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THE WHITE HOUSE
WASHINGTON

May 12, 1976

MEMORANDUM FOR RON NESSEN

FROM:

JIM SHUMAN

SUBJECT:

PRESIDENTIAL BRIEFING MATERIALS

Attached are additional questions and answers and other briefing material for the President's Question and Answer Briefing Book for Michigan.

REPUBLICAN FOUNDERS' SITE

Q. The State of Michigan has attempted to have the site in Jackson, Mich., where the Republican Party was organized designated an historic site by the Interior Department. What is the status of that request?

A. The state officer in charge of historic preservation has asked the National Register of Historic Places to put that site, "under the Oaks," on the National Register of Historic Places.

The request was turned down on the grounds that the site lacked historic integrity because there are no oaks left standing.

I understand that the state office plans to present a new proposal to the National Board which would make a portion of that area, including some old houses, an "Historic District."

The National Board has not yet received this proposal, but I understand that it will consider it carefully when it arrives.

THE WHITE HOUSE

WASHINGTON

May 11, 1976

MEMORANDUM FOR:

JIM CAVANAUGH

FROM:

PAUL LEACH *Paul*
DAVID LISSY
BILL DIEFENDERFER *Bill*

SUBJECT:

Michigan Economic Recovery

State-Wide Statistics

Michigan, which has been hit hard by the recession, is beginning to recover, but the economic situation is not yet healthy.

Dick Darman at Commerce reports the following information on Michigan as a whole (these statistics are not available for the six cities you suggested):

Personal income in the first quarter rose at the second fastest rate of any State in the Union. While rising at an average 7½ percent for the United States, personal income rose 12 percent for Michigan.

Nationally, manufacturers' payrolls increased 7.4 percent while for Michigan they increased 23.0 percent during the first quarter of 1976. Despite the recession, Michigan had the 11th highest per capita income in the first quarter. Standing at \$6,240 for Michigan, personal income was 7 percent higher than the \$5,834 amount for the United States as a whole.

Both automobile and truck production are considerably ahead of production for a similar period in 1975 --- a recovery which bodes well for the Michigan economy. In the first 4 months of 1976, American automobile production was 43 percent greater than for the like 1975 period. A most favorable indicator is the growth in truck production which is usually delayed in an economic recovery: For the first quarter of 1976, truck production was 50 percent higher than a year earlier. Projections show that April truck production is up 39 percent and May production up almost 37 percent over a year earlier.

The state's unadjusted, insured unemployment rate was 11.4 percent as of March 1974 versus 14.2 percent a year earlier. It is important to note that this rate is not directly comparable to the seasonally adjusted total unemployment rate which is usually referred to as the "unemployment rate." Seasonally adjusted total unemployment figures are not available at the State level. The insured unemployment rate is generally lower than the total unemployment rate. The nationwide unadjusted insured unemployment rate for March was 5.3%

Total unemployment in Michigan was 438,700 in March 1976, down from 557,900 in March 1975. Total employment in March 1976 was 3,415,000, up from 3,361,000 in March 1975.

City Statistics

These statistics also reflect the unadjusted insured unemployment rate.

	<u>March 1975</u>	<u>March 1976</u>
Battle Creek (Rate)	11.7%	11.1%
# Employed	72,600	71,300
# Unemployed	9,600	8,900
Flint (Rate)	17.1%	11.2%
# Employed	174,300	181,200
# Unemployed	35,900	22,900
Lansing (Rate)	11.7%	9.4%
# Employed	178,800	188,300
# Unemployed	23,700	19,500
Niles (Rate)	14.4%	12.4%
# Employed	64,100	63,100
# Unemployed	10,800	8,900
* (Totals are for Berion County)		
Saginaw (Rate)	12.2%	10.3%
# Employed	80,000	86,600
# Unemployed	11,100	9,900
Detroit (Rate)	15.0%	11.5%
# Employed	1,603,700	1,611,300
# Unemployed	283,100	208,400

LEAA IN MICHIGAN

The Federal agency charged with the task of assisting state and local governments to improve the administration of justice is the Law Enforcement Assistance Administration. Congress is now moving toward action on Administration's proposal to reauthorize the LEAA program, and I would like to tell you what we are asking Congress to enact so that the nation can continue to derive benefits from LEAA, both on a national level and at the state level, such as in Michigan.


~~Since LEAA's inception in 1968, the Agency has awarded Michigan \$149 million in anticrime funds. In fiscal 1975, for example, Michigan received \$29.8 million.~~

This money has supported a large number of worthwhile programs to fight crime and improve the state and local criminal justice system. Among the programs LEAA has funded are:

-- \$89,000 to fund a Career Criminal program in Kalamazoo County. The aim of the program is to quickly identify those persons who repeatedly commit crimes and process them through the criminal justice system quickly.

--\$148,000 to the Michigan Department of Corrections to continue developing a criminal justice information system and begin a behavior study of parolees. Another \$750,000 to the department to develop a program to help inmates recently released from prison successfully reenter society.

--\$328,927 to the Center for the Administration of Justice at Wayne State University in Detroit to fund training programs for 60 specialists to do legal translating for deaf persons.



--\$2.1 million to the Detroit Police Department to decentralize its operations and upgrade its overall performance. The program is designed to develop greater trust between citizens and police, thereby increasing citizen involvement with the criminal justice system.

One of the most promising Detroit projects is the Police Department's crisis intervention training, which gives officers instruction in how to handle disputes that might otherwise end in violence.

The Department also has two specially trained groups, Squad 6 and Squad 7, which specialize in combatting homicides committed in association with robberies, other felonies, hired murders, and narcotics trafficking.

Michigan officials believe the Department's innovative work in these areas has contributed to the 10 percent reduction in Detroit murders last year.

The basic philosophy of LEAA is that crime control is a state and local responsibility. This would not be changed in the Administration legislation that would continue such programs in Michigan and elsewhere throughout the country. LEAA has created a unique Federal, state and local partnership to reduce crime. The Administration legislation would strengthen--not weaken--that partnership. It would extend LEAA for five years under an appropriation of \$1.25 billion each year.

The reauthorized legislation would continue to improve state and local criminal justice systems, authorize LEAA's National Institute of Law Enforcement and Criminal Justice to conduct research related to civil justice as well as criminal justice, and provide LEAA funding of up to \$262.5 million through 1981 for special programs aimed at reducing crime in heavily populated urban areas--for example, large cities such as Detroit.

LEAA is a pioneer working in what is largely an uncharted area. With its relatively limited amount of assistance, it cannot itself be expected to immediately reduce crime. The annual expenditures of LEAA represent only about 5 percent of the total amount spent annually by state and local governments for law enforcement and criminal justice purposes. It cannot reasonably be expected that LEAA funding would have a profound effect on crime.

However, I disagree with those who say that LEAA has not made significant progress in the eight years of its existence. The funds LEAA has provided state and local governments have spurred the states and localities into rethinking many of their basic law enforcement programs that were long on tradition but short on data to measure performance. LEAA funding has enabled the states and localities to select for funding those criminal justice programs that directly affect them. LEAA also supports demonstration projects involving new criminal justice concepts.

Last year, LEAA published a Compendium of Selected Criminal Justice Projects as part of an effort to identify, evaluate, verify, and transfer just such promising projects.

The compendium describes more than 650 projects involving \$200 million of LEAA funds and summarizes their reported impact on crime and on the criminal justice system. One third of the projects are considered especially innovative and look very promising for use by other agencies. LEAA will build on this experience to develop standardized performance reporting and to refine evaluation requirements of projects which are funded.

