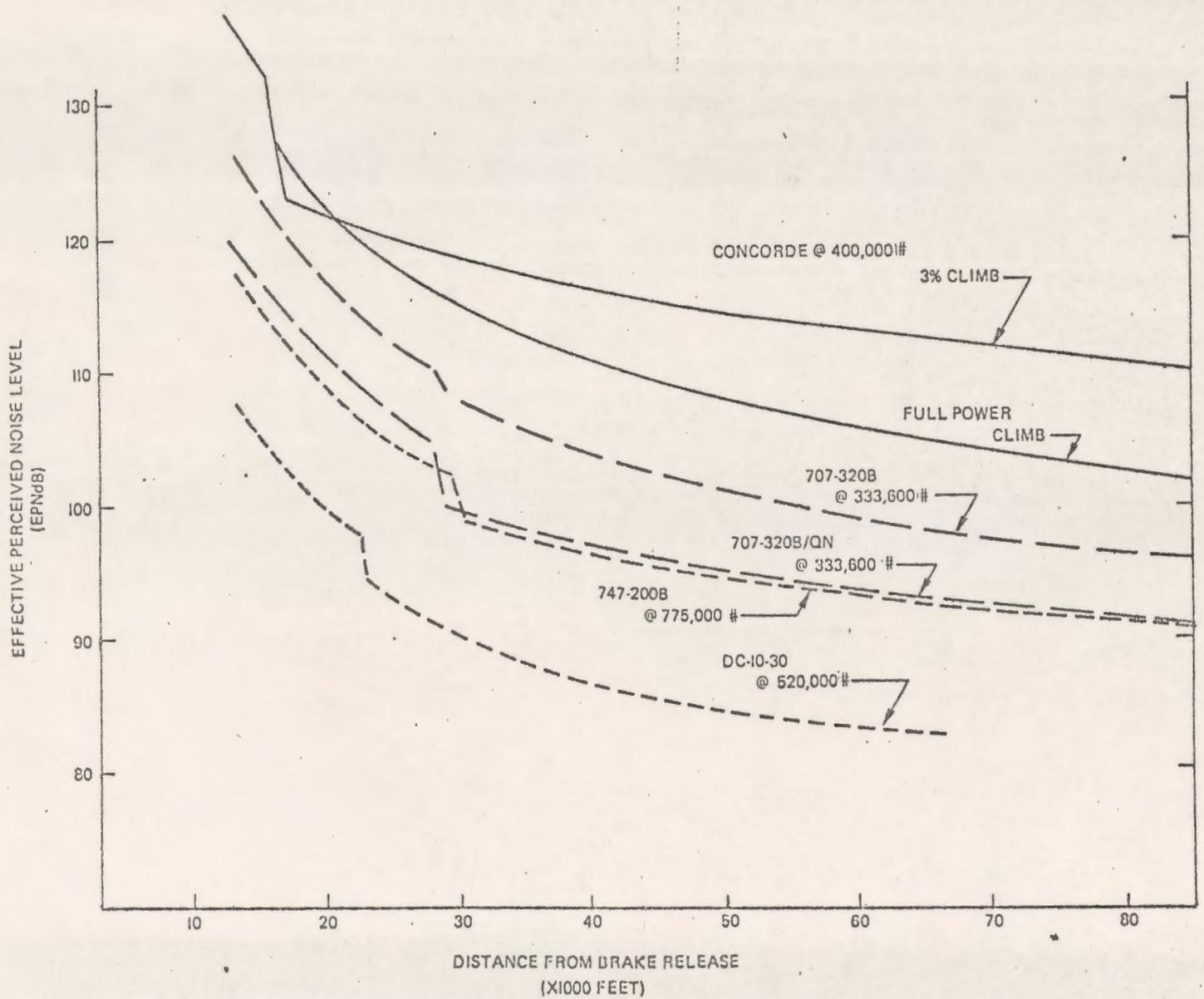
2. We further recommend that DOT make clear its intention to require compliance with subsonic noise standards by future Concorde (if any) and second generation SST's when the technology becomes available with a mandate that none can operate in the U.S. unless, at least, 1969 noise standards are met. This type of notice is given to subsonic aircraft manufacturers to make certain that new designs strive toward the quietest plane possible.
3. Additionally, we recommend that you support State's suggestion that DOT encourage the development of an international SST noise standard through ICAO. Problems associated with the SST will continue to complicate other foreign policy matters unless a serious attempt is made to address these problems on a multi-national basis. The ban on Concorde flights over the Soviet Union and the need for Concorde (and potentially the Russian TU-144/SST) to comply with the environmental rules of our country are examples of the problems which arise because of the lack of international standards.
4. We recommend continuation of landing rights at Dulles, pending promulgation of a final noise rule. All agencies agree with this extension.

DECISIONS

- A. On the issue of Concorde operations in the U.S.
 1. Ban Concorde _____ (EPA and CEQ recommended)
 2. Permit Concorde Operations with Restrictions _____ ✓ J
(State, STR, DOT and we recommend)
 3. Permit Concorde only in Sparsely Populated Areas _____
(CEQ alternative)

- B. On the issue of Concorde operations at Dulles.
1. Terminate Operations on September 24 _____
 2. Extension Pending Final Noise Rule Decision _____ ✓ J
(All agencies recommend)
- C. On the issue of the U.S. encouraging an international SST noise standard.
1. Approve _____ ✓ (DOT, State, STR and we recommend) J
 2. Disapprove, Act Unilaterally _____
- D. On the issue of setting standards for second generation SST's.
1. Mandate Compliance with 1975 Subsonic Level _____
(EPA and CEQ recommended).
 2. Give Notice that Compliance will be Required when Technologically Feasible, but Require Compliance with 1969 Standards as a Minimum _____ ✓ J
(DOT, State, STR and we recommend)
- E. Zbig Brzezinski believes that the public announcement concerning the rights of local airport proprietors should be clearly presented in terms of the requirement of existing law, and not as a new decision by you. Otherwise, the British and French may complain that you are prejudicing what they see to be their pre-emptory rights.
- Approve _____ ✓
- Disapprove _____

APPENDIX A



NOISE LEVELS UNDER TAKEOFF PATHS FOR COMPARATIVE AIRCRAFT

from DOT

KC: B. Russell
TATE
CABLE

THE WHITE HOUSE
WASHINGTON
September 22, 1977

The Vice President
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Leo Francis

The attached will be submitted
to the President at 12:00 Noon today.
This copy is forwarded to you for your
information.

Rick Hutcheson

RE: PROPOSE SST NATIONAL NOISE RULE

ADMINISTRATIVELY CONFIDENTIAL

On Option #2: We need some limited advance time to notify
the folks who were wt the WH meetings with
the President.

THE WHITE HOUSE
WASHINGTON
September 22, 1977

Charles Schultze

The attached was returned in the President's outbox today. This copy is sent to you for your information. The letter has been forwarded to Stripping for appropriate handling.

Rick Hutcheson

cc: Stripping

RE: LETTER TO HANK THOMASSEN
ON ECONOMICS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
	<input checked="" type="checkbox"/>	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

9-22-77

To Hank Thomassen

Thank you.

Your views will help
us to make the right
economic judgments.

Jimmy

ATTACHED LETTER FROM DR. HANK THOMASSEN READS AS FOLLOWS

To Schultz
J

Dear Jimmy:

When I suggested I would occasionally send you my reactions on the economy, I certainly had expected to write before nine months passed. Though there is now much I'd like to convey, I'll spare you the catch-up and focus only on the problem of treating inflation.

The hopes for easing inflation out of the economy are probably better than those for a prosperous coexistence. Thus, your policies aimed at gradually changing inflation expectations, of boosting productivity, of curbing federal purchases, and of retarding money's growth are properly headed. Yet, recent reactions of some of your key people suggest that, amid anxieties about results, emphasis is shifting away from the underlying inflationary process to an emphasis upon symptoms. While temporary comfort be thus afforded, the longer-term costs of a symptom-oriented approach must be extreme.

With the nation's food production at record levels and with international markets for base materials saturated, the growth of consumer and wholesale prices should slow as has happened. The pressing question, however, is whether the sensitivity of prices generally to declines in food and base materials markets have been altered. Have

prices generally fallen more than, say, the relationships of six months or a year ago would have allowed? If the sensitivity of the general price level to particular price changes has not been reduced, the satisfactions associated with the slowdown in the CPI and WPJ seen currently will prove to have been incongruous when food and base material prices go up again.

Should anti-inflation efforts become geared to restraining only the behavior of particular prices, then growth in employment, productivity, and output will suffer. Energy prices, for example, must go up if we are to adjust to the evolving conditions. So too, I think, must prices of many final goods in order to make profitable businesses facing the "privatization" of new costs like those of protecting the environment, product-users, and workers. At the same time, the process which transforms such particular price changes into changes in the general price level should be interrupted as soon as possible.

Were the emphasis in anti-inflation policy clearly tied to the central process, much of the public uncertainty that develops from "CPI-watching" might be avoided. Certainly these repeated thermometer readings of what must be a fluctuating series interfere with reactions to real factors.

Your influence on the economy is becoming clearer and I am proud of the pattern I see. On lesser matters, I especially enjoy your press conferences. I send my best wishes.

Your friend,

Hank

listed as personal friend

2709 E. Sudbury Ct.
Atlanta, Ga 30360
19 September 77

5C

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

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Your friend - Hank.

THE WHITE HOUSE
WASHINGTON

September 22, 1977

Zbig Brzezinski

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

Rick Hutcheson

RE: LETTER TO SENATOR KENNEDY
ON SOVIET-AMERICAN RELATIONS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

copy for our file

ACTION	FYI	
		MONDALE
		COSTANZA
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		MOORE
		POWELL
		WATSON
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	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

3619-
info
8 → K
J

My Dear Senator Kennedy,

First of all I would like to sincerely thank you for your congratulations in connection with my election to the post of the Chairman of the Presidium of the Supreme Soviet of the USSR and for the warm words which you have expressed.

