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LUNCH WITH SECRETARY COLEMAN
& BILL SEIDMAN

WEDNESDAY, JULY 23, 1975

12:30 p.m.

CONFERENCE DINING ROOM

JULY 23, 1975



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

Determined to be Administrative Marking

July 14, 1975

Date 9/16/80 By WTH

~~CONFIDENTIAL~~

MEMORANDUM FOR:

Honorable L. William Seidman
Assistant to the President for
Economic Affairs

Honorable James M. Cannon
Assistant to the President for
Domestic Affairs

FROM:

William T. Coleman, Jr.

As you know, before each Cabinet Meeting, Jim Connor, as Secretary to the Cabinet, requests the various participants to suggest items for the agenda. In connection with ascertaining whether there was anything which should go on the agenda, I made inquiries throughout the Department of Transportation. Several issues were suggested which I don't think should be considered at the Cabinet meeting on July 16, but I do think they should be called to your attention so you can set in motion a procedure whereby we can ascertain an Administration position.

There were three matters suggested by the U.S. Coast Guard:

(1) Trust Territories of the Pacific Islands (TTPI): As you know, on June 17 the Marianas voted for commonwealth status in the United States. The President has indicated that Congress should take action to have these territories given status as U.S. territories. Such action will require a substantial increase in U.S. Coast Guard forces in the Guam/Northern Marianas to meet search and rescue; enforcement of laws and treaties (especially fisheries laws); marine environmental protection; and merchant vessel safety responsibilities.



(2) Senate National Ocean Policy Study: The activities of the Senate National Ocean Policy Study (SNOPS), under the leadership of Senator Ernest F. Hollings, have significant executive reorganization possibilities involving DOT/USCG among others. Activities dealing with the oceans and plans with respect thereto are scattered throughout various agencies and departments in the Executive Branch of the government. Consideration should be given to whether a Marine Affairs Council should be formed or some other group to act as a focal point within the Administration to develop oceans policy/plan as a counterpart to SNOPS.

(3) Unilateral Establishment of U.S. 200-Mile Economic Zone: There is considerable talk in Congress which might result in Congress unilaterally acting to establish a 200-mile economic zone. If this occurs, the Administration will first have to take a position. The Coast Guard is concerned because the establishment of a 200-mile economic zone will require additional capital facilities, operating funds and personnel to patrol such expanded area.

In addition to the matters suggested by the Coast Guard, there is the recurring problem of increased fuel prices on various modes of transportation. The problem is particularly severe with respect to the airline industry as possible increases might increase jet fuel costs by \$1.5 billion per year. This cost cannot be absorbed by most of the airlines today. It will require an increase in the cost of a ticket of about 10% which would be on top of a 10% increase just imposed last year. Even assuming that the consumer resistance would not make such a fare increase impossible, it is still not within the public interest that the airfare be raised over 20% in less than 12 months.

This memorandum is being sent to you on a confidential basis and I would appreciate it if you would call and let me know if any of the above issues should be discussed at the White House level. I feel that I should not begin to announce a policy position on any of the above without first discussing it with you.

Bill
William T. Coleman, Jr.



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