Of course, in any attempt to try out new ideas, there may be failures as well as successes. But should we seize upon scattered failures as a reason to abandon the entire program? I think not. It is only through trying new techniques in law enforcement that any progress can be made. And that is one of the most valuable contributions LEAA is making to the nation's criminal justice and law enforcement community.

Since LEAA's beginning in 1968, it has provided state and local governments with over \$4 billion in Federal funds to fund about 100,000 criminal justice and law enforcement programs. This has had a major impact on state and local communities everywhere, and it has made a major difference in Michigan.

One of the most significant changes brought by the LEAA program is the comprehensive and integrated criminal justice planning that is coordinated under the Michigan Office of Criminal Justice Programs. For example, the completion of Michigan's police communications system has given the state one of the most outstanding radio networks in the country. The many local grants that went into this project were far more than equipment grants, for to be eligible, local units of government had to agree to join in an

area-wide radio system that in turn was part of the statewide system. Michigan has funded over 45 crime prevention bureaus of all sizes in cities and towns in Michigan. The bureaus, until recently, were typically involved in police-direction activities, such as investigative teams, surveillance teams, operation identification, security surveys, crime pattern analyses, and media campaigns. These projects were also typically successful in reducing certain crimes and increasing arrests.

Other significant accomplishments include the following:

--The State Legislature in August 1970 passed a law requiring each law enforcement officer to undergo a minimum of 240 hours of training before becoming active on the force. Some \$482,000 in LEAA funds have been used to support this program.

--The Pontiac Police Department has implemented improvements in the operation of their patrol function and has developed a crime prevention strategy. They have improved the quality of criminal investigations and increased by 37% the number of cases being closed with a solution. Court convictions have also increased by 26% since 1973. The police response time has been cut in half and has resulted in the more efficient utilization of manpower. Because of the improved criminal investigations, there has been a reduction in the homicide, armed robbery, aggravated assault and auto theft rate.

--The Detroit Police Department has reorganized its Criminal Investigation Division to improve investigative services through increased field supervision, improved manpower utilization, around-the-clock investigative capability, and more effective technical and scientific support services. LEAA funds supported this effort.

--The Michigan Department of Corrections has operated an extensive comprehensive jailer training program since 1970. This has been conducted with LEAA funds.

--The Wayne County Prosecutor's office has begun to develop and implement a prototype management information system with LEAA support. This system will collect 170 data elements to provide information about the accused or defendant, the crime, the arrest, the witnesses, criminal charges involved and the steps at the trial process. This information will support prosecutor administration in the areas of docket calendaring, case and defendant evaluation, workload statistics and an opportunity to research the effects of policies established by the prosecutor.

--Currently there are five 911 emergency telephone systems in the state. A 911 system has been put into operation in the Detroit area through use of LEAA funds. Police response time has been greatly improved.

--Michigan's Muskegon County Centralized Police Dispatch Project was designated an exemplary project by LEAA. It was responsible for a reduction of costs in the police department and allowed police officers to be reassigned to street duties.

--There is a statewide effort to upgrade the training of juvenile services workers by identifying training gaps, eliminating duplications in training, coordinating training efforts, and supporting training projects technically and financially.

--Michigan has used LEAA money to fund a student development center, sponsored by the Berkeley, Ferndale, and Oak Park Public School Districts. The school is an alternative for youths who have demonstrated behavior problems. Another juvenile community-based project whose objective is to reduce arrests and incarcerations of teenage runaways by providing a 16-bed runaway house for youths is located in Kent County.

These are just a few of the thousands of programs LEAA has funded in Michigan. Many of these programs have not only been beneficial to the citizens of Michigan but also to the nation as a whole. And this is one of the most valuable elements of the LEAA program--the capability to help a state or city that has an idea that can be transferred to another area with success.

DETROIT UNEMPLOYMENT

Q. What are you doing to ease the unemployment problem in Detroit, where the general economic recovery and the increase in automobile production seems to have had little effect?

A. I recognize that the nationwide economic upswing has not had as great an impact in Detroit as yet as any of us would like but it is simply true that all sectors of the economy do not move forward at the same pace when a recovery begins.

Nationwide, the latest figures show total employment to be at an all time high. The rate of unemployment, while still too high and particularly here, has shown a steady decline.

The picture in the automobile industry has turned around. It appears that this will be an excellent year for car sales. That, of course, reflects growing public confidence in the economy. It also means that workers here in the Detroit area are being hired back in large numbers and we expect that trend to continue.

I will not tell you I think things are fine in Detroit but I can say that because of my policies the economy is getting better throughout the country and there has been improvement here as well.

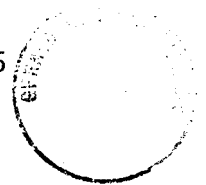
In the meantime, of course, I continue to support CETA public service employment programs and I was pleased to recently sign an extension of the funding for that program through the end of 1977.

Background

The insured unemployment rate for Detroit for March 1976 was 11.5%. The total unemployment rate (statistics not available) would be a bit higher than that. In March 1975, the insured unemployment rate for Detroit was 15.0%, so this is clear improvement.

The CETA program should not be particularly emphasized in Detroit. The city is unhappy with DOL regarding the city's attempt to use about half its CETA funds to hire city employees. (See Q & A on this subject.)

DHL/5/12/76



May 11, 1976

KOREA

Q. Over 100 Senators and Congressmen have sent you a letter urging your close attention to U.S. policy toward political repression in Korea and stating that it is increasingly difficult for Congressmen to justify military support for South Korea to their constituents. Would you comment?

A. I do not want to comment directly on the internal matters of another country. But clearly the United States Government is concerned about the human rights issues in many parts of the world, including Korea. We have unequivocally made known our views to the Korean Government, both in public and through diplomatic channels. It should be noted, however, that our basic security relationship with the Republic of Korea is not an issue between President Park and his domestic critics.

Since the Korean War, our policy has been to prevent the renewal of hostilities on the Korean Peninsula, through our security ties and our presence there. Within the framework of our Mutual Defense Treaty, we have been the ultimate guarantor of the security of the Republic of Korea and of peace and stability in Northeast Asia.

Peace in this area is of concern not only to the United States, but also to Japan, China, and the USSR. Any US failure to live up to its treaty commitment in Korea would have enormous consequences.



Therefore, we intend to do nothing to destabilize the situation or to mislead North Korea about the strength of our commitment. At the same time, we seek to encourage a peaceful and political resolution of the Korean issue.

May 11, 1976

BYRD AMENDMENT

Q. Mr. President, the Secretary indicated in his Africa speech that the Administration would urge the Congress to repeal the Byrd Amendment. In view of the criticism by those who favor repeal that the White House has not been willing to play an active part in repeal efforts, do you now intend to lobby actively for repeal of the Amendment?

A. Since the very first days of my Administration I have expressed my opposition to the Byrd Amendment. We have on several occasion urged the Congress and worked with them in order to get repeal legislation through the legislature and that will continue to be our posture.



LAW OF THE SEA -- DEEP SEABED RESOURCES

Q: Mr. President, why is it that when the United States is virtually the only country in the world capable of mining the mineral resources of the deep seabed we are giving away our preeminent position in this area -- our rights to these riches -- through the negotiations in the UN Law of the Sea Conference?

A: In the negotiations at the UN Law of the Sea Conference, the United States is safeguarding and advancing the wide range of important interests that we have in the oceans. These include:

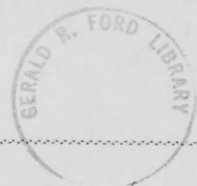
-- the ability of our naval and merchant ships and our aircraft to navigate freely on and over the high seas and through straits used for international navigation;

-- the protection and conservation of our valuable fisheries resources for our fishermen;

-- the protection of the ocean environment from pollution; and

-- specifically with regard to the issue you raise, the right of U.S. companies to mine the deep seabed.

