

**2/8/77 [1]**

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**WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)**

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Note	Hutcheson to Jordan, w/attachments, 7 pp. RE: EEOC vacancy	2/8/77	C
Note	Hutcheson to Lipshutz, w/attachments, 5 pp. Re: Personal finances	2/8/77	C
Note	Hutcheson to Costanza, w/attachments, 19 pp. Re: Vietnam Veterans Amnesty	2/8/77	C
Note	<del>Hutcheson to Vice Pres., w/attachments, 4 pp.</del> <del>Re: Foreign policy meeting.</del> <i>OPENED 9/25/01</i>	<del>2/8/77</del>	<del>A</del>
Minutes,	Cabinet meeting, 2/7/77, 9 pp.	n.d.	A

**FILE LOCATION.**

Carter Presidential Papers, Staff Offices, Office of Staff Secretary, Presidential Handwriting File, 2/8/77 [1] Box 6

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THE WHITE HOUSE  
WASHINGTON

February 8, 1977

The Vice President -

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

Rick Hutcheson

cc: Secretary Blumenthal thru  
Jack Watson  
Secretary Vance thru  
Z. Brzezinski

Re: Preparations for the Summit

THE WHITE HOUSE  
WASHINGTON

cc Blumenthal  
Vance Thur  
Zbig

cc Mondale

MEMORANDUM

THE PRESIDENT HAS SEEN.

ACTION

THE WHITE HOUSE

WASHINGTON

February 8, 1977

*To VP  
J*

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB*

SUBJECT: Preparations for the Summit

I concur with the Vice President's suggestion that Henry Owen be named your personal representative for Summit preparations. The Vice President's memo makes the case and suggests appropriate back-up arrangements. I would recommend further that Owen be placed in EOB to emphasize the interagency character of this effort. I concur in the Vice President's memo that "he would remain responsible to you and Secretaries Vance and Blumenthal through the National Security Council."

APPROVE ✓ DISAPPROVE \_\_\_\_\_

*But first let Mike & Cy make comments to me*

~~CONFIDENTIAL~~

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for Preservation Purposes**

REPRODUCED  
E.O. 13526, SEC. 1.6  
BY *J* 5/15/01 NSC RE NC-01-21  
MARG. DATE 5/23/01

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 7, 1977

~~CONFIDENTIAL~~

MEMORANDUM FOR:

THE PRESIDENT

FROM:

THE VICE PRESIDENT *ref*

SUBJECT:

Preparations for the Summit

In response to your request for suggestions on how we might prepare for the Summit, I would like to propose that you name Henry Owen as your personal representative for Summit preparations. You know Henry. He is a skilled negotiator and has wide contacts in Europe and Japan. He is fully conversant on security matters (such as non-proliferation and the Comprehensive Test Ban), and his work in recent years at Brookings has brought him into intimate contact with global economic issues. I believe he has worked closely with Charlie Schultze.

I would suggest further that Henry might put together an inter-agency task force to help him--for example, one representative from Treasury (Tony Solomon or Fred Bergsten), one from State (Dick Cooper or Phil Habib), a few White House (NSC, CEA) representatives, and possibly others.

This would consolidate the direction of the Summit preparations in one person who is sensitive to both the economic and political issues you will want to discuss. A task force would enable him to draw upon the right levels of State, Treasury and other Agencies for his preparations, but he would remain responsible to you and Secretaries Vance and Blumenthal through the National Security Council.

~~CONFIDENTIAL~~

*Mr. President  
This is the matter  
I discussed with you  
last evening  
[Signature]*

*5/15/01 NSC NLC-01-24  
5/23/01*

THE WHITE HOUSE  
WASHINGTON

February 8, 1977

Ham Jordan

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

Rick Hutcheson

Re: Lou Odum

THE WHITE HOUSE  
WASHINGTON

2-8-77

To Ham

Sen Sparkman  
rec. Lou Odum for  
Controller of Currency  
or other ~~exp~~ equiv.  
about position -  
Check him out

J



THE WHITE HOUSE

WASHINGTON

*meeting*  
February 8, 1977

MEMORANDUM TO: THE PRESIDENT  
FROM: Jack H. Watson, Jr.  
RE: MEETING WITH GOVERNOR DICK  
KNEIP OF SOUTH DAKOTA

4:45

Governor Dick Kneip called me on Monday afternoon to ask if it would be possible to see you. It will be extremely helpful to him to be able to tell the people in South Dakota that he has spoken personally with the President about the severe drought the State is suffering.

He will make no requests to you and will submit the necessary papers through the Federal Disaster Assistance Administration as required by law. He also wants to express his support, and the support of the people of South Dakota, for your government reorganization program.

As you may recall, Governor Kneip was elected to his first term in 1970. He served two two-year terms and then was elected to a four-year term, which he is presently serving.

I will have AP and UP photographers in to photograph Governor Kneip's meeting with you. The whole meeting should not take longer than ten minutes.

JHWJr;ply

THE WHITE HOUSE

WASHINGTON

*meeting:*  
February 8, 1977

5:00

MEMORANDUM TO: THE PRESIDENT  
FROM: Jack H. Watson, Jr.  
RE: MEETING WITH SECRETARY  
ANDRUS AND ROBERT HERBST

As you know, Cecil Andrus has proposed Mr. Herbst for the position of Assistant Secretary for Fish and Wildlife and Parks. Mr. Herbst is supported by his colleagues in Minnesota State government, including Wendell Anderson and Walter Mondale, as well as by a wide range of other public figures. He is also supported by the Audubon Society, the National Wildlife Federation, the Isaac Walton League and the International Association of Fish and Wildlife Commissioners, the aggregate membership of which approaches seven million.

Opposition to Mr. Herbst has come from the Fund for Animals and other similar anti-hunting and strict preservationist groups. The main source of their opposition to Mr. Herbst derives from his campaign to have the eastern timber wolf removed from the endangered species list. Herbst's position, in essence, is that, at present, the timber wolf is not endangered in Minnesota. Herbst has proposed that the timber wolf be reclassified so that the species can be preserved and at the same time regulated.

Mr. Herbst has also urged removal of several hundred acres of fresh-water marshland from Voyageurs National Park in Minnesota so that it can be used as a hunting area. He believes that the marshland can be better maintained by the State and that it should be used as a recreational area.

JHWJr;ply

THE WHITE HOUSE

WASHINGTON

February 7, 1977

MEETING WITH SENATOR HUBERT  
H. HUMPHREY

Tuesday, February 8, 1977

9:00 a.m. (5 minutes)

The Oval Office

From: Frank Moore *FM*

I. PURPOSE

The Senator requested 5 minutes personal meeting with The President following the Congressional Leaders Meeting.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Personal Meeting of Senator Humphrey with The President following the second meeting of Congressional Leaders.
- B. Participants: The President, Senator Humphrey.
- C. Press Plans: No coverage.

III. TALKING POINTS

Personal meeting with The President of 5 minutes' duration.

BB

EXECUTIVE

THE PRESIDENT HAS SEEN.

FG 5

PR 7-1

FG 95

FG 6-1-1/Moore

Frank

THE WHITE HOUSE

WASHINGTON

February 7, 1977

MEETING WITH CONGRESSMAN FRANK HORTON

Tuesday, February 8, 1977  
9:15 a.m. (15 minutes)  
The Oval Office  
From: Frank Moore FM

I. PURPOSE

The Congressman requested meeting with The President to discuss government reorganization and the Commission on Federal Paper Work.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Meeting with The President to discuss government reorganization and the Commission on Federal Paper Work.
- B. Participants: The President, Congressman Horton and Frank Moore.
- C. Press Plans: Jody's choice.