I have to tell you that your general appraisal of the political situation in the United States in particular in the sphere of the main problems of the relations between our two countries, does not encourage special optimism. However, I note with satisfaction several positive tendencies, to which you drew my attention. I would like to tell you clearly that our appraisals of what is now taking place in the United States coincide to a considerable degree with your points of view. We, in the Soviet Union, are not only dissatisfied, but concerned with the present state of the Soviet - American relations. It is good that the same feelings are being shared by some reasonable minded political leaders in the United States.

Now, what is really happening in our relations? For us this question is justified and proper. We cannot help but raise it, as the principal line of the Soviet Union in relation to the United States has been and remains unchanged. This I want to tell you once again with all the exactness and at the same time with absolute frankness.

We highly appreciated the turn for the better in our relations which was achieved several years ago as the result of our mutual efforts. We also valued those important, far-reaching agreements and understandings which were arrived at. It would be desirable to draw special

attention to the fact that those understandings were achieved not merely by particular leaders, they were achieved by the two countries. They by themselves were the expression of the comprehension of the objective conditions which have arisen in the world. It is necessary, it seems, to remember this all the time. We do not have any doubts in the correctness of the course for the development of constructive relations with the United States and we firmly intend to pursue it further. At the same time it is clear that with the efforts of one side only, of our side, it is impossible to achieve practical successes in the realization of this course. I clearly see that you fully understand the problem.

Now, about the main problem that is troubling and worrisome for us. First of all, the general atmosphere in our relations has become complicated, or to tell you straight has deteriorated. You correctly point out that this is largely connected with the notorious so-called campaign about "Human rights". In the course of the campaign the real state of affairs is intentionally misrepresented and the mistrust is artificially increased. All this, of course, does not help; on the contrary, it makes it more difficult to solve really important problems, the essence of which consists of the relations of our countries.

We can have different opinions - without making it the object of conflict in the relations between the states - about what is needed and what is not needed by humanity. But I am sure that merely as the result of the objective state of things we should be united in our understanding that man needs peace. To secure peace in many respects, and in some questions decisively, depends upon whether we shall act jointly or not. This is the main question. All the rest is corollary.

For five years negotiations aiming at the conclusion of a new longrange agreement on the limitation of strate-

gic offensive armaments have been taking place. It is not a secret that as a result of the understandings reached in Vladivostok, and subsequent understandings, basic agreements were practically ready. Although there were some unresolved questions. Through the process of contacts and negotiations in 1975 - 1976, formulas for the appropriate solutions - formulas responding to the basic principle of the negotiations, namely the principle of equality and equal security, were taking place.

We were entitled to expect that after the end of the complicated period of the election campaign and inauguration of the new administration, negotiations would be resumed. This would take into consideration the agreed upon formulas and would make possible fairly quickly completion of the preparation of the agreement. To our regret, things turned out differently. I would not like to recall here what happened in March in Moscow during our talks with Mr. Vance. We were compelled to give publicly our appraisal of what had happened and to explain our position unequivocally and clearly. I want to tell you only that the proposals with which the American side came to these negotiations were not merely nonconstructive. They in essence were crossing out what had been achieved up to that moment. They in fact were aimed at the revision of Vladivostok, at the misrepresentation of the essence of the negotiations taking place and to the securing of manifest one-sided benefits for the United States. We have straightforwardly told that to all our people and to the world.

This has caused ^acertain sobering effect upon the administration's position. At any rate the consequent negotiations between Mr. Gromyko and Mr. Vance proceeded in a more realistic atmosphere. However, the practical significance of the results achieved should not be overestimated. Despite the fact that concrete efforts have been made on our part to find mutually acceptable solutions taking into consideration specifics of the U.S. positions, the American

side remains in general with nonconstructive positions concerning a number of leading questions. The result is that significant differences on some of the important questions continue to exist. I would like to mention only some of them.

There is a question about long-range cruise missiles. Without going into details, I would like to tell you that there is no reason to separate these strategic weapons systems from other intercontinental ballistic missiles, submarine - based ballistic missiles or heavy bombers. As I understand, for you it is obvious as well. I would like to stress one more aspect, namely: if these missiles would get wide proliferation, if they are not limited, than practically insoluble problems of control in reference to this kind of weapon would rise to their full significance.

Although there is not any basis to separate long-range cruise missiles, we nevertheless have found it possible to be flexible and to come forward to meet the American position. We have proposed a special character of limitation for the cruise missiles. An impression, however, arises that even such limitations do not satisfy some people in your country. They would like to have full freedom of action in their production and development. Such people evidently believe in trying consciously to create the illusion of the possibility that the United States could get some decisive advantage with the help of these cruise missiles. But the whole history of the competition in the sphere of strategic armaments proves the absurdity of similar approaches. It goes without saying that we shall not stand as indifferent observers and will not let anyone inflict any damage to our security. It is high time to understand - the SALT negotiations are the most illustrative confirmation - that in the present conditions real security is not to be found on the road of senseless continuation of all the more dangerous armament

race, but on the road of joint efforts to wind-up such a race.

I would like to tell you frankly that we ^{do} not conceive of a new agreement without certain limitations of the long range cruise missiles. These limitations must in full measure respond to two criteria: first - equal security of the two sides; second - the aim of the negotiations - to end the armrace. Otherwise, the essence of the negotiations would become distorted, by having permitted in the agreement unlimited development and production of cruise missiles. If we accepted this we would essentially take the part of giving legality to the arms race. In order to justify the deployment of cruise missiles, yes, to justify - one cannot call it otherwise - the United States are trying for a certain period of time to artificially connect this deployment with a certain alleged growing danger from our strategic forces, particularly the so-called heavy missiles, which you have also mentioned.

I take the freedom to tell you with complete frankness: the Soviet Union has never done and is not doing anything which would infringe on the present temporary agreement or the points of the Vladivostok understandings. It also directly refers to the question of heavy missiles, which has been solved in Vladivostok simultaneously with the number of questions which were in direct interest of the USA and created the common balance of this understanding. Those, who in accordance with their position and activity are obliged to know, they know it. But they do not tell the truth to their own people, to other people, on the contrary, they tell what is the contrary and, thus, are trying to revise the understanding that has been reached. As you easily can understand, we cannot accept that. This problem is not one of prestige; it concerns the essence of our security. It directly concerns, if you want it straight, the question of trust, the question of intentions with which both sides are approaching the negotiations.

It is well known about the developments which are being conducted in the United States with the aim to modernize the existing strategic forces, to increase the accuracy capacities of the missiles, the new weapons systems, such as "MX" rocket or "Trident" missiles, which are now ready for production. So, where is the real threat coming from? The answer is, evidently, clear. But we do not want to be involved in arguments in mutual accusations. This will not help the cause.

What actually is needed is to implement fairly those understandings which have been reached, to implement the efforts for the search ^{for} of mutually acceptable and just, I repeat just, decisions. There is no other way out. I cannot imagine that there could arise any doubts that the Soviet Union, the Soviet people is interested in the limitation of strategic weapons and, thus, in the lessening the danger of war less than the American people. This is not the approach to the questions of war and peace. Here there could and must be the objective of agreement of equal interests. Accepting and subsequently implementing this into life, we, certainly, can agree on the mutually acceptable agreement.

There is one point to which I would like to refer in connection with this. We do not consider reaching a new agreement as an aim in itself. I spoke about it on several occasions. We approach the problem of limitation of the strategic armaments as an incessant, continuing process and from this point of view the present agreement would open the way for new, more far reaching steps for limitations and reductions as such. We sincerely hope that with the understanding, this simple position, the common sense will be progressively strengthened in American public opinion. We appreciate that leading political figures, like you, are promoting this process. We hope that eventually reason, the realistic approach, the perspective thinking will become the official position of the United States and it will

permit completion of the agreement and its signature. It will really be a great achievement, a great contribution of our two countries to the cause of securing general peace. On our own part we shall, as always, do everything in our power that it will really be so.

In your message you refer to the question about the possibility of my meeting with President Carter. We positively refer to this idea. We have always considered that the direct contacts of the leaders of the states are helping the strengthening of mutual understanding, the constructive development of relations between countries. However, the choice of the concrete moment of any meeting at the Summit depends upon a number of circumstances, and first of all should be decided on the basis of the aims which are being pursued. Such are, in our opinion, the practical contents of the meeting, its concrete results. In this case, the most expedient and justifiable would be to consider our meeting with the President in the context of, first of all, general progress in the negotiations on the limitations of strategic armaments.

I mentioned only several aspects of our relations, some aspects of the most complicated character which are drawing foremost attention. I would like, however, to think - at any rate I did not have in mind to attach any such shade of meaning to my expressions - that you would draw the impression that we pessimistically see the future. On the contrary, we are optimistic and are sure that the détente will be paving its way in the world and will assure its place as the only alternative in the development of the international situation. I would like to share your hope that in the nearest future, as far as the Soviet-American relations are concerned, we will see more progress and more goodwill.

THE WHITE HOUSE
WASHINGTON

September 22, 1977

Tim Krat
Hamilton Jordan

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

Rick Hutcheson

RE: CHAIRMAN, NATIONAL ENDOWMENT
FOR THE ARTS

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
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<input type="checkbox"/>	<input type="checkbox"/>	MOORE
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<input type="checkbox"/>	<input type="checkbox"/>	WATSON
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<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
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<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
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<input type="checkbox"/>	WARREN

THE WHITE HOUSE
WASHINGTON

INFORMATION AS REQUESTED

THE WHITE HOUSE
WASHINGTON

9/22/77

Mr. President:

Not submitted are memos from Jack Watson (listing several candidates suggested by Nancy Hanks) and Nancy Hanks (listing "criteria" to be kept in mind in naming her successor). The search committee evaluated those persons she suggested, but did not recommend them.