This is no giveaway. The negotiations involve equitable arrangements for the exploration and exploitation of the mineral resources of the deep seabed -- arrangements that serve U.S. interests. US interests in the deep seabed, as well as on all Law of the Sea issues, are being carefully attended to in these international negotiations. Successful conclusion of the Law of the Sea negotiations, in turn, offers the best prospect for advancing and protecting all US oceans interests, including our national security and our resource interests.



THE WHITE HOUSE
WASHINGTON

TO: *Ron Nessen -*

FROM: JIM SHUMAN

*FI, from the President's
Book!*



THE WHITE HOUSE

WASHINGTON

MICHIGAN ISSUES: CITY VIEW

FLINT
LANSING
NILES
BATTLE CREEK
SAGINAW
BENTON HARBOR

LANSING

1. General Revenue Sharing

There is a major emphasis being given in the state on the renewal of General Revenue Sharing. Failure to renew will cause an estimated 30% increase in the local property tax. A clear distinction should be made between the President's support for General Revenue Sharing and Reagan's lack of support.

2. Busing

Judge Fox is mandating busing for the Lansing area. The citizens are considerably upset. The President's position on busing is similar to the local sentiment.

3. Crime Prevention

The City has had a continuous decline in the rate of crime since 1972. There is some concern among local officials that the Courts have been too lenient in their parole and sentencing policies.

4. Unemployment and Economic Development

The unemployment rate in Lansing is currently 9.7 percent. Oldsmobile and Fisher Body are the major employers in this area. Lansing has submitted an application to EDA for \$2.5 million to help refurbish an old building and attract a new glass company in the Lansing area (it would employ close to 1,000 people). Recently, EDA did award \$850,000 for the refurbishment of a downtown hotel. This action will allow the continual employment of approximately 200 people in downtown Lansing.

5. CETA Program

Lansing has utilized a major part of its CETA funds for the support of public employees which might otherwise be laid off. The Mayor has indicated strong support for the extension, and perhaps expansion of this program.

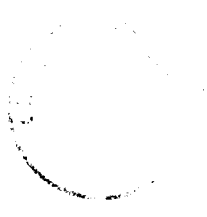
6. Transportation

Lansing is in the process of expanding their public transit system. There is a major issue regarding the degree to which the handicapped and the elderly should have total access and use of every vehicle. The handicapped organizations are becoming more vocal and may press for an Administration position on handicapped.

7. Financial Condition

The city currently has an AAA bond rating (one of 38 remaining in the country). Recent municipal and utility bonds were issued at 4.011% interest. The community is quite proud of its record, and the President would do well to compliment the community on its fiscal integrity.

SGM
5/13/76



FLINT

1. General Characteristics

Flint is a "one-industry" town. Sixty to sixty-five percent of the working population is employed by General Motors on a salaried basis. The UAW's presence is dominant in Flint, and the President should be prepared to respond to many of the UAW type issues, such as national health insurance, special aid for the cities, etc.

2. Unemployment

The city has suffered serious unemployment over the last 3½ years. The average during that time has been over 20% and has now dropped to about 16%. The existence of fairly liberal General Motors' unemployment benefits have resulted in many of the unemployed receiving up to 90% of their regular income. The result has been that the general populus has not suffered enormously from the layoffs to date; however, businesses in the area have shown a marked turndown in the last 3½ years. The President could indicate the progress being made in the economy and the fact that more people are currently employed in total numbers than were several years ago. However, he should be prepared to answer the questions about what he is doing for specific, hard hit areas of unemployment.

3. Energy

The cost of energy has risen drastically in this area of Michigan and has touched off a local debate between the public utilities and labor groups. The utilities have been arguing for increased prices to reflect the increased costs and the need to encourage development of new resources; the unions have argued for the capping of prices to minimize the inflationary impact on the working people. The President may well be asked questions about status of a national energy policy and precisely where he stands on the cost of energy.

4. CETA Program

Flint made extensive use of the CETA program. In fact, it used CETA extensively to hire back on the Federal payrolls those employees that had been laid-off by the city. The Federal Government has begun to tighten the restrictions on rehiring. Flint and other cities are complaining that the Federal Government has

changed the ground rules in the middle of the game and that these changes are adversely affecting city services. There have been some significant layoffs in Flint in social services and community action groups that have been supported by CETA funds.

5. Mott Foundation

Flint is the headquarters of the Mott Foundation. This foundation has been very active in the community and is currently committing up to \$6 million in various types of joint ventures and special projects for redevelopment, beautification and other activities. The President would do well in congratulating the city for the cooperative efforts of labor, local officials, the foundation, and other elements of the community in putting together positive programs to improve the community. There is a sense of pride and commitment to this effort locally, and it is very consistent with the "partnership" of public and private resources that the President has urged in many states.

6. General Revenue Sharing

Flint has used General Revenue Sharing to finance local services and, thereby, balance its budget. The failure to renew General Revenue Sharing would represent a significant increase on the local tax burden. The President should stress this program and its financial benefits in giving decisions to local leaders.

7. Community Development Program

Flint has made extensive use of this block grant program to remove substandard and blighted housing and to assemble a major industrial park. Approximately \$20 million has been organized through block grants, EDA and private funds to develop an industrial park in Flint in an effort to attract additional industries.

8. I-475

The completion of the north leg of a crosstown expressway has been on the planning boards for several years. After the initial design phase, requirements for environmental impact statements were changed and there has been considerable delay in this project. Recently, this project broke loose and work has started to complete this leg. The President should indicate his support

for completion of the Interstate system, remind people of his recent signing of the new Highway Bill, and congratulate state and local officials for their efforts to complete this leg of the Interstate system. The President's position on highway development would be well received.

9. Busing

Flint is currently under a Federal order to integrate their schools. The local community has put forth a plan and is anticipating approval by the Federal Government. The subject of busing is not a popular one in Flint, and the President should avoid getting into this issue if possible.

10. Political Leanings of Genesee County

Flint, Michigan is located in Genesee County. Wallace carried this County in 1972 reflecting the very conservative nature of many of the local population. Despite the fact they belong to the UAW and support many of the liberal ideals of this union, e.g. Federal health insurance, they are conservative in their political attitudes.

SGM
5/13/76

MAYOR ROBERT W. WOODBRIDGE

NILES

1. General Revenue Sharing

Niles is currently receiving approximately \$150,000-180,000 annually in general revenue sharing funds. The city has made a policy not to use these funds for operating expenses, but rather to utilize them for equipment items. The city has recently purchased new fire equipment and plans to use future funds for improved jail and city maintenance facilities. The President should stress the importance of general revenue sharing and the impact that a delay in its renewal would have on cities like Niles.

2. Unemployment and General Economic Conditions

The unemployment rate in Niles is currently 15%. According to Mayor Woodbridge, the major problem facing the city is the loss of industry. The State of Michigan recently established a single business tax based on gross-receipts. This tax replaced a tax that previously had been assessed on inventory as part of the State personal property tax. Apparently, the application of this tax to gross receipts has forced many companies to consider leaving the Michigan area. Last year the Kawneer Division of American Metal Climax moved from the area causing 500 people to lose their jobs. The President should indicate that he has made specific proposals to attract industry and permanent jobs to areas of high unemployment through the use of tax and other financial incentives.

3. CETA Program

The city of Niles has had an unhappy experience with the CETA Program and has found the regulation requiring joint planning and administration with the county government to be over-restrictive. The city has experienced significant delays and has recently decided not to participate in the CETA Program because of the problem they have experienced.