III. TALKING POINTS

Congressman Horton will discuss with The President the President's plans for government reorganization; the Congressman will also bring up the Commission on Federal Paper Work.

Attachment

FEB 12 1977  
GENERAL FILES

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 7, 1977

CONGRESSIONAL LEADERSHIP BREAKFAST

Tuesday, February 8, 1977

8:00 A.M. (60 minutes)

The Cabinet Room

From: Frank Moore *FM*

I. PURPOSE

To meet with the Congressional Leadership.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Meeting with the Congressional Leadership. This will be The President's second such meeting with the leadership and The President's Reorganization Plans will be discussed.

B. Participants: See attachment.

C. Press Plan: Brief photo session at beginning of the meeting; White House photographer.

III. TALKING POINTS

The President's plans for reorganization; the act, provisions, constitutionality, and timing.

*Time for talking*

Attachment

RECEIVED THE WHITE HOUSE FOR  
FEBRUARY 8 1977

Participants in Congressional Leadership Breakfast, Tuesday,  
February 8, 1977  
The Cabinet Room

---

The President

Vice President Mondale

Senator Robert C. Byrd (D-West Virginia), Senate Majority  
Leader

Senator James O. Eastland (D-Mississippi), President Pro  
Tem of the Senate

Senator Alan Cranston (D-California), Majority Whip of  
the Senate

Senator Hubert H. Humphrey (D-Minnesota)

Senator Daniel K. Inouye (D-Hawaii)

Senator Abraham Ribicoff (D-Connecticut)

Representative Thomas P. O'Neill, Jr. (D-Massachusetts),  
Speaker of the House

Representative Jim Wright (D-Texas), Majority Leader of  
the House

Representative John Brademas (D-Indiana), Majority Whip of  
the House

Representative Dan Rostenkowski (D-Illinois), Assistant  
Majority Whip of the House

Representative Thomas S. Foley (D-Washington), Democratic  
Caucus Chairman

Representative Jack Brooks (D-Texas), Chairman, Government  
Operations Committee

Thomas B. Lance, Director of the Office of Management and  
Budget

Stuart E. Eizenstat, Assistant for Domestic Affairs and  
Policy

Frank Moore, Assistant to the President for Congressional  
Liaison

THE WHITE HOUSE  
WASHINGTON

February 8, 1976

Frank Moore -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling. - See Page 4

Rick Hutcheson

cc: Ham Jordan - see page 9

Re: Congressional Mail

  
THE WHITE HOUSE  
WASHINGTON

Frank - see pg 4

HAM - see pg 9



MEMORANDUM

FOR THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

*C*  
*1*

2/7/77

TO: The President  
FROM: Frank Moore *fm*  
CC: Hamilton Jordan

Attached is a copy of today's Summary of  
Congressional Mail to The President

U.S. GOVERNMENT PRINTING OFFICE: 1975 O - 300-000

MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE -1-

<u>FROM</u>	<u>SUBJECT</u>	<u>DISPOSITION</u>	<u>COMMENTS</u>	<u>SIGNATURE</u>
Sen. Richard Stone	Recommendation for George B. Preston to serve on Federal Home Loan Bank Board	ack/JK		
Sen. Richard Stone	Recommendation for Dr. Tracy Levy for appointment as Surgeon General	ack/JK		
Rep. B. F. Sisk	Request for a group interview for Class VII of Agriculture Leadership Program on 4/28 at 3:00 PM	TK		
Rep. Matthew J. Rinaldo	Requests The President to intervene on behalf of imprisoned Lithuanian dissident, Nijole Sadunaitė	ack-FM/ZB		
Rep. Fred Rooney	Requests The President to reconsider President Ford's budget submission in the area of solid waste management (under EPA)	ack-FM/BL		
Sen. Gaylord Nelson	Urges new funding through EPA for the reimbursement sewage treatment construction grant program and includes a chart on how each state is affected by the proposed grants program	ack-FM/BL		

MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE

-2-

<u>FROM</u>	<u>SUBJECT</u>	<u>DISPOSITION</u>	<u>COMMENTS</u>	<u>SIGNATURE</u>
Sen. John Culver	Requests funding in FY78 for the authorized flood control project on the Cedar River at Evansdale Iowa.	ack-FM/BL		
Rep. Charles Thone	Requests specifics on how the White House will assess natural gas reserves	ack-FM/JS		
Rep. Charles Bennett	Congratulations on the "fireside chat"	n/a		
Sen. Lee Metcalf	Endorses 1/21/77 request by the Governors of Montana, South Dak., Nebraska, Wyoming, North Dak., & Idaho for funding for the Mountain Plains Family Training Center at Glasgow Air Force Base, Montana.	ack-FM/BL		
Rep. Robt. S. Walker	Requests an independent investigation into alleged improprieties by members of both legislative and executive branches relating to the South Korean government and business communities.	FM		

MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE

-3-

FROM

Rep. James Cor-  
man

SUBJECT

Urges immediate attention to a comprehensive national health insurance program featuring cost controls and delivery improvements

DISPOSITION

ack-FM/HEW

COMMENTS

SIGNATURE

Senators Williams,  
Hathaway, Javits  
& Schweiker  
CCs: Califano

Request supplemental funding for programs administered by the National Institute on Alcohol Abuse & Alcoholism

ack-FM

Bert Lance  
Peter Bourne  
Joseph Onek  
Dr. Ernest Noble  
Rep. Daniel Flood  
Sen. Magnuson

Rep. Sam Gibbons

Urges immediate appointment of Special Representative for Trade Negotiations

ack-FM  
cc: HJ

The Maryland  
Delegation  
CCs: Harold Brown  
Martin R.  
Hoffman

A unanimous request that the Ordnance School located at Aberdeen Proving Ground, Md. not be relocated to Huntsville Ala.

ack-FM

Rep. Harold Ford

Encloses copy of HR905 which he introduced 1/4/77 to amend the Internal Revenue Code to provide a tax credit for persons employing the handicapped.

ack-FM/IRS

MAIL SUMMARY 2/7/77

PAGE -4-

CONGRESSIONAL MAIL TO THE PRESIDENT

FROM  
Rep. Don Fuqua

SUBJECT  
Urges veto of UN membership for Vietnam until we have a full accounting on MIAs and POWs.

DISPOSITION  
ack-FM/Young

COMMENTS

SIGNATURE

Sen. Strom Thurmond

Requests personal intervention by the President to bring the family of Igor S. Glagolev out of Russia

ack-FM/ZB

Rep. John Moakley

Requests appointment with the President for the Select Committee on Missing Persons in Southeast Asia (94th Congress) before decision on MIAs and POWs is taken.

TK

Rep. William Harsha

Urges action to protect U.S. Shoe Industry

ack-FM/Comm.

Sen. Herman Talmadge

Urges positive action on request to provide dry beans under currently pending P.L. 480 title I agreements

ack-FM/Agri

Sen. Pete V. Domenici

Urges The President to be aware of the importance of climatic change in the formulation of foreign and domestic strategies and suggests more funding to Office of Science and Technology Policy, N.O.A.A., C.I.A., N.A.S.A. & U.S.D.A. so that they may more adequately predict and recommend methods for dealing with climatic changes.

n/a

*How does this group relate to Senary of Jimmy's?*

MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE -5-

FROM

Rep. John B.  
Breckinridge

SUBJECT

Encloses advance semi-final copy  
of Congressional Rural Caucus  
"Budget Proposals for Selected  
Rural Loan, Grant, and Special  
Programs

DISPOSITION

ack-FM/Agri.

