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Cannon

THE WHITE HOUSE

WASHINGTON

February 21, 1976

MEETING WITH GOVERNOR JAMES LONGLEY (I-MAINE)

Monday, February 23, 1976 2:45 p.m. (15 minutes) Oval Office

From: Jim Cannon

I. PURPOSE

To respond to the Governor's request to meet with you to discuss the problem of CETA sponsors in Maine and the awarding of a defense contract to a Maine firm.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background

Over the past year the Governor has been generally supportive of your Administration, notably and most publicly during his participation on MEET THE PRESS last year at the National Governors' Conference in New Orleans. The Governor supports your views on eliminating bureaucratic wastes but questions the Administration's sincerity when it comes to CETA prime sponsors in Maine.

As you know, Governor Longley has asked the Department of Labor to rule in favor of his plan for prime sponsorship under CETA. To do so, would require a finding that counties in Maine are not eligible. The Department of Labor's General Counsel found the counties to be eligible and the Governor sought review by the White House, which in turn asked the Justice Department for an opinion. The Justice Department's opinion in October supported Labor's position, but the Governor continues to argue the issue on the basis of "millions of dollars of waste." The law is clear and as a legal matter, the Attorney General of Maine agreed with the Department of Labor and Justice Department's interpretation of the law. Furthermore, the law is written to assure participation by the Counties if they meet the necessary requirements as they do in this case.

The second subject is the awarding of a contract for the manufacture of a machine gun for the Army. Maremont Corporation of Saco, Maine, manufactures the M-60 E2 which has just been tested side-by-side against the Belgian MAG-50 weapon.

The Governor will argue that this is a case of jobs and National security, and he has related these views to the Secretary of Defense.

Concurrently the Army has compiled information on other factors important to the choice of options, soldier preference and program cost.

The technical and operational costs of the test and evaluation as well as consideration of production, logistical support and comparative costs have been compiled and are being analysed at this time. The results will be presented shortly to the Secretary of Defense for use in reaching a final decision. The target date for selection is within the next few weeks.

It has been the Army's intention throughout the evaluation of both weapons to select the best weapon considering cost and what is best for the American soldier.

The Army considers maintenance of a domestic supplier for the Armor Machine Gun to be of high importance. Therefore, regardless of which gun is selected, efforts will be made to establish a production base in the Continental United States. This would be done under license in the event the Belgian gun were selected.

There is no truth to press reports that a commitment may have been made by the Former Secretary of Defense to purchase the Belgian gun as an offset for the Belgian's purchase of F-16 aircraft.

B. Participants

Governor James Longley (I-Maine) Jim Cannon Steve McConahey/Pat Delaney

C. Press Plan

To be announced.

III. TALKING POINTS

CETA

- Jim, after you raised this issue with me, I was concerned that the matter receive a careful and full review.
- 2. As you know, the Department of Labor's position was referred to the Department of Justice. Justice concurred in Labor's interpretation of the law.
- 3. Legal opinions seem to be clear, therefore, any action to change the legal basis of county participation would have to be brought about by legislation.

Maremont Corporation

- 1. The tests are under way on these two guns and they are being tested side-by-side.
- 2. I understand your concern for the citizens of Maine and the employees of Maremont, and I assure you the Secretary of Defense is aware of them.
- 3. Also, the Secretary of Defense is aware of production and logistical support questions raised by you.
- 4. It has been the Army's intention throughout the evaluation of both weapons to select the best weapon considering cost and what is best for the American soldier.
- 5. I think the Secretary's decision will probably take place within the next few weeks, and I am sure he will keep you advised.

Rail Fait .