4. Big Government


Niles is a fourth-class city (based on size) and as a result, has found most federal regulations and procedures

to be excessive given the limited resources that smaller cities have. The President could restate his position on eliminating unnecessary federal regulations and procedures, his proposals for eliminating special categories of federal assistance and in turn giving more decision authority to local officials. In summary, the President could say what he has often said, "I believe local officials can do a better job than Washington bureaucrats in administering federal assistance programs."

5. AMTRAK

The city of Niles is currently negotiating with the state Highway and Transportation Department and the Public Service Commission to solve the unsafe condition of a major viaduct separating automobile and train traffic. The President will be speaking near this viaduct and may well be asked about federal assistance to help eliminate this unsafe structure. At the current time, this is a state issue and the President should avoid any commitments of federal assistance. However, he can express his hope that a reasonable solution can be found.

SGM
5/13/76



MAYOR FREDERICK R. BRYDGES
BATTLE CREEK

1. Railroad

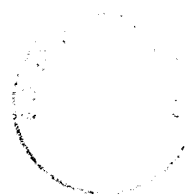
Battle Creek is particularly dependent on railroad service and anticipates improvements as a result of the President's signing of the new rail legislation. At the same time, the railroad represents an imposition on the community since many of the main arteries cross the railroad tracks, causing serious congestion for both the automobile and train traffic. The local community has completed a study of this problem of grade crossings and has estimated that improvements would cost approximately \$25 million. The city has held discussions with FRA and USRA with the hope that Federal funding can be secured. The President should indicate his strong belief that a new rail program will result in better and more efficient rail service, and that he recognizes the important role that rail transportation plays in the Michigan area.

2. Public Transportation

Battle Creek has had a very productive relationship with the Urban Mass Transportation Administration and has recently received approval of over \$2 million of Federal grants to use for new buses and a variety of new facilities. In addition, the city will be receiving operating assistance money out of the program established by the Urban Mass Transportation Act of 1974. The President should recognize their efforts to create an alternative to the automobile and indicate his role in passing this Federal assistance legislation.

3. General Revenue Sharing

Battle Creek currently receives approximately \$900,000 in General Revenue Sharing funds on an annual basis. Renewal of this program is important to local planning and budgeting. The President should emphasize his support for the program as part of his philosophy of Federal assistance without Federal "strings".



4. Unemployment

Unemployment has remained rather high in the Battle Creek area. The rate of unemployment for Calhoun and Barry counties is 12% with the City of Battle Creek approximating 14%. The city has used CETA funds to help combat this problem. The President could emphasize his approval of the Summer Youth Employment Program funds along with continuance of Title II.

5. Transition of Federal Military Facility


The city of Battle Creek has undertaken a major effort to transform a former military installation into the Fort Custer Industrial Park. This Federal Army post has been developed to attract new industries to Battle Creek. In fact, Mayor Brydges is currently in Japan with a delegation from Battle Creek in an attempt to secure commitments from Japanese industries. The President could use Battle Creek as an example of how local imagination and initiative can transform the problem of a base closing into a long term economic opportunity.

6. Community Development

The city currently has an application in process for \$395 thousand of community development money for reconstruction and rehabilitation. The city has identified two areas (Franklin School district and the A.J. Kellog School district) for improvement. The President should take this opportunity to outline the benefits of block grant assistance and decision making by local officials. He could urge public participation in the planning process for these two projects.

7. Local Financial Conditions

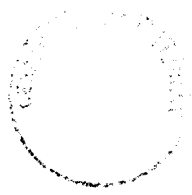
The city has experienced minor erosion of its tax base. However, it receives its revenues from a combination of income and real estate taxes. With this combination of taxes, the city feels that it has assumed its responsibilities in providing a firm financial base for its services.



8. Economic Development

The city of Battle Creek has developed a downtown mall through the participation of the Downtown Development Association (an arm of the Chamber of Commerce). This \$2 billion project has been a key element in revitalizing the downtown area. The city is now attempting to develop another cooperative effort to develop a growth plan for public and private sectors in Battle Creek. As in other communities, the President could compliment the community for the cooperation of public and private sector leaders.

SGM
5/13/76



MAYOR RAYMOND TORTORA

SAGINAW

1. Saginaw Township vs. Saginaw City

The President should understand that the city of Saginaw is surrounded by townships which house many of the middle and upper middle class citizens who have left the core city. I believe the President's visit will be in the township area and he should be sensitive to the local emotions surrounding the relationship of the center city with the surrounding suburbs. There have been some attempts in the past 10 years to consolidate these areas, however, they met with resistance and no action was taken.

2. Unemployment

Unemployment in the Saginaw area is currently 10%. General Motors provides the largest source of employment for the area through a series of foundries and automotive part production lines. Many of the automotive employees and a large sector of the minority population resides in the Buena Vista township. Saginaw has a population of approximately 90,000, 35% of which are blacks and Chicanos. There exists pockets of high unemployment and poverty as well as urban decay within the city of Saginaw. Federal assistance through the CETA Program as well as other local efforts have been used to combat many of these problems, however, they have persisted. The President may be asked to outline his policies for economic support of central urban areas with the traditional hard core problems.

3. General Revenue Sharing

Currently Saginaw receives approximately \$2.5 million of general revenue sharing funds and has applied them to their overall operating budget of \$15 million. The city is facing severe financial problems and is currently reviewing its budget for the upcoming fiscal year. The local council has committed itself to avoiding tax increases, and therefore, the failure to renew general revenue sharing and the rising costs of city services will likely force service reductions in service levels and municipal employment.

4. LEAA--Crime

Saginaw has experienced one of the highest crime rates in Michigan during the past year. However, they have reversed this trend and the city feels funding it received from LEAA (at a rate of approximately \$400,000 per year) played an important part in reversing this trend.

5. Busing

Despite the disparity, minority population in the city and surrounding townships, Saginaw has not been forced into a massive busing program. There is, however, concern that this issue will arise in the near future that the city will have to address this problem with a comprehensive busing program.

6. Disaster Relief

Saginaw was met with a severe ice storm on March 3. Saginaw has been declared a disaster area and is currently eligible for disaster assistance. The President approved this disaster request on March 24.

7. GSA Federal Building

On July 4 a new federal building will be dedicated in downtown Saginaw. The unique feature of this building is that it will be used a demonstration project for solar energy as part of a nation-wide program to develop this alternative energy source.

SGM

5/13/76

MAYOR CHARLES JOSEPH

BENTON HARBOR

Q. Mr. President, are you aware of the terrible economic plight of the city of Benton Harbor and the fact that there is a recall election for Mayor Charles Joseph and four commissioners this Tuesday? Are you also aware of the fact that Mayor Joseph has endorsed you, will you endorse him at this time?

A. I am aware of the conditions in Benton Harbor. Members of my staff have talked with the Mayor and he has indicated that he would document the financial problems he is facing. It has been my position that States and localities must address these financial problems head on before coming to the Federal government. Nonetheless, we will keep in touch with the Benton Harbor situation.

I am grateful for the Mayor's support in this current primary but feel it would be inappropriate for me to comment on the recall election because of the local nature of this issue.

SGM
5/13/76

MICHIGAN AMTRAK

Question

Mr. President, do you support removal of the Chicago to Detroit train that is in line for discontinuation by Amtrak, due to your budget cuts?

Answer

For Fiscal Year '77, I have proposed a nearly \$50 million increase in Amtrak's operating subsidies. Moreover, over the past 4 years, Amtrak has received over \$2 billion in Federal funds to continue rail passenger service in this country. I voted for Amtrak when I was in Congress and I continue to support the need for rail passenger service in many areas throughout the country.