COMMENTS

SIGNATURE

MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE

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<u>FROM</u>	<u>SUBJECT</u>	<u>DISPOSITION</u>	<u>COMMENTS</u>	<u>SIGNATURE</u>
Rep. Charles Diggs	Recommending Robert B. Washington, Jr. for Bd. of Dir. of Overseas Invst. Corp.	ack/JK		
Rep. Trent Lott	Recommending Bill B. Dendy for EPA head	ack/JK		
Sen. J. Bennett Johnston	Recommending Judge Israel M. Augustine, Jr., for Chmn. of Civ. Service Commn.	"		
Rep. Jim Guy Tucker	Recommending William "Sonny" Walker for Nat'l Dir. of CSA	"		
Rep. Morris Udall	Recommending sister-in-law, Alice E. Udall for Nat'l Advisory. Comm. for Juv. Just. and Delinq. Prevention	ack/JK cc:FM		
Sen. Charles McC. Mathias, Jr	Recommending Sam Zagoria for Fed. Elct. Commr.	ack/JK		
Rep. David E. Bonior	Recommending Joseph V. Colainni for Chief Judge, U.S. Court of Claims.	"		
Rep. Harold Ford	Recommending James Kincaide for unspecified positions	"		
Rep. Jerry M. Patterson	Recommending Robert G. Vande Vrede for an unspecified position	"		
Sen. Edward M. Kennedy	Forwarding 25 letters of recommendations from constituents	"		

MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE -7-

FROM

Sen. Claiborne Pell

SUBJECT

Recommending Judge Florence Murray  
for member, U.S. Adv. Comm. on  
Internat'l Edu. and Cult. Affairs

DISPOSITION

ack/jk

COMMENTS

SIGNATURE

Rep. Lionel Van Deerlin

Recommending Deborah Szekely Mazzanti  
be re-apptd. to Pres. Council on  
on Phys. Fitness and Sports

"



MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE

-8-

FROM

SUBJECT

DISPOSITION

COMMENTS

SIGNATURE

Rep. Harold Ford

Recommending Ralph W. Emerson for member, FCC

ack/JK

Sen. Alan Cranston

Recommending Gordon Stulberg for Nat'l Endowmt. for Arts

ack/JK

Rep. George Brown, Jr.

Recommending Terry Hatter, Jr. for U.S. Atty. for Cent. Dist. of Calif.

"

Rep. Charles Vanik  
Rep. Mary Rose Oakar  
Rep. Ronald Mottl  
Rep. Louis Stokes  
Rep. Thomas Luken  
Rep. Douglas Aplegate  
Rep. Donald Pease  
Rep. John Seiberling  
(cc: Robt. Lipschutz,  
Stuart Eizenstat)

All endorsing Edward J. Wagner, Ph.D., for Fed. Home Loan Bank Bd.

ack/JK  
cc: FM  
HJ

Sen. James Allen

Recommending Lynn L. Pickinpaugh as Admin. of Farmers Home Admin. in Dept. of Agr.

ack/JK

Rep. Lucien N. Nedzi

Forwarding letter of recommendation by Rev. Joseph Lane for Hon. Harold Ryan for Jt. Internat'l Commsn.

"

Sen. Wendell Anderson

Endorsing Justin Dingfelder for Secty. of FTC

"

<u>FROM</u>	<u>SUBJECT</u>	<u>DISPOSITION</u>	<u>COMMENTS</u>	<u>SIGNATURE</u>
Rep. Michael T. Blouin	Approving Pres. request for re-org auth. and requesting appt. with Pres. to discuss proposals	cc:TK		
Rep. Robert McClory	Recommending Michael P. Mervis for Bd. of Publ Broadcasting	ack/JK		
Sen. Lawton Chiles	Recommending A. Daniel O'Neal for Chmn. of I.C.C.	ack/JK		
Rep. David C. Treen	Recommending John C. Fuchs for Fed. Home Loan Bank Bd.	"		
Sen. John C. Culver	Recommending Lynn Cutler for Adv. Commn. on Intergovt'l Rel.	"		
Sen. J. Bennett Johnston	Recommending George J. Guidry, Jr., for Adv. Comm. on WH Conf. on Lib. and Info. Services	"		
Sen. Howard Cannon	Recommending former Cong. David S. King for an unspecified diplomatic post	"		
Sen. Edward Zorinsky	Recommending William W. Kratville for Amtrak Bd. of Dir.	"		
Rep. Trent Lott	Recommending Dr. Charles R. Sayre for Under Secty of Agricul.	"		
Rep. Robert Giaino	Recommending Frank Smith be re-apptd. to TVA Bd.	"		

←  
None

MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE -10-

<u>FROM</u>	<u>SUBJECT</u>	<u>DISPOSITION</u>	<u>COMMENTS</u>	<u>SIGNATURE</u>
Rep. Phil Sharp	Forwarding constituent's letter opposing the Pardon and the B-1	QC		
Rep. Floyd Fithian	Forwarding constituent's letter with suggestions for solving the unemployment problem	QC		
Rep. Floyd Fithian	Forwarding constituent's letter opposing Pres. and Mrs. Carter's support of ERA	QC		
Rep. Ed Jones	Forwarding constituent's letter with suggestions for solving unemp. problem	QC		
Rep. Thomas A. Luken (mailgram)	Asking for entire state to be declared disaster area	JS		
Rep. Adam Benjamin, Jr.	Requesting additional gas supplies for No. Ind. Pub. Serv. Co..	JS		
Rep. Thomas Luken	Same as mailgram above	JS		
Rep. Newton D. Steers	Requesting that Commr. Dixon be publicly chastised and not be reappointed	FM		

MAIL SUMMARY 2/7/77

CONGRESSIONAL MAIL TO THE PRESIDENT

PAGE -11-

<u>FROM</u>	<u>SUBJECT</u>	<u>DISPOSITION</u>	<u>COMMENTS</u>	<u>SIGNATURE</u>
Rep. Norman Mineta	Requesting Pres. greetings to Jap.-Amer. residents of San Jose, Calif. for their Japan week	EH		
Rep. Ron Flippo	Requesting pres. for keynote speaker at Ala. St. Bar Convention in July	FV		
Sen. Wendell H. Ford	Requesting Pres. and Secty. Califano visit Kentucky health care services	FV		
Rep. Edward Madian	Requesting Pres. address Newsp. Farm Editors of Amer. Nat'l Conf. in April	FV		
Sen. Robert C. Byrd	Requesting that Pres. accept invitation to address a Key Club Conv. in W.Va. in July.	FV		
Rep. Bill Nichols	Requesting Pres. address Ala. St. Bar Convention in July	FV		
Rep. Paul Simon	Requesting birthday greetings	GC		
Rep. Bo Ginn	" " "	GC		
Rep. Sidney Yates	Requesting anniv. greetings	GC		
Sen. Howard Baker	Forwarding constituent's commentary on Christ	GC		

THE WHITE HOUSE  
WASHINGTON

February 8, 197

Jim Fallows -

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

Rick Hutcheson

Re: Statement on Roots

—  
THE WHITE HOUSE  
WASHINGTON

cc Jim Fallows



I have always felt that a sense of place of belonging . . . of roots, if you will. . . is essential to all human beings. That sense of place has an historical as well as a geographic ~~xx~~ dimension.