Rick

*Send me
Hanks
memo
J*

**Electrostatic Copy Made
for Preservation Purposes**

~~SECRET~~
THE WHITE HOUSE
WASHINGTON

September 7, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

Jack Watson *Jack*

SUBJECT:

MEMORANDUM FROM NANCY HANKS

Attached is the memorandum that you requested from Nancy Hanks expressing some of her thoughts regarding the Chairmanship of the National Endowment for the Arts. Her memorandum is dated September 1 but, because of the Labor Day weekend, did not reach my office until September 6. Although Nancy was reluctant to put names of specific people in her memorandum (I think because she did not think it was "seemly" to do so), she has indicated to me that, in her opinion, among the finest candidates being considered are:

Artists

Gunther Schuller, Musician
Billy Taylor, Classical Jazz Musician

Civic Leaders

Kenneth N. Dayton, Businessman (Nancy doubts that he would take the job)
Durward Varner, former University President, former State Council Chairman (Michigan and Nebraska)
Vernon Alden, Businessman, former University President, State Council Chairman (Massachusetts)

Nancy says that she has, of course, not talked with any of these people about the position and, therefore, does not know of their availability or willingness to serve. I think it is fair to say that Nancy believes that we should set our sights very high in filling the position and accept nothing but the best.

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for Preservation Purposes

MEMORANDUM FOR THE PRESIDENT

September 1, 1977

*Did she not
offer names?*

J

From: Nancy Hanks 

Subject: Chairman, National Endowment for the Arts

As you requested, I am sending along some thoughts concerning the Chairmanship. It occurred to me that the most useful would be those that set forth some criteria for you to keep in mind as you consider candidates. Of course, no one person could have all of these qualities and the Deputy chosen will be a balance.

1. The position is highly visible and should remain so. Therefore, you need someone who is articulate, can meet all types of people, has stamina, and likes to travel.
2. The agency has worked successfully with a non-political, bi-partisan image. You will want your appointment to be able to carry on this tradition.
3. The agency requires Presidential leadership and follows Presidential advice. You need someone who will be understanding of your aims and able, along with the Council members, to develop plans to meet them. The Chairman will need "to work with someone at your elbow."
4. The agency has profited from close working relationships with many members of Congress on both sides of the aisle and with the leadership. An understanding of the importance of this activity should be had by any candidate.
5. The agency remains responsive to the needs of the field. Therefore, you want someone who can listen and translate, and who can put up with the good with enthusiasm and the bad without showing disrespect.
6. The agency must not become "bureaucratic." Otherwise, the arts could be severely damaged. Therefore, administrative skills are required.
7. The fights (commonly described as policy discussions) and pressures in the future are going to be rough in my judgment. You need someone who can take the long view, be practical, and stand firm for the rights of the arts. All at the same time. In other words, you need a strong chairman.

8. The agency's first concern is always the artist and the cultural institutions, for only thus will the public be properly served. So, be wary of someone who talks too much about outreach, delivery systems, and the like. And remember what Eudora Welty says: "So it is, if when we are asked what kind of art would be 'for everybody,' there can be only one answer: the best."

9. The involvement of the government in the arts, and the arts in government, are very serious questions. Therefore, it helps to have a sense of humor.

10. The Endowment is for all the arts, for all the people. However, do not be concerned about having someone identified with one art form. If the person has an understanding of all the arts and is a real professional who would be the first to call on his peers in the other fields, there is no problem in my judgment -- and great strengths.

My own personal leaning is toward your looking very hard for a great artist (with some administrative ability) because I believe such an appointment would lend immediate stature to the position and place your personal stamp on it. There are others who I respect who lean more toward a strong civic leader with firm grounding in the arts.

THE PRESIDENT HAS SEEN.

Ham
J

THE WHITE HOUSE
WASHINGTON

September 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *H.J.*
SUBJECT: Chairman, National Endowment for the Arts

In light of Nancy Hanks's decision to leave the National Endowment for the Arts on October 1, it is important that you appoint a successor as soon as possible.

Over the past month, an ad hoc arts committee comprised of White House staff members have screened, evaluated, and interviewed many potential nominees. The unanimous recommendation, which has been discussed with Mrs. Mondale and with the First Lady, is that you appoint Livingston Biddle.

Mr. Biddle has spent his entire professional career supporting the arts. He is an accomplished novelist and short story writer; he has chaired the Division of Arts at Fordham University; and when the Pennsylvania Ballet Company was almost bankrupt, Mr. Biddle became Chairman of the Board and guided it out of financial trouble. Not only did Mr. Biddle draft the legislation establishing the National Endowment for the Arts, but he has served as the head of the Congressional Liaison Office and as the Deputy Chairman. Over the years, he has had a continuing role in the development of a national arts policy.

The arts community is made up of many different groups, each with its own program and agenda. What Biddle will be better able to do than any of the other candidates who were considered is move among these groups and assemble the broadest constituency for the Endowment.

Mr. Biddle will also enjoy an excellent working relationship with Joe Duffey, your appointee as Chairman of the National Endowment for the Humanities. A close partnership between the National Endowment for the Humanities and the National Endowment for the Arts has always been desirable; if Reorganization recommends the merger of the two, a close partnership between the two will be absolutely necessary.

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for Preservation Purposes**

Nancy Hanks has been quite helpful during this selection process, and she has made an outstanding contribution to the development of the Endowment during her two terms. Her successes at the Endowment underscore the need for her successor to build and maintain the same kind of broad constituency within the arts community that Nancy Hanks did. At the same time, however, what Nancy Hanks has recommended with respect to the future of the National Endowment for the Arts does not necessarily coincide with what many of us consider to be your priorities. This is best documented by her budget proposal for FY 79, which is twice the size of the FY 78 budget.

I agree that you should proceed with the appointment of Livingston Biddle. I also agree that you should meet with Mr. Biddle before you send his nomination to the Senate.

RECOMMENDATION:

Appoint Livingston Biddle as Chairman, National Endowment for the Arts.

_____ approve

_____ disapprove

Meeting ok
JC

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for Preservation Purposes**

LIVINGSTON L. BIDDLE, JR.

PROFESSIONAL EXPERIENCE

1976 - Present	Director, Senate Subcommittee on Education, Arts and Humanities
1975	Congressional Liaison Director, National Endowment of the Arts
1973 - 1974	Special Assistant to Senator Pell (Wrote NEA-NEH reauthorizing legislation greatly increasing scope and dimension of both).
1971 - 1972	Chairman of the Board Pennsylvania Ballet Company
1968 - 1970	Professor and Chairman, Division of the Arts, Fordham University.
1966 - 1967	Deputy Chairman, National Endowment for the Arts
1963 - 1965	Special Assistant to Senator Pell (Drafted the National Foundation on the Arts and the Humanities Act of 1965)
1946 - 1962	Self employed - author
1942 - 1945	Volunteer ambulance driver in Middle East, North Africa, the Mediterranean and European theaters (twice decorated)

EDUCATION

Princeton University, A.B., 1940

COMMUNITY ACTIVITIES

Board Member and President of Children's Service, Inc. providing foster home care primarily for underprivileged Black children in the Philadelphia area.

PERSONAL

Resident of District of Columbia
White Male, 1918
Democrat

COMMENTS ON LIVINGSTON BIDDLE

Senator Claiborne Pell

Liv has had more experience in dealing with the relationship between the arts and Federal government than any other single person in the country and is uniquely qualified for the position. He drafted and played a key role in securing passage of the original legislation creating NEA. Liv has a strong belief in expanding outreach for the program, is possessed of exceptionally broad intelligence, enormous tact, excellent judgment, and impeccable character.

Tom Hoving, Director, New York Metropolitan Museum of Art

The Chairman must be the supreme link between the Arts constituency and Congress. Should be a good administrator but I must stress working with Congress. Liv Biddle would be an excellent Chairman.

Theodore Bikel, President, Actors Equity Association

On behalf of 22,000 actors, we strongly recommend Liv Biddle for Chairman of NEA. He is a conceptualizer and more than qualified for the job. Was one of the originators of the Endowment and would be a great successor to Nancy.

Schuyler Chapin, Dean, Columbia University School of the Arts

I have known Mr. Biddle since the early 60's. He is a sensible, practical man, with a great belief in the Endowment. He would make a first-class Chairman.

Richard McLanathan, Director, American Association of Museums

Biddle's long identification with cultural causes, his experience with cultural affairs and with the processes of government, the respect in which he is held by arts professionals and those who support the arts, and his breadth of vision and attitudes strongly qualify him for this vital position.

Joe Duffey, Chairman, National Endowment on the Humanities

I strongly support the nomination of Biddle. He represents the basic policy changes the Administration will pursue and possesses the experience and skill to do the job.

THE WHITE HOUSE
WASHINGTON

Hold
Wed/Thurs
have memo w/
recommendation

Date: September 8, 1977

MEMORANDUM

FOR ACTION:

Jim King *nc*

Plan in Rock

FOR INFORMATION:

Hamilton Jordan *comment*

Hold
for
until Wed/Thurs
#1 / 1 King memo
to be attached w/
recommendation

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Watson memo dated 9/7/77 re memorandum from Nancy Hanks.

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 11:00 AM

DAY: Saturday *Wed*

DATE: September 10, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input checked="" type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE
WASHINGTON

September 22, 1977

Jody Powell

The attached letter to William Randolph Hearst, Jr. was returned in the President's outbox today. The signed original has been forwarded to Stripping for appropriate handling.

