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THE PRESIDENT HAS SEEN...

September 7, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF

M.L.F. *gvr*

SUBJECT: Jimmy Carter

Last week about 50 top executives from leading defense contractors were summoned to Atlanta for a meeting with Eizenstate, Carter's top issues staffer (a list of those attending is attached).

George Troutman and Harry Levine, of General Electric, visited my office following the Atlanta meeting to give me a report.

The meeting in Atlanta was very cool, with little if any rapport established.

Levine gave me the attached report which contains some exceedingly interesting material pertaining to Carter and his continuing fuzziness on the issues.

Levine said that the corporation executives challenged Eizenstat on many of his questions, and it was not clear whether Carter organized the meeting to (1) get campaign ideas; (2) establish a better relationship with the industry; (3) lay the groundwork to say he had met with industry representatives to seek cost saving suggestions.

The following questions were presented by Eizenstat, who has Carter's issues effort:

1. It appears from statistics available that only about 20% of defense procurement is being done on open bidding? Can procedures be changed to permit more open bidding for procurement? Will this result in any savings?
2. Present procurement procedures tend to promote "best and final" and "technical leveling" practices that lead to inequities and cost overruns. What can be done to reform these procedures?
3. How can cost overruns be avoided or lessened?
4. Is there any way in which defense procurement can be coordinated with foreign policy objectives?
5. Why is it not feasible to save money by extending the period in which military personnel are rotated? Our (Gov. Carter's) findings are that extending tour of duty by 2 months would result in an annual saving of \$400 million. A six-month extension would save over a billion dollars.
6. What kind of re-organization of DOD can best serve the National interest? For instance, there are more officers in the Pentagon than there are at sea.
7. What can be done to cope with the grade creep in the civilian and military ranks?
8. It has been said that standardization can save NATO up to \$17 billion. What are the domestic problems with standardization? What are the international problems? How can we achieve the optimum degree of standardization? What are the issues associated with domestic vs. foreign procurement?
9. Are Reserve Forces useful? Are they cost effective?
10. What is the impact of arms sales abroad? Is the present level of sales healthy? Do arms sales accomplish our foreign policy objectives?
11. What are the problems industry faces in dealing with the Government? What can be done to cut the red tape? What can be done to improve Government/Industry relations?

In connection with the B-1, Eizenstat stated the Governor was in favor of R&D but felt that the size of the program warranted a re-examination before the aircraft was put in production.

As to the foreign sales of military equipment, Eizenstat stated that the Governor's views do not necessarily coincide with that expressed in the Democratic platform. He said that the Governor feels there should be a cap on the amount of foreign sales of military equipment, but there was no clarification on how the Governor differed with his platform on this point.

Eizenstat said that the Governor was quite concerned that a means be developed to relate the introduction of new weapons systems to the Country's foreign policy objectives.

Eizenstat stated that Governor Carter would listen to any thoughts that Adm. Rickover had but was not bound and would not slavishly follow Adm. Rickover. (It is my understanding from independent sources that Adm. Rickover did not remember Gov. Carter from his Navy days and has only recently talked to the Governor, and they are, in fact, not close.) However, Eizenstat did state that Governor Carter was concerned about the size of the U.S. Navy viz a viz the Russian and that the Governor did favor a mix of naval vessels -- small and large, nuclear and non-nuclear powered ships.

Eizenstat stated that the Governor has never claimed that consolidating Government agencies in Washington, as he did in Georgia, would reduce the number of Federal employees. In fact, Civil Service rules would limit what they can do; however, the consolidation would increase the efficiency of the Federal Government.

ATTENDANCE LIST AT ATLANTA

1. Mr. John W. Anderson
Vice Pres. & Group Executive
Aerospace & Defense Group - Honeywell, Inc.
Providence, R. I.
2. Mr. Robert Anderson
President & Chief Executive Officer
Rockwell International Corp.
600 Grant St.
Pittsburgh, Pa.
3. Mr. Harry Levine
Program General Manager,
General Electric Co. Corporate Office
Wash, D. C.
4. Herbert H. Gray, Executive V. Pres.
Southeast Region - Atlanta
Westinghouse Electric Corp.
5. Harry B. Smith
Executive Vice Pres.
Defense & Electronics Systems Center
Baltimore, Md. - Westinghouse
6. James H. Schofield, Jr.
Director, Washington Ofc.
Magnavox Govt. & Industrial Electronics Co.
7. Ralph Clark, V. Pres. (Corp.)
TRW, Inc. , Wash, D. C.
8. Dr. M. C. Adams,
Group V. Pres. , AVCO Corp.
Wilmington, Mass.
9. Mr. E. J. LeFevre, Vice Pres.
General Dynamics Corp.
Washington, D. C.
10. Mr. Robert B. Ormsby
President, Lockheed Georgia Co.
Marietta, Ga.

11. Mr. William McGinty
Director, Govt. /Industry Marketing
Federal Systems Division
IBM Corp.
Wash, D.C.
12. Mr. Kenneth Mark
Director, Strategic Planning
The Boeing Co.
Wash, D. C.
13. Mr. Barry J. Shillito, President
Teledyne Ryan Aeronautical
San Diego, Calif.
14. Mr. Dennis Nichols
Corporate Director, Govt. Relations
Fairchild Industries, Inc.
Germantown, Md.
15. Mr. Arthur Stanziano
Vice Pres. - Washington
The Hazeltine Corporation
Wash, D. C.
16. Mr. Jesse R. Lien
Sr. Vice Pres. & General Mgr.
Electronic Systems Group
GTE Sylvania
Waltham, Mass.
17. Mr. Clark MacGregor
Vice President
United Technologies Corp.
Wash, D. C.
18. Mr. Forbes Mann, Sr. Vice Pres.
The LTV Corp.
Wash, D. C.
19. Mr. J. L. Winkel, V. Pres., Marketing
Hughes Aircraft Corp.
Arlington, Va.
20. Mr. William W. Woodruff
Manager, Program Development (Legis. Liaison)
Hughes Aircraft
Wash, D.C.

21. Mr. Robert C. Smith
Vice Pres., Domestic Customer Relations
E-Systems, Inc.
Arlington, Va.
22. Mr. George Sloan
Director of Corporate Planning
McDonnell Douglas Corp.
St. Louis, Mo.
23. Mr. Philip C. Kautt
Corporate Director of Govt. Develop.
EG&G, Inc.
Arlington, Va.
24. Mr. L. S. Wyler
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26. Mr. W. A. Simcox, Director of Planning
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27. Hubert Harris, Vice Pres.
Citizens & Southern Natl. Bank
Atlanta, Ga.
28. Mr. Sam T. Martin, Jr.
S. T. Martin Associates
Great Falls, Va.
29. Mr. Jack Christiansen
Special Asst. to President & Chairman of the Board
Grumman Aerospace Corp.
Bethpage, L.I., N.Y.
30. Mr. John Chapman
Director, Government Relations
Bendix Corp.
Wash, D. C.