It seems to me that this fine book and the television dramatization of it are helping black Americans to find their place in history.

It is also helping white Americans appreciate the context of the black experience. It has shed light on how far we have come, both black and white, and how far we have to go.

The same night that the final segment of the television dramatization was shown, and was viewed by a record number of americans in their homes, was the same night that Andrew Young, a descendent of slaves, was sworn in as Ambassador to the Undited Nations.

We white Americans should take our own lessons about humanity and human relations from this experience.

But most of all we should wish our black brothers and sisters well as they seek that answer to the question that other immigrant groups to this country have long sought -- whence do we come? what are we? where are we going?

We want them to be equal partners in the building of a better nation and a better world.

1968, 1969

Identifications of persons participating in the meeting between the President and Huang Chen, the chief of the Liason Office of the People's Republic of China. From the President's left:

The Vice President

Michel (cq) Oksenberg, of the National Security Council staff

Secretary of State Cyrus R. Vance

Huang Chen

Hsu Shang-Wei (interpreter)

Tsien Ta-Yung (behind Huang Chen), counselor, Liason Office



THE WHITE HOUSE  
WASHINGTON

February 8, 1977

Stu Eizenstat -

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

Rick Hutcheson

cc: Frank Moore

re: Testimony on Tax Aspects of  
Administration's Economic  
Stimulus Program

THE WHITE HOUSE  
WASHINGTON

STM

THE WHITE HOUSE  
WASHINGTON

TO: THE PRESIDENT  
FROM: FRANK MOORE *FM*

As per your request  
from Al Ullman.

February 7, 1977

COMMITTEE ON WAYS AND MEANS  
HOUSE OF REPRESENTATIVES

February 7, 1977

Frank Moore:

The attached summary was prepared by the Joint Committee and covers testimony presented Friday and today, as requested by the President. This is being sent per our telephone conversation.

John M. Martin, Jr.

good  
J

Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, D.C. 20515

Summary of Testimony at Ways and Means Public Hearings on  
Tax Aspects of Administration's Economic Stimulus Program

February 7, 1977

General Economic Situation

Roland M. Bixler (NAM).--Opposes "stop-go" fiscal policy changes.

Charles W. Stewart (Machinery and Allied Products Institute).--Believes the stimulus is appropriate.

Charls E. Walker (American Council for Capital Formation).--Does not believe any stimulus is appropriate.

William Miller (Coalition of Northeastern Governors).--Believes that stimulus is appropriate, particularly in areas of high unemployment.

David Toll (National Association of Electric Companies).--Thinks the economy needs stimulus.

Individual Tax Cuts

Bixler (NAM).--Prefers permanent individual tax cuts to one-time refund.

Rick Halberstein (Capitol Hill Free Tax Clinic).--Supports the rebate, wants it to be phased out at higher income levels and available to as many lower income people as possible. Also, wants the administration's standard deduction proposal to be modified to reduce the so-called "marriage penalty." (For example, to raise the standard deduction to \$2,200 for single people and \$3,000 for married couples rather than \$2,400 and \$2,800 respectively.)

Business Tax Cuts

Bixler (NAM).--First choice is a corporate rate reduction from 48 percent to 46 percent and an increase in the surtax exemption from \$50,000 to \$100,000. Second choice is an increase in the investment credit to 12 or 13 percent, and opposes the administration's payroll credit.

# Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, D.C. 20515

-2-

Charles Stewart (Machinery and Allied Products Institute).--Wants an investment credit of 12 percent generally and 15 percent for pollution control investments.

David Baker (Machinery Dealers National Association).--Supports a 12-percent investment credit. Particularly wants to eliminate the \$100,000 limitation on the amount of used property eligible for the investment credit.

Walker (American Council for Capital Formation).--Supports a higher investment credit and opposes the administration's payroll credit.

Miller (Coalition of Northeastern Governors).--Wants more rapid depreciation for investments in high unemployment areas.

George Lawrence (American Gas Association).--Wants a 12-percent investment credit and an increase in the 50-percent-of-tax limitation on the credit for natural gas pipelines.

Toll (National Association of Electric Companies).--Wants a 12-percent investment credit with the additional 2 percent allowable in excess of the 50-percent limitation. If there is to be an "elective" credit, wants year-by-year election not a binding election. (This is Mr. Lawrence's position as well.)

Frederic Hickman (Trans-Union Corporation).--Wants taxpayers to be able to claim the investment credit even when they do not have enough tax liability.

# Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, D.C. 20515

Summary of Testimony at Ways and Means Panel Discussion on  
Tax Aspects of Administration's Economic Stimulus Program

February 4, 1977

## General Economic Situation

Jack Carlson (Chamber of Commerce).--Believes there ought to be a modest stimulus.

Michael Evans (Chase Econometrics, Inc.).--Believes the economy needs stimulus of approximately the size of the administration's package.

Walter Heller (University of Minnesota).--Believes that the stimulus should be bigger than recommended by the administration.

Hendrik Houthakker (Harvard University).--The only panelist who does not believe any economic stimulus is appropriate at this time.

Reginald Jones (General Electric).--Believes there should be a stimulus that is about the same size as that proposed by the administration.

Rudolf Oswald (AFL-CIO).--Wants a stimulus larger than that proposed by the administration.

Howard Young (UAW).--Favors economic stimulus at this time.

## Individual Tax Cuts

Carlson (Chamber of Commerce).--Prefers permanent individual tax cut to a one-shot refund.

Evans (Chase Econometrics, Inc.).--Wants permanent individual tax cuts.

Heller (University of Minnesota).--Opposes permanent tax cuts because they erode the revenue base. Supports the refund on 1976 taxes and thinks it should be bigger.

Houthakker (Harvard University).--If there is to be a permanent individual tax cut, thinks it should take the form of an increase in the standard deduction, as proposed by the administration.

# Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, D.C. 20515

-2-

## Individual Tax Cuts (Cont'd)

Jones (General Electric).--Wants permanent individual tax cuts to offset the effects of inflation in raising tax rates. These would amount to \$15 billion.

Oswald (AFL-CIO).--Opposes any individual tax cut.

Young (UAW).--Supports the administration's tax rebate and opposes all other tax cuts.

## Business Tax Cuts

Carlson (Chamber of Commerce).--Thinks there ought to be an investment stimulus in the tax cut package.

Evans (Chase Econometrics, Inc.).--Prefers a permanent across-the-board cut in the corporate tax rate.

Heller (University of Minnesota).--Supports the administration's business tax proposal.

Houthakker (Harvard University).--Opposes the administration's "elective" business tax cut, preferring integration of the individual and corporate income taxes.

Jones (General Electric).--Wants the investment credit increased to 13 percent without any payroll credit alternative.

Oswald (AFL-CIO).--Opposes all business tax cuts.

Young (UAW).--Opposes all business tax cuts.

THE WHITE HOUSE  
WASHINGTON

February 8, 1977

Jim Schlesinger -

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

Rick Hutcheson

cc: Ham Jordan  
Stu Eizenstat  
Jack Watson

Re: Organization of Federal  
Energy Programs

THE WHITE HOUSE  
WASHINGTON

cc STY  
SCHLESINGER  
HAM

Walton FYI



THE WHITE HOUSE  
WASHINGTON

February 8, 1977

Jim Schlesinger -

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

Rick Hutcheson

cc: Stu Eizenstat

Re: Organization of Federal  
Energy Programs

THE WHITE HOUSE  
WASHINGTON

STM  
SCHLESINGER

MR. PRESIDENT HAS SEEN.

cc Schlesinger  
Sta

February 8, 1977  
9:05 a.m.