Under recent legislation, Amtrak has the power to decide which lines will be dropped. I am well aware of the fact that Amtrak's President has stated that 19 lines, including this train that serves Chicago to Detroit will be discontinued. However, before any such decision becomes final, Amtrak must conduct a careful formal review of all of the facts involved.

This Administration has consistently argued that Amtrak could maintain most lines for less money if there was more efficient management and a better structured fare system. Then, only the pure pork barrel cases, in which passenger service is totally unjustified, would need to be eliminated.


2nd Question

But, Mr. President, if Amtrak does proceed with its plans to eliminate this line, will you take any action?

Answer

The decision under the law is Amtrak's. I would urge them not to eliminate service anywhere, including this very important Chicago to Detroit line until every possible step has been taken to improve the efficiency, management and fare structure of the lines which are losing money. If at that point the present government subsidy is still not adequate to cover losses, then service curtailments would have to be considered.

JRH
5/13/76



THE WHITE HOUSE
WASHINGTON

THE PRESIDENT'S BRIEFING BOOK
QUESTIONS AND ANSWERS

FOR: MICHIGAN TRIP

MAY 12, 1976

MICHIGAN

State Profile

Michigan, known as the "Wolverine state," is one of the north-central groups of the United States of America. It consists of two peninsulas, the upper, or northern, and the lower, or southern.

The Michigan legislature, in 1945, passed an act declaring the area of the state to be 96,720 square miles, consisting of 57,022 square miles of land and 39,698 square miles of inland water, and requiring official publications to use those figures. With similar adjustments for the seven great lake states, Michigan would rank eleventh nationally in area and be first instead of third among states east of the Mississippi River. Michigan was admitted to the Union in 1837 as the 26th state. The official tree is the white pine, the official flower the apple blossom and the state bird the robin. The name Michigan is derived from the Indian words "michi", "great," and "gami", "water." The capital is Lansing.

History

From 1622 to 1760 the territory now within the borders of Michigan formed a part of New France, and the first Europeans to found missions and settlements within those borders were Frenchmen. In 1701 Antoine Cadillac founded Detroit as an important point for the French control of the fur trade. In 1715 the French built a fort called Michilimackinac, now Mackinaw City, to replace the one at St. Ignace, which had been abandoned. No other settlements were made, and there was little growth in those already established.

During the last war between the English and the French in America, the Michigan settlements passed into possession of the English, Detroit in 1760 and the others in 1761. The white inhabitants, mostly French, were subjected to an English rule that, until the Quebec Act of 1774, was chiefly military, and as a consequence many of the more thrifty sought homes elsewhere. The Indians, most of whom had been allies of the French, were so ill-treated, both by the English officers and traders, that Pontiac, chief of the Ottawas, attacked Detroit. The fort was besieged for 155

days, and, aroused by Pontiac's example, local Indians took Michilimackinac and Fort Saint Joseph (Niles).

After the American Revolution, title to what is now Michigan passed to the United States, and in 1787 the region became part of the Northwest Territory; it was not until 1796, however, that Detroit and Mackinac were surrendered by Great Britain. In 1803 the entire area of the present state became a part of the newly established Indiana Territory. In 1805 Michingan Territory was organized, consisting of the lower peninsula and a strip at the east end of the upper peninsula. During the War of 1812, General William Hull, first territorial governor, although not greatly outnumbered, surrendered Detroit to the British without a struggle; in the same year Mackinac was taken and Michigan again passed under British rule. However, sooh after Commodore Oliver H. Perry's victory on Lake Erie (September 10, 1813), Detroit and the rest of Michigan, except the Mackinac area, were finally taken into United States possession. Mackinac was reoccupied in 1815; but not until November 14, 1828, did the British garrison quit Drummond Island. They were the last British troops to leave the United States.

Up to about 1815 the territory had remained for the most part a wilderness in which the fur trade brought the largest profits. But during the efficient administration of Lewis Cass, governor of the territory from 1813 to 1831, the interference of the British was checked and many of the Indians were removed to west of the Mississippi. Printing presses, established during the same period at Detroit, Ann Arbor, Monroe, and Pontiac, helped make the country better known. The first steamboat on the upper Great Lakes, the "Walk-in-the-Water," appeared at Detroit in 1818, the Erie Canal was opened in 1825 and by 1830 a daily boat line ran between Detroit and Buffalo. The population of Michigan, which was only 4,762 in 1810 and 8,096 in 1820, increased to 31,639 in 1830 and to 212,267 in 1840.

In 1819 the territory was empowered to send a delegate to Congress. In 1835 the people elected state officers and applied for admission to the Union, but a boundary dispute with Ohio delayed admission until January 26, 1837. The bloodless "Toledo War" resulted in Ohio's being awarded the strip from Lake Erie westward, at the latitude of Toledo; as compensation Michigan received the entire upper peninsula.

The Republican Party was organized July 6, 1854, in an oak grove near Jackson, and the first Republican governor was elected in that year. Thereafter, the state usually gave majorities to that party, though after 1932 the industrial areas were commonly Democratic. In presidential elections since 1900 the state generally has voted Republican, although it supported Progressive candidate Theodore Roosevelt in 1912 and Democratic candidates Franklin D. Roosevelt in 1932, 1936, and 1944, John F. Kennedy in 1960, and Lyndon B. Johnson in 1964.

MICHIGAN

1970 Michigan Population At A Glance

Total	8,875,083	Males	4,384,648
Urban	6,553,773	Females	4,526,435
Urban fringe	3,190,780	White	7,833,474
(Suburban)		Black	911,066
Rural	2,321,310	Spanish	120,687
Farm	277,529	Language	

How Many? Michigan's population in the 1970 census totaled 8,875,083, ranking it 7th among the States and the District of Columbia. Its population density was 156 persons per square mile. The 1970 population was 74 percent urban and 26 percent rural.

The 1970 total was 13 percent greater than the 1960 population. About 1,025,000 of this population growth was due to natural increase (births minus deaths) during the decade. Michigan had a net immigration gain of 27,000. (There was a net emmigration of 124,000 whites and a net immigration of 151,000 blacks.)

Detroit, the State's largest city, had a 1970 population of 1,511,482, a decrease of 10 percent since 1960. The 1970 population of the Detroit Standard Metropolitan Statistical Area was 4,199,931, a 12 percent gain over 1960.

Other large Michigan cities with their 1960-70 percentage changes were:

Grand Rapids	197,649 + 12%	Lansing	131,546 + 22%
Flint	193,317 - 2%	Livonia	110,109 + 65%
Warren	197,260 + 101%	Dearborn	104,199 - 7%

Ethnic Groups. Major nationalities in Michigan's first and second generations from other countries included 353,154 from Canada (90,696 born there) 214,085 from Poland (42,499

Ethnic Groups (cont.)

born there); 184,192 from Germany (34,637 born there); and 148,612 from the United Kingdom (44,849 born there). There were 120,687 persons of Spanish language.

Racial Makeup. The white population totaled 7,833,474 in 1970. Other major racial groups included 991,066 blacks (38 percent more than in 1960); 16,854 American Indians; 6,407 Chinese; 5,221 Japanese; and 3,657 Filipinos.

Age of the Population. The median age of the Michigan was 26.3 years, compared with 28.1 years for the U.S. Of Michigan's population, 752,955 were 65 and older and 804,463 under five years. The total of school age, 5 to 17, was 2,446,907 and the college age group, 18 to 21, numbered 617,975. The remainder, 22 to 64, totaled 4,252,783.

Income. The median income of Michigan's families in 1969 (the most recent year available) was \$11,029 in 1969, ranking the State 6th in median family income. The U.S. median was \$9,586. The Michigan Median for white families was \$11,301; for its black families, it was \$8,498.

