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[7/25/76]

THE WHITE HOUSE
WASHINGTON

Dick Cheney

Interesting

I assume some one
or several, are keeping info,
such as this.

Carter Pledges Role for Business Leaders, No Hasty Tax Moves in Bid to Allay Fears

By ALBERT R. HUNT

Staff Reporter of THE WALL STREET JOURNAL
NEW YORK—Jimmy Carter sounded a pro-business theme to a group of corporate leaders here in an effort to assuage any apprehensions the business community may have about him.

At a luncheon, the Democratic presidential nominee made a few specific commitments designed to please the businessmen. He strongly suggested that, as President, he would keep the foreign tax credit that is valuable to multinational companies and pledged that he wouldn't attempt any hasty changes in the tax laws in general. He also indicated that businessmen would play a prominent role in a Carter administration.

But generally his short speech avoided specifics and sought to set a tone pleasing to his audience. He indicated, for instance, that as President he wouldn't exploit any antibusiness feelings in the country.

"I think it's a very serious mistake when the President or other leaders of our country permit, through incorrect knowledge or misapprehension or because of political expediency, the turning of our peoples' opinions against the business community, or multinational corporations, or oil companies just as a scapegoat," Mr. Carter declared. "I'll do everything I can as President to keep the American people acquainted with the facts that relate to the advantages of international trade, that relate to the fairness or unfairness of specific tax regulations and the importance of the free-enterprise system within our societal structure."
"Important Responsibility"

Mr. Carter went on to tell the business leaders that this will be "an important responsibility of mine and I won't let you down."

This message was in sharp contrast to some of the self-styled "populist" rhetoric the Democratic presidential nominee used in the primaries and at the Democratic convention last week. While he didn't directly contradict anything he has said previously, the tenor of the speech was markedly different from his previous denunciations of the tax system and the "political and economic elite" in the country. Judging from his remarks to the corporate leaders yesterday, Mr. Carter's brand of populism apparently would contain little of the anti-big business thrust of earlier populists.

The luncheon session, planned weeks ago, was hosted at New York's elegant "21" club by three corporate leaders who are openly backing Mr. Carter's candidacy, J. Paul Austin, chairman of Coca-Cola Co.; Edgar Bronfman, chairman of Seagram Co.; and Henry Ford II, chairman of Ford Motor Co. In all, 52 business leaders, mostly chairmen of major companies, attended the session at the invitation of the three sponsors.

Reaction to Mr. Carter's speech was mixed. "It was very impressive," said Felix Rohatyn, a general partner in Lazard Freres & Co. and a prominent Democratic fund raiser. "He was open-minded, intelligent and very pragmatic."

Some of those present thought the session was intended, to some degree, to offset the fears of certain business leaders over Mr. Carter's selection of the liberal Sen. Walter Mondale as his vice presidential running mate.

Few New Positions

Mr. Carter didn't stake out many new positions in the address, although its tenor was much more pro-business than often was the case when he was campaigning for the Democratic presidential nomination. For example, during the primaries he frequently criticized the loss of U.S. jobs resulting when American companies locate abroad. But yesterday, he said he thought that foreign investment by U.S. companies was "very healthy," and that it was "sort of a toss-up" between the jobs lost from U.S. investment abroad and the jobs gained from more foreign companies locating in the U.S. and he pledged that he wouldn't do anything to subvert or minimize the inclination of (U.S.) investment in foreign countries."

The foreign tax credit, which permits multinational corporations to subtract directly from their U.S. tax liability any foreign taxes paid, is one tax preference "I'll probably decide to retain," he said. During the primary campaigns, Mr. Carter had severely criticized tax laws that "encourage companies to locate abroad," but his luncheon comment yesterday was the first time he had addressed himself specifically to the foreign tax credit. At a brief news conference after yesterday's luncheon speech, he explained that it was the "unanimous advice" of his tax consultants to retain the foreign tax credit.

However, Mr. Carter did tell the business leaders that another provision in the tax laws that permits multinationals to defer U.S. taxes on a portion of their foreign earnings until that income is directly brought back to this country is something "I will have to address." And at the subsequent news conference, when questioned about possible inconsistencies between the speech and his campaign rhetoric, he toughened his stance and said that his "inclination would be to remove tax deferral."

Toned-Down Tax Rhetoric

The Democratic nominee reiterated his pledge to propose a sweeping overhaul of the U.S. tax system but stopped short of his usual campaign rhetoric that called the tax system "a disgrace to the human race." He promised the business leaders that the tax overhaul would be done very cautiously and carefully and that he would seek their advice. He also said he would want to know the effect the changes would have on areas such as international trade.

Multinational corporations generally came in for praise from Mr. Carter, who said he dealt frequently with such concerns as Coca-Cola and Lockheed Aircraft Co. while serving as governor of Georgia. "I'm basically committed to a program of international trade," he said.

Minnesota Mining & Mfg. Co. Rose 30% in Quarter And 29% in First 11 Months

By a WALL STREET JOURNAL Staff Reporter
ST. PAUL—Minnesota Mining & Manufacturing Co. said second quarter earnings rose 30% to \$85.4 million, or 83 cents a share, from \$73.5 million, or 64 cents a share, a year before. Sales gained 13% to \$891.6 million from \$786.3 million.

First half profit increased 29% to \$425 million, or \$1.43 a share, from the year-earlier \$127.2 million, or \$1.11 a share. Sales rose 12% to \$1.72 billion from \$1.53 billion.