Rick Hutcheson

cc: Stripping

RE: PANAMA CANAL TREATIES

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
	<input checked="" type="checkbox"/>	POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

TO: The President

September 20, 1977

FROM: Walt Wurfel W

William Randolph Hearst Jr. supported the Panama Canal treaties and the gas pipeline route agreement with Canada in his column of September 11. The column, published in all Hearst newspapers, said both actions "did more to advance the Good Neighbor Policy than at any time since it was first enunciated..."

The column is attached.

You may wish to send a letter of appreciation to Mr. Hearst. A suggested letter is attached.

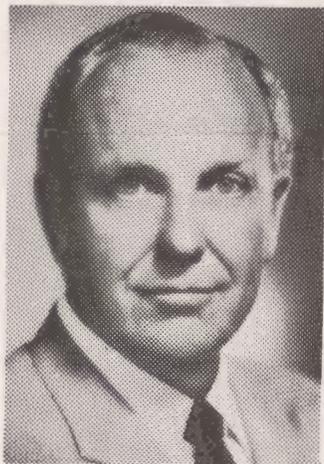
SEP 25 1977

EDITOR'S REPORT

Good Neighbors At Last

By WILLIAM RANDOLPH HEARST JR.
Editor-In-Chief, The Hearst Newspapers

NEW YORK — In a matter of a few hours, President Carter took two steps to solidify this nation's relationships with its neighbors, actions that have long been planned but which, together, should have profound effects on the hemisphere.



William Randolph Hearst Jr.

The signing of the treaties which will return the Panama Canal to the Republic of Panama preceded by only a few hours President Carter's announcement that he had reached tentative agreement with Prime Minister Elliott Trudeau to build a trans-Canada pipeline paralleling the Alcan Highway to carry Alaskan North Slope natural gas to

the lower 48 states.

In a brief span of time the United States did more to advance the Good Neighbor Policy than at any time since it was first enunciated by President Franklin D. Roosevelt early in his administration. It comes at a time when the nations to our south have become suspicious of us and when Canada seems to have become a bit weary of our continuous neglect.

There are, understandably, many opponents to the Panama Canal treaties. They say that we bought the land for the canal and paid to build it, that it is legally and rightfully ours, and that we are under no obligation to give it back. All these points are true. But I don't think they are any longer determining factors in the present circumstances.

There are opponents, too — but fewer of them — to the trans-Canadian pipeline. They say we are foolish to rely on the will of a foreign nation, albeit a historically friendly one such as Canada, for our supply of vital fuel. It seems to me that this objection is farfetched.

My own opinion, after a lot of thought, is that the interests of the United States are best served by transferring the canal to Panama and by building the gas pipeline across three Canadian western provinces, rather than building another pipeline parallel to the new Alaskan oil pipeline to the port at Valdez.

Insofar as the canal is concerned, my own roots are deep and traditional. My father was a long-time advocate of the canal, though in time he came to favor a sea-level canal across Nicaragua and later discussed one across the lower Mexican isthmus.

There can be no doubt that the canal has served this nation well. It shortened the shipping lanes between our coasts by many thousands of miles. Through its locks passed billions of tons of commercial products and, in wartime, hundreds of millions of tons of munitions.

While it is true that we bought the land for the canal from the government of Panama and that we paid to build the canal, there is another side to that story. The Republic of Panama was only days old when the treaty was negotiated with a self-appointed representative of that government.

There are compelling reasons to believe that, having failed to negotiate a treaty with Colombia, of which the Panamanian isthmus was then a part, we were instrumental in instigating the insurrectionists who broke away from Colombia and declared themselves a republic.

This nation, it must be admitted, was engaged in practices, 74 years ago when the treaty was written, that we now condemn in Soviet strategy when segments of the population in a country are induced to rebel against that nation's leadership.

What bothers opponents of the new treaties is that ratification will "appear" to be a retreat before pressure from the Third World nations in Latin America. This is not the case. One of the treaties provides for gradual transfer to Panama of the operating responsibility of the canal over a period of 23 years. The other assures the United States of a continuing role in the canal's defense.

Embodied in the two new treaties is a far better bargain for all concerned than in the one-sided existing treaty that has outlived its usefulness.

It is significant to note that a large number of our military leaders favor the new treaties. The experts say that the canal is highly vulnerable. Some even say it could be made inoperative by one grenade. Certainly a warring power could block it with one missile from a submarine. The prospect of a grinding guerrilla war, possibly much worse than Vietnam, always looms if we insist on keeping the canal "in perpetuity" — as the existing treaty states.

Another reason that the military experts are agreeable to the change in ownership of the canal is that it is no longer a vital part of our military strategy. In these days of cruise missiles, supersonic bombers and nuclear submarines armed with intermediate range missiles "The Big Ditch" has endured eroding military value.

Moreover, the canal no longer accommodates our large merchant ships, our super tankers or our largest naval vessels.

If we need another, bigger canal linking the two oceans we should take a good hard look at Nicaragua, and a very thoughtful look at the narrow southern isthmus of Mexico. Mexico, like Canada, is a stable and steadfast neighbor.

Pat Barlow
(441)

The distressing, press-agened hoopla that the Carter administration orchestrated for the treaty-signing was attended by the leaders of 26 other American nations, assembled to applaud the treaties. Some of them, it must be admitted, do, indeed, feel that they have pressured the big giant of the north into giving up some valuable property.

Be sure they are going to do a lot of screaming and wailing when Torrijos, Panama's dictator, raises the rates on the canal. It is almost a foregone conclusion that he must do so. The U.S. has been operating the canal at a loss. When Panama owns it, it must be operated at a profit, for Panama has only insignificant income from other sources.

Be equally sure they will then do a lot of begging — for Uncle Sam to pick up the increased tab.

★ ★ ★

The trans-Canadian gas pipeline has advantages for both nations, also. Among other things, the American pipeline will permit Canada to divert more of her own natural gas to her own use, rather than export a substantial portion as it does under existing treaties. Also, the American pipeline will pay proportionately higher taxes to the government of Yukon Territory than do other pipeline owners.

This \$10 billion project will be a boon to Canada's economy beyond any doubt, but when Alaskan natural gas is delivered to the lower 48 states five years from now there will be enormous benefits to the American economy.

And that's how it works out among good neighbors — there are mutual benefits. And the key word is "mutual."

William Randolph Hearst

Reprinted from the September 11, 1977 Issue of

The Hearst  Newspapers

Albany Times-Union • Baltimore News American • Boston Herald American • Los Angeles Herald-Examiner
San Antonio Light • San Francisco Examiner • Seattle Post-Intelligencer

THE WHITE HOUSE
WASHINGTON

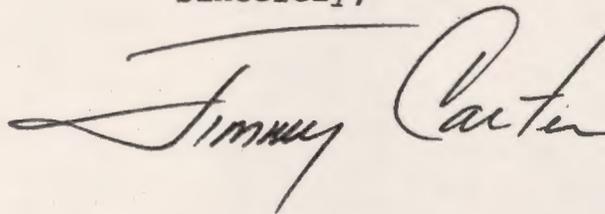
September 20, 1977

To William Randolph Hearst Jr.

Although you and I ^{MAY} disagree on some historical aspects of the Panama Canal, I was pleased to read your September 11 "Editor's Report" supporting both the Canal treaties and our agreement with Canada on the trans-Canada natural gas pipeline.

Reasoned and responsible statements like yours will go a long way towards emphasizing the facts and removing emotionalism from the national debate on the treaties' merits.

Sincerely,



Mr. William Randolph Hearst Jr.
Editor-in-Chief
The Hearst Newspapers
959 Eighth Avenue
New York, New York 10019

Thank you!
J

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

1:15 PM

C
/

September 19, 1977

MEETING WITH INTERNATIONAL PRESIDENT OF KIWANIS INTERNATIONAL
Thursday, September 22, 1977
1:15 p.m. (5 minutes)
Oval Office

From: Margaret Costanza *MC*

I. PURPOSE

Courtesy call by Mr. Stanley E. Schneider, International President of Kiwanis International.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background

Kiwanis International is the third largest service organization in the world behind Lions Club and Rotary, with 290,000 members in 7,200 clubs in 61 countries. Ninety per cent of the members, however, are located within the United States. It has been traditional for the President of the United States to receive the President of Kiwanis International each year.

B. Participants:

Mr. Stanley E. Schneider
International President
Kiwanis International

C. Press Plan:

White House photo

III. TALKING POINTS

1. This year's major emphasis program is entitled "Safeguard Against Crime" and Kiwanis International is concentrating on helping young people to appreciate law and order through this program.
2. The largest single fund raising effort of Kiwanis International each year is the annual Peanut Day, which results in the raising of millions of dollars to fund their work with young people.

3. Mr. Schneider has just returned from the Far East where he visited Korea, Japan, Republic of China and Hong Kong. He had a one hour visit with President Yen, President of the Republic of China, in Taiwan.

THE WHITE HOUSE
WASHINGTON

September 22, 1977

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original of the proclamations have been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder
RE: WHEAT TRADE CONVENTION
CONSTITUTING THE INTERNATIONAL
WHEAT AGREEMENT
INTERNATIONAL COFFEE AGREE-
MENT

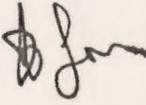
MEMORANDUM

THE WHITE HOUSE
WASHINGTONUNCLASSIFIED

September 21, 1977

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI 

SUBJECT: Proclamation of the Protocols for the Third Extension of the Wheat Trade Convention and the Food Aid Convention constituting the International Wheat Agreement, 1971

Attached for your signature is the proclamation of the Protocols for the Further Extension of the Wheat Trade Convention and the Food Aid Convention constituting the International Wheat Agreement, 1971, which were open for signature in Washington from March 17 through April 7, 1976.