About 7 percent of the State's families (160,639 families) were below the low-income of poverty line in 1969. The 1969 poverty level was \$3,743 for a non-farm family of four.

Schooling. There were 2,770,118 persons in Michigan three to thirty-four years old enrolled in school or college at the time of the 1970 census: 37,455 were in nursery school; 1,717,788 in kindergarten or elementary school; and 317,448 in college.

Of the 4,594,461 persons 25 or older in Michigan. 53 percent had completed at least four years of high school and 9 percent at least four years of college. The median number of school years finished by this age group was 12.1 years, the same as the national median.

Among those in their working years (16 to 64), 29 percent of the men and 21 percent of the women with less than 15 years of schooling had had vocational training of some type.

Workers and Jobs. There were 2,225,796 men workers age 16 or older in 1970; 2,089,004 of them had civilian jobs and 16,761 were in the Armed Forces. Women workers totaled 1,246,698 of whom 1,163,826 had civilian jobs and 387 were in the Armed Forces.

There were 479,433 men working as craftsmen, foremen, and kindred workers (in skilled blue collar jobs); 425,627 as operatives, except transport (chiefly operators of equipment in manufacturing industries); 284,762 as professional, technical, and kindred workers; and 191,993 as nonfarm managers and administrators.

A total of 409,653 women were employed in clerical and kindred jobs; 224,866 in nonhousehold service work; 177,056 in professional, technical, and kindred work; 145,517 as nontransport operatives; and 94,711 in sales work.

There were 67,956 Federal employees, 113,584 State employees, and 263,837 local government employees at the time of the 1970 census.

Michigan's Housing. Housing units for year-round use numbered 2,841,827 in 1970, a 19 percent increase over 1960. They had a median of 5.2 rooms per unit, and 76 percent were single family homes. Twenty-two percent of the units were built between 1960 and 1970.

A total of 2,653,059 units were occupied with an average of 3.3 persons per unit. Seventy-four percent were occupied by the owners. Median value of owner-occupied homes was \$17,600 and renters paid a median of \$115 per month.

The presence of piped water, toilet, and bath for exclusive use of the household is an indication of housing quality. In 1970, only 4 percent of all year-round housing in Michiga lacked complete plumbing facilities, compared with 7 percent for the U.S.

Ninety-seven percent of the households had television; 79 percent clothes washing machines; 58 percent clothes dryers; 18 percent dishwashers; 29 percent home food freezers; 39 percent two or more automobiles, and 7 percent owned a second home.

Farming in Michigan. Michigan's farms, like those of the country as a whole, are becoming fewer and larger. The 1969 Census of Agriculture counted 77,946 farms in the State, 17 percent fewer than in 1964. The average size of farms rose from 145 acres to 153 acres in the 5 years. Their 1969 average value was \$49,821; the average value per acre, \$326.

The 1970 farm population totaled 277,529, a 37 percent decrease from 1960.

The market value of all agricultural products sold by Michigan farms was \$829.5 million in 1969. Livestock, poultry, and their products accounted for \$475.2 million; crops, including nursery products and hay, \$349.7 million; and forest products, \$4.5 million.

MICHIGAN

1974 Share of Federal Tax Burden \$12,614,100,000; 4.71%
of United States total, 7th largest.

1974 Share of Federal Tax Outlays \$8,094,826,000; 3.00%
of United States total, 9th largest. Per capita federal
spending, \$912.

DOD	\$1,351,641,000	17th	(1.97%)
AEC	\$3,919,000	23rd	(0.13%)
NASA	\$7,082,000	21st	(0.24%)
DOT	\$216,661,000	12th	(2.56%)
DOC	\$14,811,000	19th	(0.92%)
DOI	\$21,085,000	27th	(0.86%)
USDA	\$204,534,000	26th	(1.64%)
HEW	\$3,930,257,000	8th	(4.24%)
HUD	\$34,941,000	10th	(3.59%)
VA	\$462,790,000	8th	(3.38%)
EPA	\$79,478,999	12th	(2.53%)
RevS	\$258,088,000	6th	(4.25%)
Int.	\$556,445,000	5th	(2.71%)
Other	\$953,094,000		

Economic Base Motor vehicles and equipment, and other transportation equipment; machinery, especially metalworking machinery; finance, insurance and real estate; fabricated metal products, especially metal stampings; primary metal industries, especially iron and steel foundries; agriculture, notably dairy products, cattle, dry beans and corn; food and kindred products.

CAMPAIGN PROFILE



MICHIGAN PFC CAMPAIGN OFFICIALS

Peter Fletcher	Chairman
Mrs. Helen Milliken	Assistant Chairman
Governor Milliken	Honorary Co-Chairman
Senator Robert Griffin	Honorary Co-Chairman
Honorable George Romney	Honorary Co-Chairman
William Brucker, Jr.	Legal Counsel
Jere Whiteley	Youth Coordinator
Mrs. Peg Molin	Advocates Scheduling
Kitty Goodman	Phone Center Chairman
Mrs. Carol Josephson	Western Michigan Coordinator
Jeanne Larzalere	Press Secretary
Charlie Trout	Senior Citizens Director
Guy Gordon	Visibility Coordinator
Jon Holt	National Regional Coordinator

MICHIGAN ADVOCATES

<u>Speaker</u>	<u>Location</u>	<u>Date</u>
Rogers Morton	Detroit Kalamazoo Lansing Grand Rapids	May 6
Dick Ford	Wyoming,	May 8
Tom Ford	Barry County	May 10
Thomas Kleppe	Detroit	May 10
Virginia Knauer	Grand Rapids	May 13

While the above officials are speaking on behalf of the President in the National PFC's advocates program, additional Administration officials will be speaking at non-political functions, some of whom are:

<u>Speaker</u>	<u>Location</u>	<u>Date</u>
Elliot Richardson	Broomfield	April 24
Elliot Richardson	Midland	May 14
John Warner	Detroit	April 26
Frank Elliott	Bay City	May 4
William Walker	Bay City	May 5
Anthony Stasio	Dearborn	May 17

PFC CAMPAIGN OVERVIEW

There are approximately 4,785,700 registered voters in Michigan. There is no party registration and ticket-splitting has been a common practice since 1962. While it is too early to project voter turnout for the May 18th GOP primary, 336,743 registered voters participated in the '72 GOP Presidential Primary. Michigan PFC strategy is composed of telephone canvassing for voter identification and selective turnout, and a very active visibility effort, involving well-respected state leaders and national advocates. Specific elements include:

- The 11 major phone banks will contact 187,000 registered voters, and 77,000 voters will be contacted by approximately 600 home phones statewide. The canvass lists are composed of the same voters contacted in Governor Milliken's '74 campaign. The canvassing will be fully operational as of May 5, and will continue to cover the 19 target counties with 600 target precincts through May 17.
- PFC state leadership projects 60% contact of Republican voters, and is concentrating phone efforts in areas where the highest undecided and Reagan supporters reside (Oakland, Macomb, Westland).
- The state visibility effort is well organized. During the past two weeks, six regional seminars for 300 PFC and GOP state campaign leaders were held wherein campaign materials and phone center instructions were distributed. Use of the PFC visibility van and the state advocates programs were discussed and further planned.
- The Michigan state advocates program is in full swing and is considered the most important element in the visibility effort. State and local leaders such as Bo Schembecker, the Michigan football coach, Congressman Vander Jagt, Lt. Gov. Damman, Gov. Milliken, et. al. are speaking, throughout the state. The President's brothers, Tom and Dick, are also considered most helpful to the President's election effort.

