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MEETING WITH MR. PAUL HALL

Thursday, August 22, 1974

3:00 p. m.

THE PRESIDENT HAS SEEN *dy*

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

To: Ken Cole / Bill Timmons
From: _____
Date: _____ Time _____ a.m.
p.m.

Get me copy of House
bill of Senate version.

Do we have any escape
chance with Presidential
discretion?

QUESTION

OFFICE OF THE VICE PRESIDENT

WASHINGTON, D.C.

To:

Ken Cole / Bill Tompkins

From:

Date:

Time

a.m.

p.m.

Get me copy of House
bill & Senate version.

Is there any "escape
clause" with Presidential
discretion?

MTF

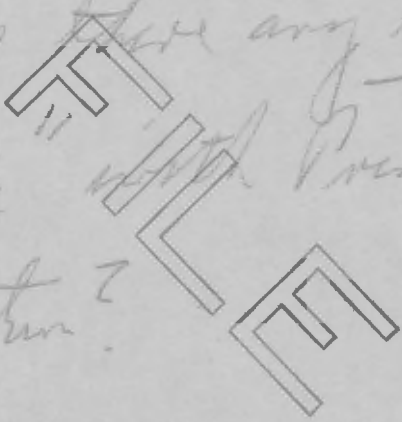


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To: Ken Cade / Bill Tompkins
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Is there any "escape
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HISTORY OF FALCON TANKERS

THE PRESIDENT HAS SEEN *ds*.

1. 29 June 1967 - Award to Falcon Carriers for four tankers as lowest offeror. Manning by SIU - Union crews.
2. 13-1/2 month delay in delivery.
3. March 1971 - October 1972 - Ships delivered with design deficiencies.
4. December 1972 - Falcon informed MSC of deteriorated financial position/ bankruptcy and proposed following corrective measures:
 - a. Long-term guarantee of employment on long profitable runs, or
 - b. Conversion to time charter at "bail out" rate
5. December 1972 - July 1973 - Examination and verification of Falcon's financial status.
6. July 1973 - MSC rejected Falcon proposal as not being in best interest of Government - lack of consideration to Government.

MSC counterproposed a bareboat charter to become part of nucleus fleet. Ships to be civil service manned as consideration.

7. August 1973 - MSC proposal accepted in principle by Falcon and First National Bank of Boston, banker for Falcon.
8. August 1973 - February 1974 - Negotiations for bareboat charter. Delay principally caused by Falcon's inability to execute modified charter.
9. April - May 1974 - Ships delivered to MSC. Determination made on basis of costs to man ships with civil service crew. SIU protests to Navy Secretariat.
10. Advantages of bareboat charter/civil service manning:
 - a. Significant saving to DOD as opposed to commercial operation with union manning - approximately 1/2 million per ship per year.
 - b. Greater operational flexibility - more responsive to fleet support.
 - c. Helps maintain manpower base necessary for contingencies and fleet support.
11. Present status of Falcon tankers - now being manned by civil service personnel. Exploration of all alternatives to current arrangements in favor of returning to prior status of SIU manning appear to be legally and financially not possible.

Readvertising could result in a similar impasse developing.

TALKING POINTS - CARGO PREFERENCE

BACKGROUND

Paul Hall is likely to seek your support for the Emergency Transportation Security Act of 1974, a bill which would require a fixed percentage of all petroleum imported into the U.S. to be carried on U.S. Flag vessels. This recently passed the House by a vote of 266 to 136 and Senate floor action is imminent. All federal agencies and departments have opposed the bill on the grounds that it is contrary to the foreign and domestic goals of the Administration and will add significantly to the cost of energy, especially in certain areas of the country such as the Northeast. Although cost estimates of the legislation vary widely there is little doubt that it will have a substantial inflationary impact. Secretary Kissinger very strongly opposes this legislation because it adversely affects our international relations, violates over 13 treaties and will invite retaliatory action by other nations. Others who have taken a firm position against are Secretaries Simon, Dent, Butz and Brinegar and, also, Eberle, Ash.

Although a national security argument has been advocated in support of this bill, there is little factual foundation for this position. It appears that one of Paul Hall's motives is to guarantee more union jobs. However, this position is weak because shipyards are running at, or near, full capacity and, in fact, are experiencing material shortages (e.g. sheet steel). The best way to insure union security is through the direct construction subsidy administered by the Maritime Administration.

Hall may also argue that this bill will actually help consumers but Administration analysts have concluded that the facts do not support this argument.

SUGGESTED TALKING POINTS

You are aware that many people within your Administration have made some very strong arguments against this bill, primarily in terms of foreign and economic policy objectives. You wish to remain flexible and look at both sides of the issue before making a decision. It is your desire that some form of compromise be worked out. Because this issue cuts across so many areas of responsibility involving State Department, Commerce, Transportation, etc., as well as economic and foreign policy matters--you will direct Bill Eberle to pull together the Administration's arguments and sit down with the appropriate leaders in the Senate to seek a compromise position.

You solicit any recommendations that Paul Hall might have, which could suggest avenues for compromise.


THE WHITE HOUSE

WASHINGTON

August 25, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: KENNETH R. COLE, JR.
WILLIAM E. TIMMONS

FROM: JERRY H. JONES 

It has been requested that a copy of the House bill and Senate version of the cargo preference legislation be obtained for the President. The President would also like to know if there is any "escape clause" with Presidential discretion included.

Please follow-up with the appropriate action and forward the above information to the Office of the Staff Secretary.

Thank you.

cc: Al Haig

THE PRESIDENT HAS SEEN. *dg*

THE WHITE HOUSE
WASHINGTON

August 22, 1974

MR. PRESIDENT:

MR. SEIDMAN CALLED AND WANTS
YOU TO KNOW PRIOR TO THE HALL
MEETING THAT THE SUMMIT LABOR
MEETING WITH LABOR REPRESENTATIVES
HAS BEEN SET FOR TUESDAY, SEPT. 10.

CONTINGENT, OF COURSE, UPON YOUR
APPROVAL, HE THOUGHT YOU MIGHT
WANT TO TELL MR. HALL THIS.

TERRY

*I didn't. But, I assume
Paul Hall is invited.*

THE WHITE HOUSE
WASHINGTON

August 25, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN

FROM: JERRY H. IGLES 

Please note that the President did not tell Paul Hall that the Summit Labor Meeting with labor representatives had been set for September 10 but that he assumed Mr. Hall was invited.

Please follow-up with the appropriate action.

Thank you.

cc: Al Haig

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

To: Ken Cole / Bill Timmons
From: _____
Date: _____ Time _____ a.m.
p.m.

Get me copy of House
bill & Senate version.

Are there any "escape
clauses" with Presidential
discretion?

NO

Energy Com.
"Board"