The Senate gave its advice and consent to ratification of the Protocols on August 23, 1976, you signed the instruments of ratification on July 18, 1977, a declaration of provisional application having been deposited on June 17, 1976.

The Protocol for the Further Extension of the Wheat Trade Convention, 1971, extends the Convention until June 30, 1978, and maintains the framework for international cooperation in wheat trade matters. It also continues the existence of the International Wheat Council.

The Protocol for the Further Extension of the Food Aid Convention, 1971, also extends until June 30, 1978, commitments of parties to provide minimum annual quantities of food aid to developing countries.

RECOMMENDATION:

That you sign the attached proclamation at Tab A.

UNCLASSIFIED

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

CONSIDERING THAT:

The Protocols for the Third Extension of the Wheat Trade Convention and the Food Aid Convention constituting the International Wheat Agreement, 1971, were open for signature in Washington from March 17 through April 7, 1976, and each of the two Protocols was signed during that period by the respective plenipotentiaries of the Government of the United States of America and certain other Governments;

The texts of the Protocols, in the English, French, Russian, and Spanish languages, are hereto annexed;

The Senate of the United States of America by its resolution of August 23, 1976, two-thirds of the Senators present concurring therein, gave its advice and consent to the ratification of the Protocols;

The President of the United States of America ratified the Protocols on July 18, 1977, in pursuance of the advice and consent of the Senate;

The Government of the United States of America deposited declarations of provisional application of the Protocols on June 17, 1976, and deposited its instruments of ratification on August 17, 1977;

Pursuant to Article 8 and paragraph (1) of Article 9, the Protocol for the Further Extension of the Wheat Trade Convention, 1971, became provisionally applicable for the Government of the United States of America as follows: on June 19, 1976, with respect to all provisions of the Convention other than Articles 3 to 9 inclusive and Article 21; and on July 1, 1976, with respect to Articles 3 to 9 inclusive, and Article 21 of the Convention;

Pursuant to Article VIII and paragraph (1) of Article IX, the Protocol for the Further Extension of the Food Aid Convention, 1971, became provisionally applicable for the Government of the United States of America as follows: on June 19, 1976, with respect to all provisions other than Article II of the Convention and Article III of the Protocol; and on July 1, 1976, with respect to Article II of the Convention and Article III of the Protocol;

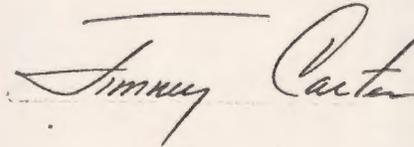
Pursuant to paragraph (2) of Article 9 of the Protocol for the Further Extension of the Wheat Trade Convention, 1971, and paragraph (1) of Article IX of the Protocol for the Further Extension of the Food Aid Convention, 1971, the two Protocols entered into force definitively for the United States of America on August 17, 1977;

NOW, THEREFORE, I, Jimmy Carter, President of the United States of America, proclaim and make public the Protocols for the Further Extension of the Wheat Trade Convention and the Food Aid Convention constituting the International Wheat Agreement, 1971, to the end that they shall be observed and fulfilled with good faith by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have signed this proclamation and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington

our Lord one thousand
nine hundred seventy-seven
and of the Independence
of the United States of
America the two hundred
first.

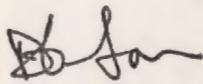


By the President:

Secretary of State

THE WHITE HOUSE
WASHINGTON

September 21, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI 
SUBJECT: Proclamation of the International
Coffee Agreement, 1976

State has forwarded for your signature the proclamation of the International Coffee Agreement, 1976. The US signed the agreement in February 1976; the Senate gave its advice and consent in August 1976; and the US deposited the instrument of ratification in September 1976. The agreement entered into force on August 1, 1977. This proclamation is thus a formality.

The 1976 agreement is similar to those of 1962 and 1968, but it has several innovative features which benefit consumers. Signed after the severe frost in Brazil in 1975 and the subsequent run-up in coffee prices, it contains strong, new incentives to producers for the early restoration of normal supplies to consumer markets. The agreement attempts to stabilize prices around long-term trends, but there are no fixed price objectives. It also provides that there will be no restrictions on the flow of coffee to the market while prices are high. Quotas will be imposed only if prices decline sharply.

RECOMMENDATION

That you sign the proclamation at Tab A.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

CONSIDERING THAT:

The International Coffee Agreement, 1976, with annexes, was opened for signature at United Nations Headquarters from January 31 through July 31, 1976, a certified copy of which Agreement, with annexes, in the English, French, Portuguese and Spanish languages, is hereto annexed;

The Senate of the United States of America by its resolution of August 23, 1976, two-thirds of the Senators present concurring therein, gave its advice and consent to the Agreement, with annexes;

The President of the United States of America ratified the Agreement, with annexes, on September 21, 1976, in pursuance of the advice and consent of the Senate;

The United States of America deposited its instrument of ratification on September 24, 1976, in accordance with the provisions of Article 60;

Pursuant to the provisions of Article 61 of the Agreement, the Agreement, with annexes, entered into force provisionally for the United States of America on October 1, 1976;

Pursuant to the provisions of Article 61 of the Agreement, the Agreement, with annexes, entered into force definitively for the United States of America on August 1, 1977;

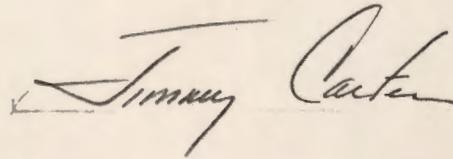
NOW, THEREFORE, I, Jimmy Carter, President of the United States of America, proclaim and make public the Agreement, with annexes, to the end that it shall be observed and fulfilled with good faith on and after August 1, 1977, by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have signed this proclamation and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington

our Lord one thousand
nine hundred seventy-seven
and of the Independence
of the United States of
America the two hundred
second.

By the President:

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the "By the President:" text.

Secretary of State

THE WHITE HOUSE
WASHINGTON
September 22, 1977

Stripping

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

Rick Hutcheson

RE: JUDGE JOHNSON

THE WHITE HOUSE
WASHINGTON

rick--

do you think jody,
ham or griffin bell
need to be apprised
of attached?

thanks -- susan

Patti
send FYI copies
of DeBakay letter only
to Lipsink, HT
& Bell

THE WHITE HOUSE
WASHINGTON

September 22, 1977

Hamilton Jordan
Bob Lipshutz

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

Rick Hutcheson

RE: JUDGE JOHNSON'S HEALTH

A copy was also sent to the
Attorney General

THE WHITE HOUSE
WASHINGTON
September 22, 1977

The Attorney General

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

Rick Hutcheson

RE: JUDGE JOHNSON'S HEALTH

THE WHITE HOUSE

WASHINGTON

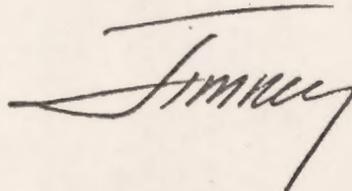
September 21, 1977

To Dr. Michael DeBakey

Thank you for your comments about
Judge Johnson's successful recovery
thus far from his August 26 operation.

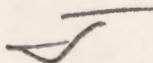
I appreciate your letting me know of
his status upon discharge from the
Texas Medical Center.

Sincerely,



Dr. Michael E. DeBakey
Baylor College of Medicine
Texas Medical Center
Houston, Texas 77030

*P.S. Your personal good
wishes are very gratifying
to me -*



28

BAYLOR COLLEGE OF MEDICINE
TEXAS MEDICAL CENTER
HOUSTON, TEXAS 77030

ND

OFFICE OF THE PRESIDENT
(713) 790-4400

September
12
1977

The Honorable Jimmy Carter
President of the United States
The White House
Washington, D. C. 20500

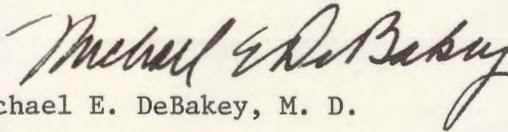
Dear Mr. President:

I am writing to give you a progress report on Judge Frank Johnson, who was discharged from the hospital today.

You will recall that I operated on Judge Johnson for an aneurysm of the abdominal aorta on August 26, 1977. It is gratifying to report that his postoperative course was most satisfactory in every respect, and his condition on discharge today is excellent. If his recuperation proceeds as I expect, I see no reason why he should not be able to resume full normal activities by mid-October, but I would suggest that this determination be made by him and his local physician, Dr. Jack Kirschenfeld. As far as his prognosis and his future are concerned in maintaining a schedule of normal activities, I consider them to be excellent.

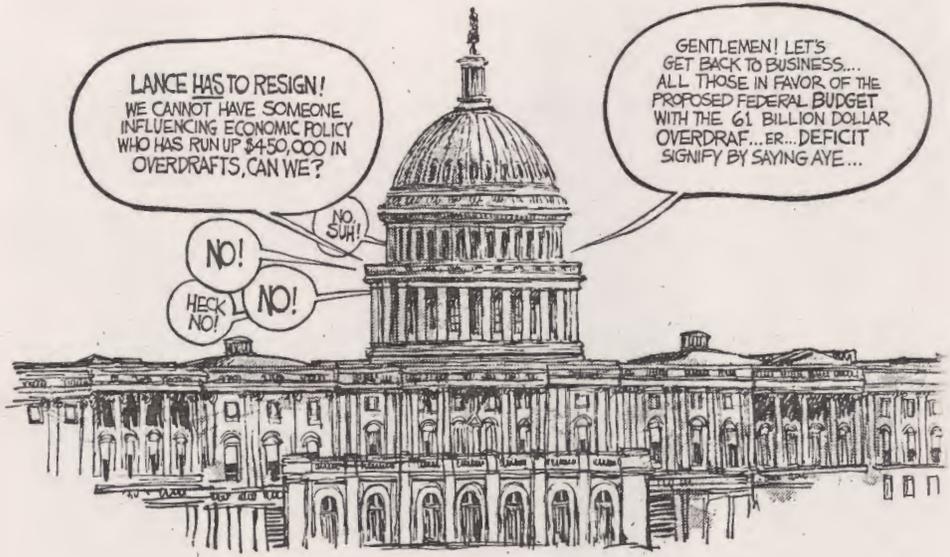
May God keep you in good health and guide you in your endeavors as you lead our great country.