C  
/

Mr. President --

Secretary Andrus called to say that he had reviewed Jim Schlesinger's proposal. He said....

-- it is very close to what had been agreed upon;

-- he sees no problem with the two of them (Schlesinger and Andrus) working out the remaining details;

-- he sees no need for Presidential intervention;

-- he will have a memo to the White House this afternoon.

-- ssc

THIS DOCUMENT HAS BEEN

*Susan -  
Copy to Andrews in  
sealed envelope.*

*done J.C.*

February 5, 1977

*He will pick up  
Tues a.m. by his  
messenger.*

MEMORANDUM FOR THE PRESIDENT:

FROM: James R. Schlesinger

*Info to Stu -  
Jim - Excellent  
memo -  
J*

SUBJECT: Organization of Federal Energy Programs

I believe that quick action on submission of an energy reorganization bill to the Congress is clearly desirable. The present natural gas crisis can be used as a vehicle to focus attention on the need for a reorganized Executive branch structure to deal with energy problems. And we should build on the momentum of the speedy passage of the emergency natural gas legislation by making reorganization legislation the next major item on the energy agenda. We can have a legislative package to the Congress by the end of this month, but only if decisions are made shortly on the major items to be included in such legislation.

*agree*

*Do by  
3/1  
J*

I believe it is clear that the basic building blocks of the new Department will be FEA and ERDA. Similarly, while it will be highly controversial, events of recent weeks indicate to me the strong necessity for inclusion of the Federal Power Commission in such a department. We must have the capability to deal with natural gas and oil problems under one roof; the current situation in which, for example, FPC curtails natural gas usage and the FEA allocates propane--a major substitute fuel for natural gas--simply is untenable from a policy perspective. Your campaign proposal included the FPC in the proposed department; I strongly believe it should be included in the final Administration legislative proposal.

*agree*

The overriding issue is how broadly you wish to structure the proposed Department. Your discussions with Senator Jackson have established the proposition that the new department would not be an Energy and Natural Resources Department encompassing all of the Interior Department. However, even with this understanding two significant issues are raised within the Interior Department:

*Suggest:  
"Energy & Mineral Resources"*

-- whether the proposed department should be an energy department or an energy and minerals department; and

etc.

-- the extent to which the public lands leasing process should be transferred to the energy department.

Each of these is discussed below in Section I.

In addition, outside of the Interior Department there are numerous functions being performed by various departments; many of these functions are not large individually. Collectively, however, including a significant number of these functions in the proposal for the Department would broaden the potential for a more significant integration of functions within the Department--but could also create the potential for a more difficult legislative process, as additional committees attempt to obtain some type of referral of the bill.

A description of the most important of these programs is included below in Section II.

## I. Interior Department Issues

### A. Energy Department or Energy and Minerals Resources Department

A basic issue affecting the range of Interior Department functions which should logically be transferred to an energy department is whether you see this department as focusing on energy minerals only or on the entire spectrum of mineral activity. While I have no major objection to the energy and mineral resources concept, there is reason to believe that the existing non-energy mineral activities in the Interior Department could be strengthened within that Department. Energy and non-energy mineral resource questions raise some broadly similar issues, including the problems of non-secure supplies and the difficulty of obtaining adequate data to make good resource assessments. However, a recent report of the National Commission on Supplies and Shortages indicated that our import dependence on many key mineral commodities has not dramatically increased in recent years and the finite availability of many mineral resources is much larger than current estimates would indicate.

If you decided to place energy and minerals together in one department, it would require transfer of functions from a number of entities within the Interior Department --particularly the Bureau of Mines (data collection and mineral R and D), the Geological Survey (resource estimates, and management and regulation of non-energy mineral leases) and the Bureau of Land Management (granting of leases for non-energy minerals). Removing these functions would in some cases be quite difficult organizationally. Very significant mineral-related functions are also located within the Commerce Department (deep ocean mining and marine technology, and economic forecasting and analysis), Treasury, and GSA (which serves as custodian of the U.S. stockpile of strategic materials, acquisition of which is undertaken by the NSC).

#### B. Public Lands Leasing

The basic question with regard to public lands leasing is the ambitiousness of the proposal you wish to send to the Congress. This is the most difficult and potentially most politically problematic issue of all the Interior Department-related questions.

I am strongly of the belief that the Energy Department must have a significant role in the leasing process if it is to become a viable entity. In order for the Energy Department to be able to deal with the energy industries effectively, it must become clear that the Energy Department has a significant role to play in making decisions vital to their economic well-being. Leasing decisions are among the most important of these decisions. Since the public domain contains 37% of estimated potential national oil resources, 43% of natural gas resources, and a high percentage of coal reserves, these functions are essential.

Ideally, I believe that the Energy Department should receive the entire OCS leasing program and have a significant policy role in setting overall goals and economic terms and conditions on onshore leasing. The OCS program at present is organizationally discrete within the Interior Department, and could be transferred without major organizational disruption. Most importantly, in the OCS program, the Interior Department is primarily the developer, and protection of non-development resources is statutorily lodged in other Departments (primarily Commerce and Transportation). Thus, transfer of the OCS program

would not result in a significant lessening of environmental concerns in carrying out the program, because of the need of the Energy Department to heed these competing voices. Finally, the range of complex multiple use management issues present on onshore leasing is simply not as present offshore.

Coupled with this transfer of the OCS program, the Energy Department should play an active role to determine the overall pace of onshore leasing, to undertake the primary role in resource evaluation of the onshore domain and issue regulations prescribing economic terms and conditions, and to police the leases once issued to ensure diligent development of leased property.

These transfers would entail movement of the U.S. Geological Survey's Conservation Division and parts of the Geologic Division, as well as those elements of BLM involved in the OCS leasing process.

Failure to include a significant portion of the leasing program within the Department will likely decrease Senator Jackson's enthusiasm for the Administration proposal. Inclusion of these functions, however, would generate considerable opposition. Such opposition would come from key members on the House side (particularly Mo Udall) and environmental groups in particular, but would likely be broader in scope and potentially harmful to chances for passage of this legislation.

One more modest option might give the Energy Department a good measure of control over the leasing policy process, hopefully without engendering as much environmental and House opposition as a more ambitious proposal. Under this option, the Energy Secretary would develop yearly a plan of leasing and production goals for Federal onshore and offshore energy resources, which would be used by the Interior Department in developing a specific long-term lease planning schedule. In addition, the Energy Department would issue general regulations governing certain aspects of the leasing process relating to competitive relationships among energy companies, alternative bidding systems, and exploration and production rate requirements for diligent development of leases. And Energy would have a policing function through monitoring of the U.S. Geological Survey Conservation Division's enforcement of these regulations.

This division of responsibility would leave the leasing process itself in the Interior Department, and would give Interior control over the environmental terms and conditions under which development would proceed. It would, however, give the Energy Department an overall policy guidance role, and certain levers on economic aspects of leasing to help meet the essential need for a visible and important role vis-a-vis the energy industries. I would prefer to have a more direct role in the process, but believe that the proposal outlined is the absolute minimum position necessary to make this department viable on leasing issues.

### C. Other Interior Department Issues

In addition to the major questions discussed above, a number of other significant questions are raised with regard to which parts of Interior might be transferred to the energy department. These are discussed below.