- Other campaign activities include direct mailings and advertising. During the last week, a Michigan PFC newsletter was mailed to 2,000 GOP state leaders throughout the state. A letter was mailed April 13 to PFC state leadership explaining the visibility effort as well as providing position paper information.
- Radio and television spots developed by Campaign '76 will begin airing this week in Michigan. Newspaper advertising will commence at the same time. The ads utilize Governor Milliken and Senator Griffin as well as the President and are projected to play hard on Michigan being the President's home state and the President's improvements in the economic policies and unemployment problems in the country.

REAGAN CAMPAIGN OFFICIALS

John Gnau	State Co-Chairman
Jack Welborn	State Co-Chairman

REAGAN CAMPAIGN OVERVIEW

The Reagan organization reportedly has had very little organizational activity in the state up to now. They have not established a state headquarters, although the PFC state leadership reports that Reagan officials have begun looking for an office in Oakland County. There is no knowledge of phone operation, direct mailings other than nationally based fund-raising letters, and very little evidence of an effort to recruit precinct delegate candidates committed to Reagan. As of the March 26th precinct filing deadline, 2,635 delegate candidates had filed for President Ford, 1,100 persons as uncommitted, and only 113 persons as committed for Reagan. It was suspected that many Reagan supporters filed as uncommitted, although a preliminary sampling by the PFC state campaign organization showed a majority of those uncommitted delegate candidates who were contacted to be leaning to the President.

There are some Reagan campaign materials at the state party headquarters, although since the Michigan GOP was the first to endorse the President, the Reagan organization has hesitated working with them. Reagan has announced a May 13-14 visit to the state with stops scheduled in Bay City, Saginaw, Grand Rapids, Kalamazoo, and Detroit. The former Governor is to address a specially scheduled meeting of the Detroit Economic Club on Friday, May 13. This trip is his first campaign visit to the state since announcing his candidacy.

It is also reported that the Reagan campaign set their total budget for Michigan at \$10,000, which would be the smallest budget ever established for a statewide campaign here. It is not yet clear, however, whether this amount includes funds for a radio and television advertising campaign. No advertising has appeared to date.

It should be noted that Michigan Democrats gave George Wallace a 51% majority (809,000 votes) in the 1972 Democratic Presidential primary, and with crossover voting allowed, there is evidence that Reagan may seek support from Wallace voters who feel that the former California Governor is their only pragmatic choice this year. Wallace has not done nor is anticipated to do a great deal of campaigning in Michigan for the May 18 primary.

MICHIGAN DELEGATE SELECTION

Michigan is allotted 84 delegates for the GOP national convention, 27 of whom are elected at large, and 57 of whom are elected at the Congressional District level (three from each of the state's 19 districts).

Only Presidential candidate's names will appear on the ballot for the May 18 GOP primary, and those candidates who receive 26% or more of the statewide vote shall have delegates proportionate to their vote. Each delegate to the Republican National Convention is bound for two ballots.

County conventions begin on May 27 for the purpose of selecting delegates to the District conventions. The Congressional District Conventions will be held June 11 to select three delegates each for the national convention. The June 12 state convention will formally nominate the 27 at-large delegates and confirm the 57 delegates selected in the Congressional Districts.

MICHIGAN

Political Profile

Source: Almanac of American Politics, 1976

To understand politics in Michigan, you should think of this as not one, but two states; divided, not between Upper and Lower Peninsulas (for the Upper Peninsula has only 315,000 people and the Lower 8.7 million), but between the Detroit metropolitan area and outstate Michigan. To a greater extent than is generally appreciated, these are two quite different regions and not especially well-integrated economically. Metro Detroit--Wayne, Oakland, and Macomb Counties--was boom country in the 1910-30 era when the growth of the automobile business from small-bore luxury trade to the nation's biggest industry increased the area's population from 613,000 in 1910 to 2.2 million just before the Great Depression struck.

Today, metro Detroit is in another depression, due to the sagging fortunes of the auto industry on which it is still totally dependent. Unemployment is well into the double digits, and since 1970 metro Detroit has actually lost population. The city of Detroit has the highest murder rate of any major city in the country. People are leaving not only the city, but also its generally pleasant suburbs. Metro Detroit, though, is not going to wither away; there are four million people here still, and most will stay. But this is a city, and a metropolitan area, in deep trouble.

In contrast, outstate Michigan is doing rather well. There is a dependence on the auto industry here, too, with major plants in Flint, Lansing, Saginaw, Grand Rapids, and Kalamazoo--but it is not so total as in Detroit, at least if one takes outstate as a whole. Most of outstate Michigan never experienced the 1910-30 boom in the auto industry, and now for the most part it is not suffering too much in the bust. Population here has risen 3.9% since 1970, more than the national average; people seem especially eager to move to the quiet towns and evergreened hills of the sparsely-settled northern part of the Lower Peninsula. Incomes, even of blue-collar workers, are high; crime is low; recreational facilities are close at hand; and so are virtually all of the state's major universities, which, together with state government, have provided a healthy growth industry for

outstate. Outstate Michigan's recent growth means that it is starting to overshadow metro Detroit, not just statistically but politically; outstate's share of the statewide vote has grown from 51% in 1964 to 55% in 1972--and will almost certainly grow more by 1976.

Such changes have long-term political effects. Metro Detroit, filled with auto workers from Poland and Alabama, southern Italy and eastern Kentucky and Ontario, has traditionally been heavily Democratic; outstate, peopled by offspring of the Yankee immigrants from the Upstate New York of the 1840's, has traditionally been Republican. But in recent years, metro Detroit has been moving toward the Republicans. At same time, outstate Michigan, in line with the same movement you can see in Wisconsin, Minnesota, and Iowa, has been trending towards the Democrats. The result is a volatile politics which requires in the close statewide races considerable expertise and sensitivity to produce a winning percentage.

Overall, Michigan has to be classed as a heavily Democratic state; Humphrey carried it easily in 1968, and McGovern, despite the busing issue which was raging at the time, ran better here than in 42 of the 49 other states. But Republicans hold the Governorship and one Senate seat and have not totally unrealistic hopes for capturing the other Senate seat in 1976. All of which is testimony to their great expertise at vote-winning, and the superiority of the team they put together in the 1960's over the one which has dominated the state's Democratic Party, at least at its top levels, since the 1950's. At the House level, in state legislative races, even in contests for local office, the Republicans seem almost to be vanishing from the political picture here. But in the big statewide races, where party preference is least likely to determine the result, the Republicans dominate; Michigan Democrats have not won a seriously contested race for Senator or Governor since 1960.

The Republicans' skill at campaigning can best be seen in the last two gubernatorial races, both of them contests between incumbent William Milliken and former state Senator Sander Levin. Milliken had inherited the Governorship when George Romney went to Washington to become HUD Secretary in 1969; Milliken went into the 1970 race not particularly well known but, importantly, not disliked. That, as much

as anything else, is why he has been rejected. This seemingly pleasant, moderate-to-liberal Republican has never really threatened anyone's turf; even when he has taken stands on controversial issues, those on the other side don't seem much to mind. It is a measure of Milliken's electioneering skill that in both the last two elections he has taken what has turned out to be the less popular side of a referendum on the November ballot--he favored aid for parochial schools in 1970 and opposed a repeal of the sales tax on food in 1974--but both times he won the election anyway.