Sincerely yours,



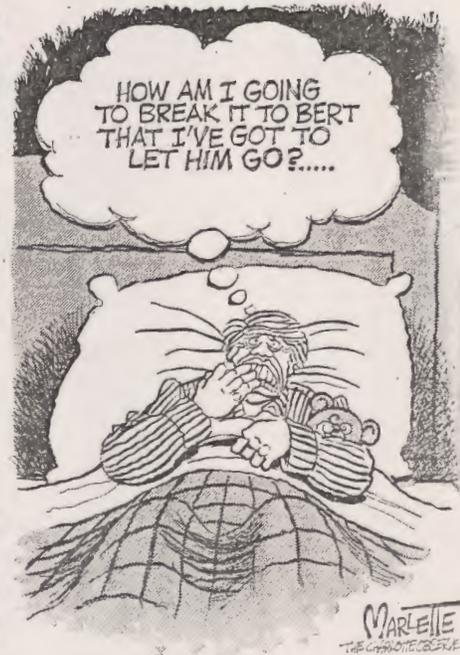
Michael E. DeBakey, M. D.
pm

cc: Dr. Jack Kirschenfeld
Judge Frank Johnson



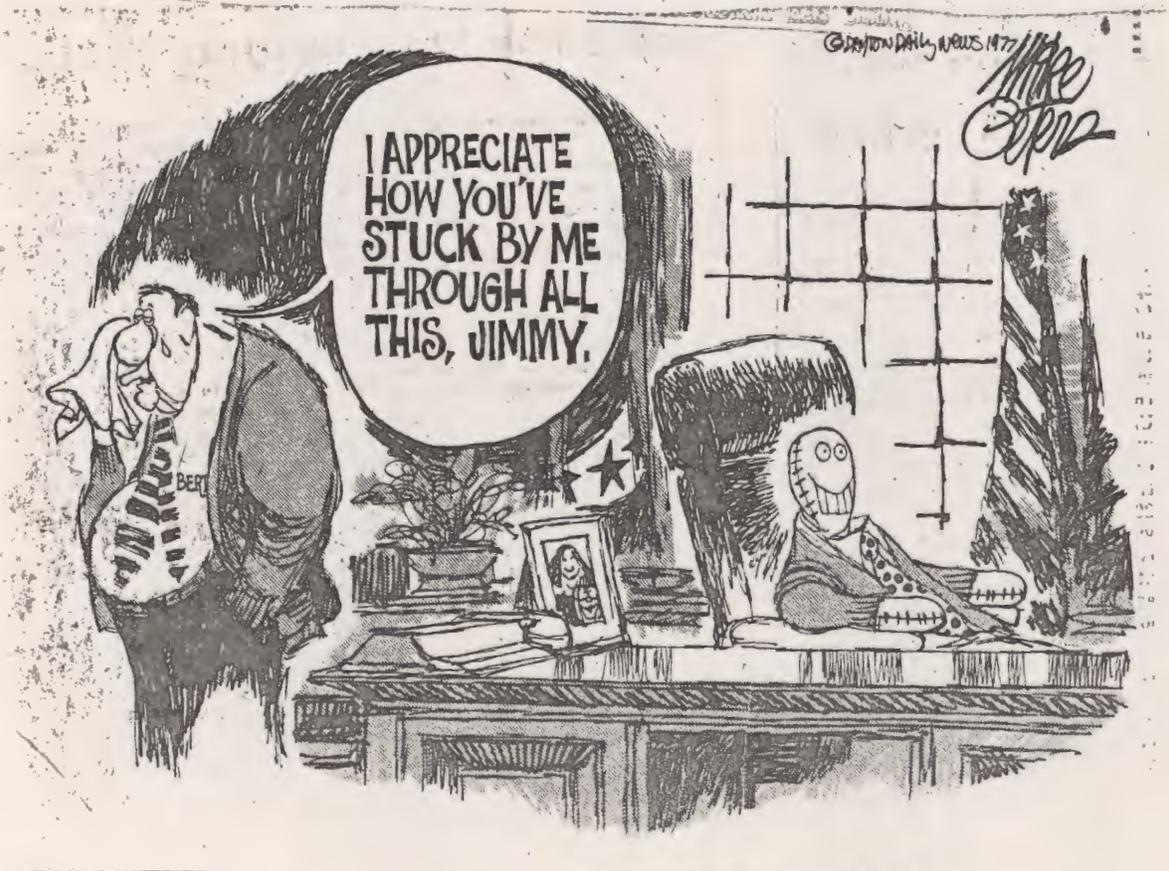
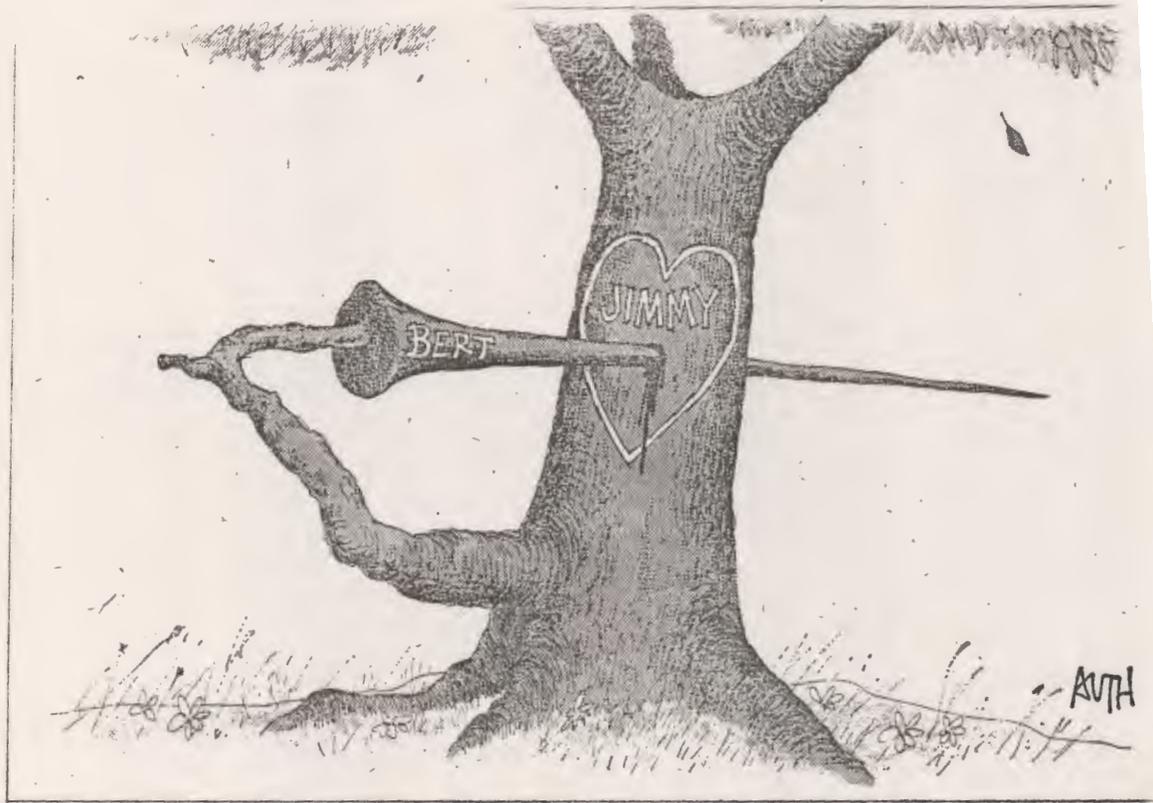
Viewpoint

A Page of Opinion and Analysis



MARLETTE THE CHARLOTTE OBSERVER

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Electrostatic Copy Made
for Preservation Purposes



'Why, Jody, how nice of you to join me!'

By CARL T. ROWAN



Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

September 22, 1977

Stu Eizenstat
Jim Fallows

The attached was returned in the President's outbox and is forwarded to you for your information. The statement was retyped and is being forwarded to Bob Linder for appropriate handling and delivery.

Rick Hutcheson

cc: Bob Linder

RE: STATEMENT TO THE CONGRESS ON ALCAN

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
X	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

9-22-77

To Jim Fallows
Stu

This is not a
message about the
number of pages in
documents filed.

J.C.

**Electrostatic Copy Made
for Preservation Purposes**

TO THE CONGRESS OF THE UNITED STATES:

Natural gas has become the Nation's scarcest and most desired fuel. It is in our interest to bring the reserves in Alaska to market at the lowest possible price. Consequently, I am today sending the Congress my decision and report on an Alaska Natural Gas Transportation System.

The selection of the Alcan project was made after an exhaustive review required by the Alaska Natural Gas Transportation Act of 1976. ^{determined that} ~~In the course of this study, some 50,000 pages of testimony and exhibits were submitted to the Federal Power Commission. Federal and State Agencies, as well as private individuals, submitted additional thousands of pages of analysis to the White House.~~ ^{A voluminous record supports} ~~the conclusion that~~ ^t the Alcan Pipeline System will deliver more natural gas at less cost to a greater number of Americans than any other proposed transportation system.