#### 1. Power marketing.

There are four power marketing agencies in Interior, in addition to a power marketing function in the Bureau of Reclamation. These functions would seem logically to belong in an Energy Department, where they can form one nucleus of the supply development segment of the Department.

*ok, but  
Water  
release  
Schedule?*

#### 2. Bureau of Mines

The Bureau of Mines has three basic functions:

first, they collect and analyze data on energy and non-energy mineral resources, with principal emphasis on economic availability, rather than physical availability;

second, they undertake an extensive mining research and development program, the bulk of which is devoted to coal extraction and preparation, and coal mining health and safety; and

third, they conduct a metallurgy research program aimed at a variety of principally non-energy minerals research programs.

Decisions on the Bureau of Mines are related in large part to the issue, discussed above, of whether non-energy minerals



would be included within the department. If the decision is not to include non-energy minerals, the energy data functions should become part of an energy data component within the energy department combining FEA, ERDA, FPC and Bureau of Mines activities into an energy data administration. Since FEA and the Bureau overlap on major energy data-related functions, exclusion would hamper this goal of data consolidation.

Similarly, the bulk of the mining research and development functions belong in the Department, in conjunction with ERDA's ongoing R and D program. The work done in the Bureau of Mines on coal mining extraction relates significantly to ERDA's work on coal conversion and combustion and high efficiency technology for generating electricity from coal. The present placement of this work is an anomaly which should be corrected through transfer to the energy department.

The third component--metallurgy research--should be transferred, along with the non-energy minerals data functions, only if the department is deemed to include non-energy minerals.

### 3. Bureau of Reclamation

I do not believe that the Bureau need or should be transferred to the Energy Department, with the exception of the power marketing functions mentioned above. The bulk of the Bureau's activities relating to water resource development projects belong in an Interior or Natural Resources Department, as part of that Department's broader land and water management mandate. Transfer of the Bureau would be a clear signal that the Administration had decided on a policy of rapid Western coal, oil shale and coal slurry pipeline development, which would be strongly resisted by environmental interests. *agree*

### 4. Naval Petroleum Reserve #4

Of the four Naval Petroleum Reserves, NPR 4 in Alaska is scheduled to be transferred from the Defense Department to the Interior Department on June 1, 1977. Congress has authorized only an exploration program in NPR 4, which has been estimated to contain from 5 to 33 billion barrels of potential reserves. The President

must report by January 1, 1980 on the outcome of the exploration program and make recommendations for development and production from NPR 4, if warranted.

I believe that transfer of control over the exploratory program to the Energy Department would be warranted. NPR 4 is the largest single potential reserve of Federal oil and gas assets, and the ability of the Energy Department to conduct the exploratory program--while retaining the Interior Department as the surface land manager--would aid Energy in forming a comprehensive view of Federal energy assets. In addition, by placing the Energy Secretary in the position of recommending to you the shape of any future development and production from NPR 4, another useful "carrot" is placed in the Energy Department. This would be extremely useful in dealing with the energy industries over the coming years. By retaining the surface management responsibility in Interior, opposition to such a transfer of the exploratory program could be lessened, though not entirely overcome, and concern for surface land values could be maintained under Interior's auspices.

## II. Other Functions for Potential Inclusion

As discussed above, there are a number of other energy-related functions for possible inclusion in the department, depending upon the breadth of the departmental concept you envision. The first five of the items discussed below were included in your campaign statement on energy reorganization.

### 1. SEC Public Utilities Holding Act functions

The SEC regulates interstate public utility holding company systems engaged in the electric utility business or retail distribution of gas, as related to merger or acquisition policies of the industry. SEC supports a transfer to the FPC, which is responsible for the bulk of functions under the Public Utility Holding Company Act. If FPC is included, I recommend an inclusion of this small (\$360,000, FY 1977) function. *agree*

### 2. Commerce Department energy programs

Under delegated authority, Commerce carries out a voluntary program to encourage and assist business and industry to conserve energy. This small (\$2.1 million, FY 1977) program is peripheral to Commerce's mission, and

consolidation of these conservation-related programs within the Energy Department would aid more effective execution of that conservation mission.

*OK E  
Juanita*

I recommend transfer to the Energy Department.

3. Treasury Department energy functions

The Treasury Department has a number of roles involving coordination of energy loan guarantee program financing and energy-related aspects of international financial and economic policies. These functions are carried out in the Office of the Secretary, generally as parts of other functions.

These Treasury functions are logical extensions of Treasury's other ongoing work and should be retained within Treasury.

*agree*

4. Nuclear Regulatory Commission Anti-Trust activity

The NRC works with the Justice Department on anti-trust implications of license applications to construct or operate a commercial production or utilization facility, under authority of the Atomic Energy Act. This work is generally integral to NRC's overall application review process, and I believe should remain within NRC.

*Where  
will NRC  
itself be?*

5. ICC Oil Pipeline Regulation

The ICC has regulatory responsibility for determining the lawfulness of transportation rates for oil and coal slurry pipelines. This function is not integrally related to other ICC functions, and might be used by the Energy Department to examine the effects of various pipeline rate-making mechanisms on distribution costs and energy prices, among other things. An important supplemental is pending to fund contract work relating to valuation of the Trans-Alaska pipeline.

Transfer of this function might arouse opposition from some industry interests, and would be particularly sensitive in the Trans-Alaska pipeline area, in which the state's royalty will be tied to the valuation of the pipeline. Logically, however, this function should be included in the economic regulatory group within the Department. I

recommend transfer with the understanding that if significant opposition is encountered, this could be a useful trading vehicle.

*agree*

6. Naval Petroleum and Oil Shale Reserves

In addition to Naval Petroleum Reserve #4, discussed above, the Navy retains control over NPR 1, 2, and 3, located in California and Wyoming. Under the legislation which transferred NPR 4 to Interior, the Navy was directed to bring NPR 1-3 into temporary production to facilitate development of the Strategic Petroleum Reserve program now underway. The receipts from sales of NPR petroleum (currently over 100,000 barrels per day, with an anticipated maximum production of 300,000 barrels per day) are used in part to finance part of the costs of petroleum purchases for the Strategic Reserve. In addition, the government share of this production may be placed in the Strategic Reserve or exchanged for petroleum of equal value to be placed in the Strategic Reserve. Production and sale of crude from these reserves is authorized until October of 1982, when the President may determine a need for continued production, subject to Congressional veto.

*Should we continue to pump this oil?*

This program is clearly related to management of the Strategic Reserve program, which will be under the Department of Energy. Transfer of the NPR program would provide a more comprehensive picture for the Energy Secretary of the national petroleum reserve picture, both for stored reserves and those producible from the three petroleum reserves.

*Should be done*

Any attempt to transfer this program, however, would likely be strongly resisted by the Armed Services Committees of both Houses; the Defense Department is opposed to a transfer of this program.

7. HUD Residential and Commercial Conservation program

Under the Energy Conservation and Production Act, enacted in August of 1976, HUD is required to develop and promulgate mandatory thermal efficiency standards for all new residential and commercial buildings within a maximum of three years. The Secretary can impose the sanction of

withholding Federal financial assistance for construction of any new commercial or residential buildings unless states and localities certify they have adopted codes which meet or exceed the thermal efficiency standards promulgated by HUD. These sanctions can ~~only~~ be invoked, however, only if both Houses of Congress approve the application of standards on the grounds that such application is necessary and appropriate to assure that the standards are applied to all new buildings.