Currency-rate changes in the quarter reduced net income \$2.5 million, or two cents a share, compared with a year-earlier gain of \$10.5 million, or nine cents a share.

Results for the quarter reflect "increased U.S. economic activity and the beginning of economic recovery in overseas markets," said Raymond H. Herzog, chairman of

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Others weren't quite so sure. "It was a peculiar speech," said one businessman. "All he did was ask for our support and offer love."

Revenue Increases

The climb in passenger traffic boosted Pan Am's revenue in the second quarter to \$408.2 million from \$402.8 million a year earlier.

In the first six months, the airline indicated its operating loss narrowed to \$47.9 million from \$73.5 million a year earlier. First half net income was \$50.2 million, or \$1.91 a share, on revenue of \$753.7 million compared with a net loss of \$55.7 million on revenue of \$741.4 million, a year earlier.

Pan Am's improvement is more evident in its financial report for June. For that month the carrier reported operating profit of \$9.1 million, compared with a loss of \$100,000 a year earlier. Revenue for the month rose to \$152.2 million from \$136.9 million.

Pan Am's executives said the airline would continue cutting its fleet of Boeing 707 jetliners. The airline was flying 73 of the 707s at the end of 1975 and expects to be flying only 59 by the end of this year. Executives said Pan Am plans to sell some of the excess planes later this year and hopes to make a profit on the sales. Pan Am also is flying 33 Boeing 747 jumbo jets and 13 Boeing 727 Trijets this year, about the same as last year. Pan Am, however, is adding five 747 special-performance models designed to fly exceptionally long distances.

Pan Am also announced that it had repaid bank borrowings under its 1975 credit agreement. The airline said it repaid \$20 million on July 9 and \$10 million on July 16 to bring that bank credit balance to zero. The airline, however, still had \$798 million in long-term borrowing as of March 31.

Lee Enterprises "Hopes" To Sustain Fiscal 1975's \$1.70-a-Share Net in '76

By a WALL STREET JOURNAL Staff Reporter
NEW YORK—Lee Enterprises Inc. is "hopeful it can sustain" its fiscal 1975 restated earnings of \$1.70 a share in the year ending...

San Diego Man Looted Las Vegas Hotel Firm, SEC Civil Suit Says

By a WALL STREET JOURNAL Staff Reporter
SAN DIEGO—A San Diego businessman who specializes in acquiring financially distressed companies used fraudulent means to gain control of and systematically loot assets from a Las Vegas hotel concern, according to a Securities and Exchange Commission civil suit filed here.

Walter Wencke and several alleged associates, including his wife, Catherine, were accused of scheming to gain control fraudulently of Sun Fruit Ltd. and loot its assets, including ownership of several hotels, the complaint alleges that Mr. Wencke and his associates caused Sun Fruit Ltd. and Time-Lenders Inc., another company controlled by Mr. Wencke, to file false and misleading documents with the SEC.

Named in the suit, besides Mr. Wencke and his wife, were Richard Mets, Paul Potter and John Dees, Sun Fruit, Time-Lenders, and 23 other companies owned or controlled by Mr. Wencke, many of them created, according to the suit, for the purpose of receiving assets from Sun Fruit.

Mr. Mets, described in the suit as a "major Wencke ally," and Mr. Potter, described as a "long-time Wencke associate, allegedly were named directors and officers of Sun Fruit by Mr. Wencke, and Mr. Dees was a certified public accountant hired by Mr. Wencke to audit and certify financial statements of companies controlled by him.

The suit alleges that the "complex and massive scheme to defraud a large number of public investors" has been proceeding since 1971 under Mr. Wencke's direction. Using the various corporate entities he controlled, the suit charges, he executed a series of sham transactions, fabricated documents and prepared and disseminated false financial statements.

The actual take-over attempt began in early 1972, the suit alleges, when Sun Fruit was seeking capital; Mr. Wencke offered an infusion of cash and other assets if Sun Fruit directors would resign and sell all of

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Much of his speech assumed that he will win the November election. Mr. Carter said he expects to face President Ford in that contest and reiterated that Mr. Ford's "leadership ability" will be a major issue.

Suggestions Sought

Mr. Carter asked the businessmen to get in touch with his transition experts to suggest names of business people who might serve in his administration. "I hope you will help me choose qualified people to serve... maybe some of you would," he said.

The Democratic presidential contender also pledged to "try to tie together government, business, labor, agriculture and other elements for a common purpose," while adding that he believed in a "minimum interference of government in free enterprise." He said he didn't think that was incompatible with representing the interest of consumers.

Several times during the speech, Mr. Carter cited the close consultation he had with business leaders while serving as governor of Georgia, and noted that he himself was a businessman. "I want you to get to know me as a prospective President of our country, and I want to get to know you," he said.

"Advice and Counsel"

Several times he asked the businessmen directly for "your support" and "your advice and counsel."

He declared that as President he would have a strong Cabinet and would rely heavily on the Office of Management and Budget, but he said that his own White House staff would be smaller and less powerful than those of recent Presidents. He said the OMB would be an important vehicle for long-range planning but that it wouldn't be used as a means for "government to dominate business."

Last night Mr. Carter flew back to his home in Plains, Ga., where next week a variety of experts will come down to brief him and his running mate, Sen. Mondale, on issues.

Corrections & Amplifications

CENTRAL ILLINOIS LIGHT CO. earned 20 cents a share in the second quarter. In an earlier edition, the amount was misstated.

DETREX CHEMICAL INDUSTRIES INC. reported results for the second quarter and first six months. In an earlier edition,