~~In addition~~ ^{The} Alcan proposal, taken together with the recently signed Agreement on Principles with Canada, demonstrates that our two countries working together can transport more energy more efficiently than either of us could ^{transport} alone.

→ I urge the Congress to act expeditiously to approve this important project.

*Unnecessary would
Any delay, greatly increases the total cost of the
pipeline system.*

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE,

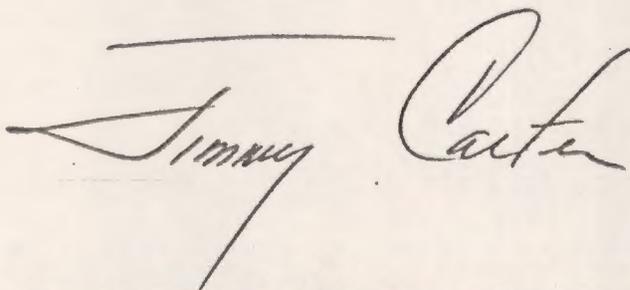
TO THE CONGRESS OF THE UNITED STATES:

Natural gas has become the Nation's scarcest and most desired fuel. It is in our interest to bring the reserves in Alaska to market at the lowest possible price. Consequently, I am today sending the Congress my decision and report on an Alaska Natural Gas Transportation System.

The selection of the Alcan project was made after an exhaustive review required by the Alaska Natural Gas Transportation Act of 1976 determined that the Alcan Pipeline System will deliver more natural gas at less cost to a greater number of Americans than any other proposed transportation system.

The Alcan proposal, taken together with the recently signed Agreement on Principles with Canada, demonstrates that our two countries working together can transport more energy more efficiently than either of us could transport alone.

Unnecessary delay would greatly increase the total cost of the pipeline system. I urge the Congress to act expeditiously to approve this important project.

A handwritten signature in black ink, reading "Jimmy Carter". The signature is written in a cursive style with a long horizontal line above the first name and a large, looped flourish for the last name.

THE WHITE HOUSE
WASHINGTON

September 21, 1977

Stu Eizenstat

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

Rick Hutcheson

cc: Secretary Schlesinger

RE: COMMENTS ON SCHLESINGER MEMO
ON ALASKA NATURAL GAS

THE WHITE HOUSE
WASHINGTON

9/21/77

Mr. President:

TWO SIGNATURES NEEDED

for transmittal Message.

Rick

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

September 21, 1977

*Stu -
I'll wait for
the transmittal
letter - Let's
expedite -
J*

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Comments on Schlesinger Memo on Alaska
Natural Gas

Subsequent to your telephone call, I obtained a copy of Jim's memo and have talked with Eliot Cutler and Harrison Wellford of OMB, Schlesinger's staff and Kitty Schirmer. I have the following comments:

1. Federal Monitoring and Enforcement Authority

Dr. Schlesinger has proposed that enforcement authority be transferred to the Federal Inspector by a reorganization plan submitted to Congress under your general reorganization authority. The issue here is whether we should use one of the limited number of slots on the Congressional reorganization docket (only three plans can be pending at any one time) for this kind of proposal. The alternative is to submit legislation to accomplish the temporary transfer of enforcement authority to the Federal Inspector.

Although space may be hard to obtain on the reorganization schedule, OMB has become convinced that the reorganization approach is preferable. Regular legislation could become the vehicle for substantial and unwanted amendments that might adversely affect the construction of the Alcan project. Under the reorganization plan approach, Congress must vote the proposal up or down, without amendment.

OMB has made it clear, however, that their agreement to go along with this procedure is conditioned on the submission of the reorganization plan sometime next summer when a slot is available. They have emphasized that there will be no slot available in January. Dr. Schlesinger's staff understands and is agreeable to this timetable. Enforcement authority does not have to have been transferred until construction of the pipeline begins.

2. Citizens Environmental Advisory Panel

OMB and Dr. Schlesinger are skeptical about creating this kind of advisory panel. On balance, however, I would recommend establishing such an advisory panel. It is a relatively inexpensive way to provide a channel for complaints of environmentalists which might otherwise result in litigation or expensive construction delay.

3. Compensation to Applicants

Dr. Schlesinger has indicated that this compensation would be for "work performed." Under this proposal, the Federal Energy Regulatory Commission would be given discretionary authority to award an appropriate allowance for research and development efforts of El Paso and Arctic Gas. Alcan would then pay whatever amount the FERC found to be reasonable to El Paso and Arctic Gas. This payment would be included in Alcan's rate base. The basis for such a provision is twofold:

- a. If this research and development work had not already been done by El Paso and Arctic Gas, Alcan would have had to do the work anyway. These costs would have automatically been included in the rate base.
- b. The work done by Arctic and El Paso was required by the government, and made public in the course of the pipeline proceedings. Under other circumstances, the fruits of this R & D work might have remained in the Proprietary "ownership" of these companies.

I must admit to a certain unease about establishing a potential precedent of compensating companies which are unsuccessful in attempts to obtain government contracts or other favorable rulings. However, I have been persuaded that this is a unique situation. The research and development efforts by El Paso and Arctic Gas on such questions on methods of cold weather construction and protection of permafrost, the actual design of the pipe, and related matters, are helpful to Alcan, and to the government. Alcan's proposal emerged very late in the game and Alcan has performed little of this type of work itself. Alcan will benefit from the research work which the government required El Paso and Arctic to undertake and to make public.

I do think that strong language should be inserted in the Report to make clear that this is not intended to establish a precedent for the compensation of unsuccessful applicants in other situations.

Finally, I recommend that Jim ~~Fallows~~ be asked to edit the proposed transmittal letter to Congress for style.

being done

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

September 20, 1977

*for comment -
to Stu
J*

Mr. President:

Regarding the Alcan legislation that was discussed at this morning's Congressional breakfast:

- (1) The legislation will be on your desk today. ✓
- (2) If you approve, the legislation can be printed and sent to Congress tomorrow or Thursday.
- (3) There will be almost no opposition in Congress to Alcan; El Paso may withdraw its application because of modifications in the Alcan proposal.
- (4) The only major opponent of Alcan will be Senator Stevens; at the most, 8 to 10 Senators will vote against Alcan.
- (5) Jim Schlesinger will be providing you with a full briefing paper ~~later today.~~ *attached* ✓

Stu
Stu Eizenstat

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM SCHLESINGER 
SUBJECT: Final Decision on Alaska Natural Gas

With this memorandum I am transmitting for your final approval:

- the Decision on the Alcan Route
- a back up Report on the Decision as required by the Alaska Natural Gas Transportation Act
- a forward to the Decision - Report and a letter of transmittal to the Congress

The attached material is lengthy, but cannot be made much shorter and still meet the statutory requirements for the Decision. I think you can get a good feel for the Decision by reviewing the Table of Contents which highlights the basic elements which were taken into consideration.

I expect to sign the Agreement on Principles with the Canadians today in Ottawa. Just as soon as we receive your final approval on the Decision and a resolution of the three issues described below, the documents can go to the printer. The Decision would then be submitted to Congress later this week.

The three following areas require final resolution:

1. Federal Monitoring and Enforcement Authority

Five federal agencies (Departments of Energy, Interior, Transportation, the Environmental Protection Agency, and the Corps of Engineers) have major responsibilities for permits, terms and conditions, monitoring and enforcement of pipeline planning and construction activities. Proper structuring and coordination of these responsibilities is

crucial to minimizing delay and the possibilities of cost overruns. The Interagency Pipeline Steering Committee has conferred with each of these agencies and are in agreement in proposing to you the following approach:

A very limited reorganization plan would be submitted to the Congress (after approval of your basic route decision) to transfer just the enforcement authorities of these agencies to a Federal Inspector for the duration of the planning and construction phases. The Alaska Natural Gas Transportation Act establishes the Federal Inspector as a Presidential appointee subject to confirmation of the Senate, but vests no enforcement authority in his office. The reorganization plan would also establish an Executive Policy Board (EPB) to provide guidance to and a mechanism for resolving policy disputes between agencies for the Federal Inspector. The EPB would be made up of the heads of the five departments and agencies with major pipeline-related responsibilities. Each individual department or agency would, however, retain its original jurisdiction for granting of permits, rights-of-way and the like. Each agency would also appoint an authorizing officer to serve as liaison between the Federal Inspector, each Agency and the field operations.

One of the most frequently cited failures of the process for federal involvement in the Alyeska Oil pipeline was the lack of governmental coordination and control. All the relevant agencies and the applicant agree that this proposal would help remedy that fault by providing a central point of federal contact, responsibility and coordination for the critical construction period. In preliminary soundings, the Hill's reaction to this proposal has been quite positive.

While supporting the approach, OMB has expressed some concern that any reorganization proposal, even for this limited purpose, submitted early next year could occupy valuable space on the Congressional docket of three allowable re-organization plans at any point in time while the Administration will be anxious to present a series of major reorganizations.

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There can be little doubt that El Paso and Arctic have contributed to the superiority of Alcan, and have incurred legitimately compensable expenses in the process. The FPC does have it within its authority to grant such compensation. Reference to this in the Report may help encourage the losers to cooperate with Alcan, but could also establish a precedent for the future.

The language in the Report reads as follows:

"The project selected through that process is the product of large expenditures of money for research and development by the three principal applicants and competitors, Arctic Gas, El Paso Alaska, and the Alcan Pipeline Company. There is little doubt that this competition in and of itself contributed to the emergence of a clearly superior Alcan project. In the process, the state of knowledge concerning pipeline construction in arctic and subarctic conditions has also improved.