*Get  
comment  
from Pat*

In addition, HUD is required to carry out a national demonstration program to test the feasibility and effectiveness of various forms of financial assistance (grants, low-interest loans, subsidies) to homeowners for encouraging energy conservation improvements (e.g., insulation) or use of renewable resources (e.g., solar heating and cooling) in existing residential buildings. There is a limit of \$400 for conservation devices and \$2000 for renewable resource devices. Within 2 years, the Secretary must recommend to the Congress a program designed to reduce significantly the consumption of energy in existing dwelling units.

These programs clearly have the potential for significant impact on the conservation mandate of the Energy Department, and are generically related to a variety of ongoing FEA programs in residential and commercial conservation. Further study is required of possible benefits to such a program of the presence of an existing technology base at HUD; however, it should be noted that ERDA also has ongoing programs in increasing energy efficiency in residential and commercial buildings.

8. Department of Transportation Fuel Economy program

Under the Energy Policy and Conservation Act, minimum average fuel economy performance standards for passenger automobiles were established, increasing from 18 mpg in 1978 to 19 mpg in 1979, 20 mpg in 1980 and 27.5 mpg in 1985. DOT has the responsibility for administering the statute (including assessment of civil penalties on non-complying manufacturers and disclosure of fuel economy of new vehicles to consumers) and for establishing average fuel economy performance standards for the model years 1981-1984. These standards must be established by rule no later than July 1 of this year. Under the statute the

*Get  
comment  
from Brock*

*Should be  
expedited*

RECEIVED  
OFFICE OF THE PRESIDENT  
JAN 17 1983

Secretary has limited discretionary power to revise the standards, and can propose tightening of the 1985 standard, subject to Congressional approval.

DOT believes that this program should remain within the Department, because of the need for assessing tradeoffs between fuel economy and safety requirements (regulation of which is also located in DOT) and the tight schedule for development of fuel economy regulations, which could be disrupted by transfer.

However, it should be noted that the ongoing ERDA research programs on engine propulsion systems are integrally related to the long-term issue of automobile mileage standards. Arriving at long-term efficiency standards will be substantially altered if ERDA research results in significant improvement in engine efficiency. Relating these R and D concerns to the regulatory program now in DOT may be vital in the years ahead, particularly if changes in the statutory auto efficiency standards are made.

#### 9. Rural Electrification Administration

The REA, now in the Department of Agriculture, has two basic programs. Their electricity program makes loans to qualified borrowers, with preference to nonprofit and cooperative associations, and to public bodies. These loans finance construction and operation of generating plants, transmission and distribution lines. REA makes direct loans and guarantees non-REA loans for these programs. Electrical systems which are REA borrowers serve approximately 25 million people. In addition, REA has a rural telephone loan program, whose borrowers serve 9 million people.

Clearly, the telephone programs have no place in an Energy Department. Organizationally, however, the telephone and electric programs are separate, and the electric program would be transferred. A primary rationale for transfer might be to reduce or eliminate the present REA loan policies, which heavily subsidize REA-borrower electric power rates, on the grounds that the job of electrifying rural America has essentially been completed. However, such a transfer would be extremely controversial, and would likely result in intense--and probably successful--efforts to keep the program in Agriculture, where it is likely to fare more favorably from a loan policy point of view. *aman*

## III. Energy Resources Council

The Energy Resources Council is currently the coordination body for dealing with interagency energy problems. It is a statutory body, whose life expires on September 30, 1977. In the reorganization legislation, the Administration could be silent on the question of a coordination and/or policy mechanism, urge extension of the ERC in a modified form, or propose creation of a statutory Energy Policy Council, separate and apart from the Energy Department.

I am strongly in favor of continuing a coordination body similar to the ERC, with the Energy Secretary acting as chairman of that body and staff support provided by the Energy Department. Quite clearly, even after creation of an Energy Department, there will still be a wide variety of issues which extend beyond the department and on which coordination will be needed. However, creation of a separate body would rob the Department of the ability to make coherent policy.

I would recommend creation of a renamed body, perhaps a National Energy Council (thereby de-emphasizing supply side considerations), with a membership of the Energy, Treasury, Commerce, State, and Interior Departments, the OMB Director, and such other officials as the President may designate. The Chairman would be the Energy Secretary, and the Council would be charged with coordination responsibilities.

*Second order -  
Prefer establishment by  
Ex Order -*

THE WHITE HOUSE  
WASHINGTON

February 8, 1977

Hamilton Jordan -

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

Rick Hutcheson

cc: Tim Kraft

Re: Announcement of Appointments



THE WHITE HOUSE  
WASHINGTON

cc Ham  
Kraft

THE PRESIDENT HAS SEEN.

*Ham -*

*ok  
J.C.*

TO: THE PRESIDENT  
FROM: HAMILTON JORDAN  
RE: ANNOUNCEMENTS OF APPOINTMENTS

After much delay - due to the slowness in FBI and IRS checks - we are ready to announce the following appointments:

Sam Brown - Director of ACTION  
Mary King - Deputy Director of ACTION  
Max Cleland - Administrator of the VA  
Douglas Costle - EPA Administrator  
Barbara Blum - EPA Deputy Administrator

Because of the importance of these appointments and the fact that there are women and Georgians involved, I need some guidance from you as to how you wanted them handled. Also, symbolically Max's appointment is so significant that you might want to have him present for the announcement.

cc: Jody Powell

*ok  
I need  
not be there  
J*

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

*Susan  
held  
J*

FEBRUARY 2, 1977

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson  
FROM: Stu Eizenstat *Stu*  
SUBJECT: Calls to Senator Muskie and Congressman Rogers

The meeting you agreed to with Leonard Woodcock and the presidents of the four major auto companies will be scheduled for the end of this week or Monday at the latest. I would strongly urge that you call both Senator Muskie and Congressman Paul Rogers before the meeting to inform them of its occurrence and purpose. Muskie's hearings on the Clean Air Act begin on Tuesday, February 8, and he will be very sensitive to any signals, intentional or not, which you give as to your position on the auto emissions issue. Rogers also has early hearings scheduled, and like Muskie, has a lot of time, prestige and emotion invested in the Clean Air Act. Since the position which the UAW and the auto companies will recommend to you is in direct conflict with the Muskie/Rogers view, it would be most helpful to reassure them that this meeting is for information purposes only. You should indicate your interest in discussing this issue with them before formulating your own position. These calls should be made just as soon as the meeting is scheduled to ensure that Muskie and Rogers hear about it first from you.

You should also be aware that Muskie's staff has indicated the Senator's disappointment that he was not consulted earlier on the choice of an EPA Administrator. Rogers may also have the same complaint.

Finally, you have been invited to attend a reception and banquet on February 17 to honor Senator Muskie for his leadership in environmental and public health protection. This would be a very good opportunity to smooth some ruffled feathers as well as demonstrate your interest in the environment. You need only drop in on the reception. The invitation committee (list attached) includes Congressman Rogers as well as other notable environmental leaders. I recommend that you accept the invitation, and mention this to both Muskie and Rogers when you call.