The American competitive system has served the public interest well in this instance. The knowledge and information acquired by the unsuccessful applicants may have an ascertainable value to the Alcan project. The Federal Power Commission should consequently make a determination of the value of any such competitive contribution, and take appropriate action to allow for reasonable compensation to the unsuccessful applicants based upon any such determination."

 Approve this discretionary language
 ✓
 Leave out of Report

There are two final informational points I would like to make:

a) Western Leg

At your press conference with Prime Minister Trudeau you stated that Alaska gas would be shipped to the midwest "with perhaps a spur later on over to the California region." This lead many Westerners to conclude that a Western leg might not be built. Our analysis indicates that the prospects of increased Canadian and Mexican gas require that some new Western leg facility be built as part of the project. As currently drafted, The Secretary of Energy is given the authority at a later date, prior to construction, to determine the exact size of the additional western leg facilities in view of the most current information on west coast supply variables. This is a major political issue in the West. In addition to being correct on the merits, inclusion of a Western leg facility will help increase Congressional support for Alcan.

b) Natural Gas Pricing

The price for Alaska natural gas must be established before firm sales contracts and project financing can be arranged. The Decision, as currently drafted, relies upon enactment of the National Energy Plan's (NEP) gas pricing provisions. Under the NEP, Alaska gas is old gas under a new contract subject to a \$1.45 per mcf ceiling price. This is a fair and generous price for Alaska gas. Additionally, the FPC would have the discretion to determine whether gas processing costs of some \$.30 to \$.50 per mcf would be included within the \$1.45 price or added to it as an additional allowance.

If Pearson-Bentsen should pass, however, Alaska gas would be new deregulated onshore gas. Given the expected transportation charges, the producers could be expected to hold out for a wellhead price in excess of \$2.00 per mcf, and perhaps higher. That would be at least another \$20 billion in revenues based on Alaskan reserves of over 20 trillion cubic feet. These revenues would come on top of the \$30 billion that would be generated by the \$1.45 price. Since the exploration and development costs are almost all incurred already as they relate to oil, this kind of added windfall is another strong argument against Pearson-Bentsen.

Additionally, the added leverage the producers would have in holding out for a higher price could also raise new questions about the financial viability of the project and create serious uncertainties and delays in the signing of sales contracts and completion of project financing.

THE WHITE HOUSE
WASHINGTON

Date: September 21, 1977

MEMORANDUM

FOR ACTION:

Jim Fallows

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo dated 9/21/77 re Comments on Schlesinger
Memo on Alaska Natural Gas

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

Your comments

Other:

NEEDS TO GO TO THE HILL TODAY

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

file
new version
submitted

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: September 21, 1977

w/ Linda MEMORANDUM

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Jim Fallows

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THE WHITE HOUSE

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September 21, 1977

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THE WHITE HOUSE
WASHINGTON

September 20, 1977

*For comment -
to Stu
J*

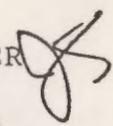
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SUBJECT: Final Decision on 'Alaska Natural Gas

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While supporting the approach, OMB has expressed some concern that any reorganization proposal, even for this limited purpose, submitted early next year could occupy valuable space on the Congressional docket of three allowable re-organization plans at any point in time while the Administration will be anxious to present a series of major reorganizations.

Actual field enforcement activities, however, are sometime off, and subject to your own re-organization priorities, submission of this limited re-organization could be delayed until next summer with an Executive Order creating the EPB in the interim. OMB believes this is a workable resolution of the potential timing conflict.

_____ Approve reorganization plan
for federal inspector and
Executive Policy Board

_____ Disapprove reorganization plan

2. Citizens Environmental Advisory Panel

The Council on Environmental Quality and the Environmental Protection Agency have recommended establishing a Citizens Environmental Advisory Panel to enable full public access to pipeline information, and to provide advice to the Executive Policy Board. Such a panel could provide a broad perspective on Environmental considerations which may be of use to the EPB. It could also provide a conduit for complaints that might reduce the potential for litigation. On the other hand, the group would require funding and administrative support that may make it more costly than it is worth. Additionally, there does not seem to be significant pressure for this type of entity. The EPB could also establish it at a later date if it is not specified in the Decision. As currently drafted, the Decision and Report does not recommend a Panel.

_____ Approve Citizens Panel

_____ Leave to the EPB to decide

3. Compensation to Applicants for work performed

Both El Paso and Arctic Gas, Alcan's competitors, have provided a significant amount of information and analysis which has been useful in the decision-making process and which will be of help in the construction of the pipeline. The preface to the Report currently suggests that the FPC consider allowing El Paso and Arctic to be compensated for

some or all of their costs. These costs, if granted, would be paid by Alcan and included in the rate base of the project.

There can be little doubt that El Paso and Arctic have contributed to the superiority of Alcan, and have incurred legitimately compensable expenses in the process. The FPC does have it within its authority to grant such compensation. Reference to this in the Report may help encourage the losers to cooperate with Alcan, but could also establish a precedent for the future.

The language in the Report reads as follows:

"The project selected through that process is the product of large expenditures of money for research and development by the three principal applicants and competitors, Arctic Gas, El Paso Alaska, and the Alcan Pipeline Company. There is little doubt that this competition in and of itself contributed to the emergence of a clearly superior Alcan project. In the process, the state of knowledge concerning pipeline construction in arctic and subarctic conditions has also improved.

The American competitive system has served the public interest well in this instance. The knowledge and information acquired by the unsuccessful applicants may have an ascertainable value to the Alcan project. The Federal Power Commission should consequently make a determination of the value of any such competitive contribution, and take appropriate action to allow for reasonable compensation to the unsuccessful applicants based upon any such determination."

_____ Approve this discretionary language

_____ Leave out of Report

There are two final informational points I would like to make:

a) Western Leg

At your press conference with Prime Minister Trudeau you stated that Alaska gas would be shipped to the midwest "with perhaps a spur later on over to the California region." This lead many Westerners to conclude that a Western leg might not be built. Our analysis indicates that the prospects of increased Canadian and Mexican gas require that some new Western leg facility be built as part of the project. As currently drafted, The Secretary of Energy is given the authority at a later date, prior to construction, to determine the exact size of the additional western leg facilities in view of the most current information on west coast supply variables. This is a major political issue in the West. In addition to being correct on the merits, inclusion of a Western leg facility will help increase Congressional support for Alcan.

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Kelly Schuman 233

TO THE CONGRESS OF THE UNITED STATES:

Success and

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Consequently, today I am sending ~~to~~ the Congress my decision on an Alaska Natural Gas Transportation System.

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Alaska Natural Gas Transportation Act of 1976. In the course of ~~the events leading to today's decision,~~ *this study,* some 50,000 pages of testimony and exhibits were ~~developed before~~ *received by* the Federal Power Commission.

Thousands of pages of analysis ~~from many~~ Federal and State Agencies, as well as private individuals, ~~were~~ *submitted additionally* to the White House. That voluminous record ~~now~~ supports the conclusion in this Decision and Report that the Alcan Pipeline System will deliver more natural gas at less cost to a greater number of Americans than any other proposed transportation system.

In addition, ~~taken together with the terms of the recently signed Agreement on Principles with Canada,~~ the Alcan proposal, demonstrates that ~~the U.S. and Canada~~ *(our two countries)* working together can ~~move~~ *transport* greater volumes of energy more efficiently than either country ~~can acting by itself.~~ *(or us could alone.)*

I urge the Congress to ~~act expeditiously to approve this~~ *act expeditiously on this* ~~important and historic step in the struggle to meet the energy challenge that lies ahead.~~ *important measure.*

THE WHITE HOUSE,

TO THE CONGRESS OF THE UNITED STATES:

Natural gas has become the Nation's most desirable and scarce fuel. The United States has vast reserves of natural gas in Alaska. I believe it is in our national interest to bring those resources to market at the lowest possible price. Consequently, today I am sending to the Congress my decision on an Alaska Natural Gas Transportation System.

This decision to select the Alcan project for transportation of Alaska gas to the lower 48 states represents the culmination of a unique and exhaustive review process established by the Alaska Natural Gas Transportation Act of 1976. In the course of the events leading to today's decision, some 50,000 pages of testimony and exhibits were developed before the Federal Power Commission. Thousands of pages of analysis from many Federal and State Agencies as well as private individuals were submitted to the White House. That voluminous record now supports the conclusion in this Decision and Report that the Alcan Pipeline System will deliver more natural gas at less cost to a greater number of Americans than any other proposed transportation system.

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THE WHITE HOUSE,

6

MEMORANDUM OF INFORMATION FOR THE FILE

DATE September 22, 1977

EXECUTIVE

FG6-11

PA 5-2

FG6-11 Kraft, J.

FG6-11 Moore, J.

LETTER, MEMO, ETC.

TO: Frank Moore

FROM: Rick Hutcheson

SUBJECT: Sen. Domenici ^{Pete V.} telephone call

Attachment:

Kraft note dated 9/22/77 re subject.
Topic - Bert Lance

CORRESPONDENCE FILED

PRESIDENTIAL
HANDWRITING FILE

RECEIVED
OCT 5 1977
CENTRAL FILES

THE WHITE HOUSE
WASHINGTON
September 22, 1977

Frank Moore

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

Rick Hutcheson

RE: SEN. DOMENICI CALL.

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	
FYI	
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

THURSDAY-SEPTEMBER 22, 1977
1:15 P.M.

MR. PRESIDENT

SENATOR DOMENICI CALLED.
FRANK RECOMMENDS YOU RETURN
HIS CALL--IF YOU HAVE TIME.

T.K.

Sympathy
Lance
J

**Electrostatic Copy Made
for Preservation Purposes**