INVITATION LIST FOR AWARDS BANQUENT FOR SENATOR MUSKIE

Senator Howard H. Baker  
Ruth C. Clusen, League of Women Voters  
Justice William O. Douglas  
Senator Gary Hart  
Thomas L. Kimball, National Wildlife Federation  
Michael McCloskey, Sierra Club  
Senator Gaylord Nelson  
Russell W. Peterson, New Directions  
Senator Jennings Randolph  
Representative Paul G. Rogers  
John J. Sheehan, United Steelworkers of America  
Russell E. Train, Environmental Protection Agency  
Representative Morris K. Udall

THE WHITE HOUSE  
WASHINGTON

February 8, 1977

Susan Clough

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

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

February 8, 1977

Jim Schlesinger

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

Rick Hutcheson

cc: Secretary Andrus thru  
Jack Watson

Re: Producers Withholding of Gas  
Supplies from the Market

THE WHITE HOUSE  
WASHINGTON

8

cc : Schlesinger  
Andrus  
Watson

MEMORANDUM

THIS DOCUMENT HAS BEEN

THE WHITE HOUSE

WASHINGTON


To Jim -  
Oh - Coordinate  
with Cecil

J.C

4 February 1977

cc: Cecil

MEMORANDUM FOR THE PRESIDENT

FROM: Jim Schlesinger 

SUBJECT: Producers Withholding of Gas Supplies from the Market

Senator Metzenbaum's charges of producer withholding of natural gas from the market are a serious and frequently heard criticism of the gas industry. It is doubtful that significant volumes of developed gas are presently being withheld as major incentives had previously existed under the Federal Power Commission's 60-day emergency purchase rule, and are now present under the Emergency Natural Gas Act of 1977, to bring out virtually all gas which is already developed to the point where deliveries are possible. However, it is certainly possible that over the past few years, producers, particularly those operating on the Outer Continental Shelf, may be capping discovery wells, if discoveries occur sufficiently early in the lease period for those producers to avoid losing their lease through failure to produce. In these instances, the producers probably have a high level of confidence that the gas is there, but have elected not to make the necessary investments, in well completion equipment and delivery systems, until more favorable market conditions exist.

This probably would not constitute major volumes of natural gas.

Without a major examination of producer and State Conservation Commission data, it is impossible to document the above conditions. In addition to Senator Metzenbaum and other critics, Senator Bellmon, Representative Brown and others who speak for the producers have also urged that such an investigation be conducted. Consequently, I am considering asking Charles Hitch to organize a blue ribbon panel of technologists not associated with the oil industry to examine these conditions. Should such a panel be created, it could review existing and pending data and report its findings to you. This could be done, at least by the time of the debate on your long-range energy policy and certainly well in advance of next year's heating season, with appropriate recommendations.



THE WHITE HOUSE

WASHINGTON

February 7, 1977

*C*

MEMORANDUM FOR

THE PRESIDENT

FROM:

STU EIZENSTAT, KITTY SCHIRMER

*Stu*

SUBJECT:

Schlesinger Memo on Gas  
Withholding

While the question of natural gas withholding clearly requires attention, any FEA investigation should be coordinated with the Department of the Interior which now has jurisdiction over OCS leasing. Secretary Andrus has already initiated an investigation in response to Senator Metzenbaum's inquiry and expects to send several Department experts out to the field this week.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: February 4, 1977

Time:

FOR ACTION:

Sta Eisenstat

Jack Watson

Frank Moore - ok

Hamilton Jordan

Bob Lipschutz

FROM THE STAFF SECRETARY

cc (for information):  
Zbigniew Brzezinski

DUE Date: Monday, February 4, 1977

Time: 10:00 A.M.

SUBJECT:

Jim Schlesinger memos 2/4/77 re  
Producers Withholding of Gas Supplies  
from the Market and Mexican Offer of  
Oil and Gas.

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Frank Moore - ok

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you need more  
delay in submitting the requested material, please  
telephone the Staff Secretary immediately.

RICK HUTCHESON  
STAFF SECRETARY

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

64

Date: February 4, 1977

Time:

FOR ACTION:

Stu Eizenstat

Jack Watson

Frank Moore

Hamilton Jordan

Bob Lipshutz

FROM THE STAFF SECRETARY

cc (for information):  
Zbigniew Brzezinski

xc: *Carp*  
*Schirmer*

DUE: Date: Monday, February 7, 1977

Time: 10:00 A.M.

SUBJECT:

Jim Schlesinger memos 2/4/77 re  
Producers Withholding of Gas Supplies  
from the Market and Mexican Offer of  
Oil and Gas.

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

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.

RICK HUTCHESON  
STAFF SECRETARY

THE WHITE HOUSE  
WASHINGTON

4 February 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jim Schlesinger

SUBJECT: Producers Withholding of Gas Supplies from the Market

Senator Metzenbaum's charges of producer withholding of natural gas from the market are a serious and frequently heard criticism of the gas industry. It is doubtful that significant volumes of developed gas are presently being withheld as major incentives had previously existed under the Federal Power Commission's 60-day emergency purchase rule, and are now present under the Emergency Natural Gas Act of 1977, to bring out virtually all gas which is already developed to the point where deliveries are possible. However, it is certainly possible that over the past few years, producers, particularly those operating on the Outer Continental Shelf, may be capping discovery wells, if discoveries occur sufficiently early in the lease period for those producers to avoid losing their lease through failure to produce. In these instances, the producers probably have a high level of confidence that the gas is there, but have elected not to make the necessary investments, in well completion equipment and delivery systems, until more favorable market conditions exist.

This probably would not constitute major volumes of natural gas.

Without a major examination of producer and State Conservation Commission data, it is impossible to document the above conditions. In addition to Senator Metzenbaum and other critics, Senator Bellmon, Representative Brown and others who speak for the producers have also urged that such an investigation be conducted. Consequently, I am considering asking Charles Hitch to organize a blue ribbon panel of technologists not associated with the oil industry to examine these conditions. Should such a panel be created, it could review existing and pending data and report its findings to you. This could be done, at least by the time of the debate on your long-range energy policy and certainly well in advance of next year's heating season, with appropriate recommendations.

## THE WHITE HOUSE

WASHINGTON, D.C.

4 February 1977

## MEMORANDUM FOR THE PRESIDENT

FROM: Jim Schlesinger



SUBJECT: Mexican Offer of Oil and Gas

The Mexican offer of 2.6 million barrels of crude oil and 30-40 million cubic feet of gas, conveyed to Cy Vance, is something of a mixed blessing.

The U.S. is not short of crude. We have a product distribution problem, but no crude supply problem. Because of transportation intricacies, the Mexican crude could only arrive at our refineries at a penalty of 50¢ per barrel, while requiring a slowing down of present shipping schedules. Consequently, the arrangement is not economically attractive to our American refiners and would require some persuasion on our part. By contrast, the arrangement is economically advantageous to the Mexicans since they recently raised crude prices and now have a crude surplus which they would like to trade for foreign exchange.

However, we can use the gas and we are prepared to issue an import permit for it. Texas Eastern is applying for the permit today and, once issued, the firm can contract with Pemex to bring the gas into Texas.

I cannot judge the diplomatic equities involved, but I urge that you consider courteously declining the Mexican offer of crude oil and accepting their offer of the gas.

Date: February 4, 1977

Class:

BY ACTION:

Stu Eisenstat

Zbigniew Brzezinski

Jack Watson

Frank Moore *FM*

Hamilton Jordan

Bob Lipshutz

STAFF SECRETARY

*OK*

DATE: Monday, February 7, 1977

Time: 10:00 A.M.

SUBJECT:

Jim Schlesinger memos 2/4/77 re  
Producers Withholding of Gas Supplies  
from the Market and Mexican Offer of  
Oil and Gas.

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you wish to  
discuss the material being prepared, please  
contact the Staff Secretary immediately.

RICK HUTCHESON  
STAFF SECRETARY