If Milliken's version of a Republican Party resembles what was handed down to him from George Romney, the Democratic Party here is still very much the legacy of the G. Mennen Williams era. Back when Williams was first elected Governor in 1948, Michigan was still considered a Republican state (and with good reason: it voted for Dewey over Truman that year). Williams and his Democratic Party Chairman Niel Staebler (now a member of the Federal Elections Commission) changed that. Working closely with UAW politics, they organized the votes of the vast number of migrants who had come to Detroit to work in the auto industry. Throughout the 1950's they were able to win overwhelming majorities from metro Detroit's blacks, Polish-Americans, Southern whites, and even immigrants from Canada--enough to overcome, although not by huge margins, the large majorities the Republicans continued to win outstate. Their campaign tactics were geared to the tastes of blue-collar voters, then considerably less sophisticated than now; and politics in Michigan almost resembled a form of class warfare.

But class warfare politics has not been winning elections here since 1962, when George Romney put on a high-powered campaign in effect urging people to split their tickets for him. They did, and Michigan voters have been splitting their tickets ever since, to the great benefit of Romney and Milliken and Senator Robert Griffin.

Griffin is perhaps the most unlikely member of this trio, for he alone has not taken much trouble to classify himself as some kind of liberal. His name is on the Landrum-Griffin Act, the 1959 reform of the labor laws--and a piece of legislation definitely not favored by organized labor. Since 1969, Griffin has been the Republican Whip in the Senate,

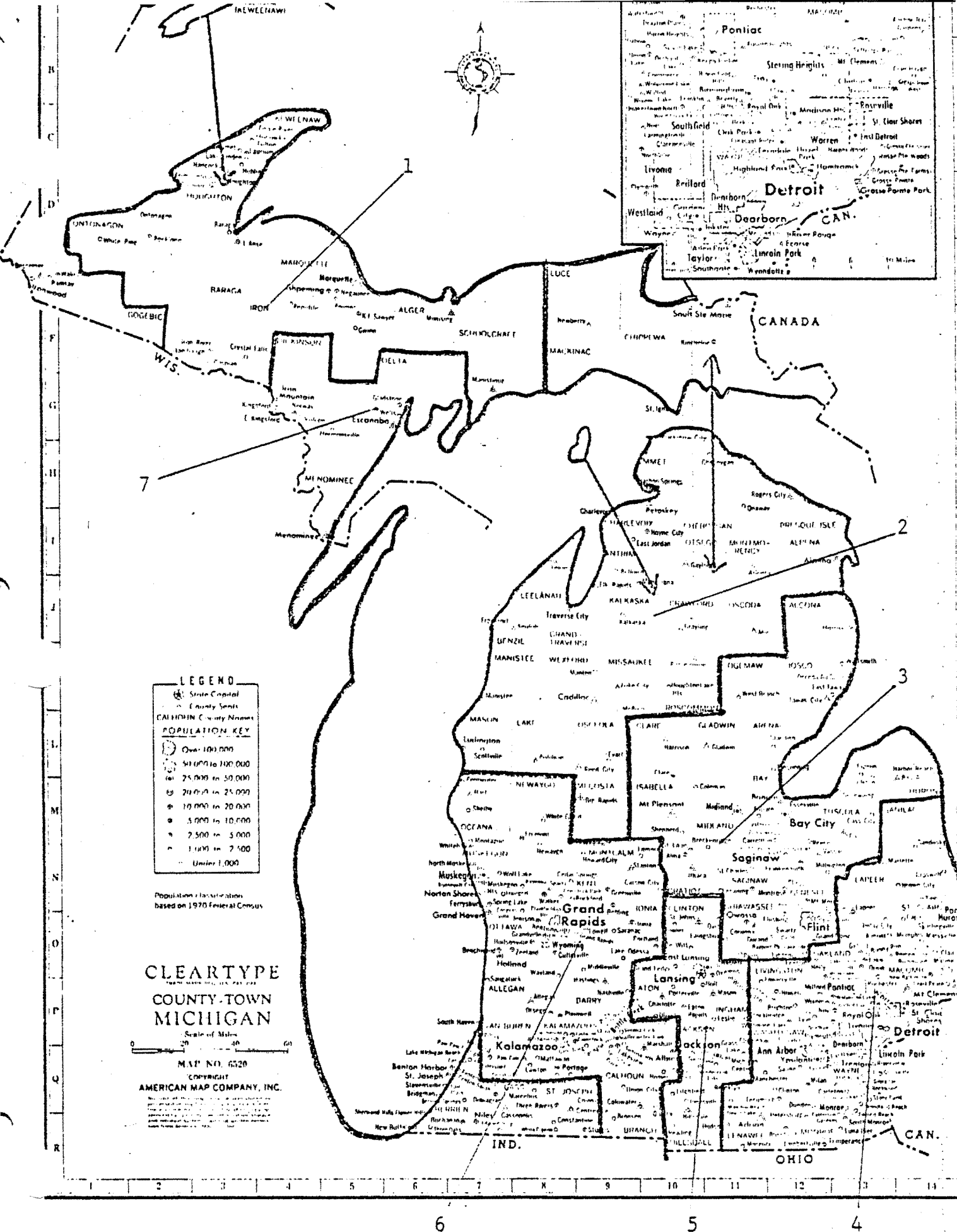
laboriously attending to housekeeping chores, but also fighting like a tiger for partisan causes. It was Griffin who, against all the odds, prevented Abe Fortas from becoming Chief Justice in 1968, by carrying on a sort of one-man filibuster; it was Griffin who with an adroit parliamentary maneuver, prevented Alaska's Mike Gravel from reading the Pentagon papers on the floor of the Senate. Although he has dissented from Republican administrations occasionally--most notably on the Haynsworth nomination and the SST--overall he has one of the highest records of support for the Nixon and Ford Administrations. He served with Ford in the House for almost ten years, and was one of the masterminds of the campaign that made him Minority Leader in the House in 1965.

One suspects that already Griffin is looking ahead, with foreboding, to 1978, when his seat is up. He has been mentioned as a possible choice of his old friend Gerald Ford for a seat on the Supreme Court, which would end his reelection problems. And it is possible, of course, that he will again face a weak opponent or that some issue like busing will again crop up. But it may be that Griffin, for all his undoubted parliamentary skill, may be headed for a defeat in a state which only occasionally is fully on his side.

If Griffin seeks to camouflage or downplay many of his apparent disagreements with the state's voters, Michigan's other Senator, Philip Hart, follows quite the contrary course. Hart, for example, persisted in opposing antibusing amendments during the height of the 1972 controversy, because he felt that the legislation would attenuate civil rights.

Now, for reasons entirely unrelated, Hart has chosen to retire. He will be leaving the Senate just when he has got to the point of being able to reach some of the goals he has long sought. For years, for example, Hart has been Chairman of the Antitrust and Monopoly Subcommittee, but has not been able to command a majority on it; in 1975 he can. The result could be sweeping new antitrust legislation, for Hart has proposed a law which would make illegal any firm having more than a specified share of the market. Hart has also been one of the most active pro-consumer members of the Senate Commerce Committee, and one of the Senate's leading backers of no fault auto insurance.

1. MARQUETTE
2. TRAVERSE CITY/CADILLAC
3. FLINT/SAGINAW/BAY CITY
4. DETROIT
5. LANSING
6. GRAND RAPIDS/KALAMAZOO
7. GREEN BAY



ISSUES



THE WHITE HOUSE

WASHINGTON

May 10, 1976

MEMORANDUM FOR:

JIM SHUMAN

FROM:

STEVE McCONAHEY *SAM*

SUBJECT:

Michigan Issues

The following are our issues for Michigan based on my discussion with Governor Milliken's Office and other local officials.

1. General Economic Conditions/Employment

Employment has improved in Michigan with the latest figures showing a drop from 11.4 to 10.2 percent unemployed. The number of actual jobs has risen 40,000 from 3.41 million to 3.45 million employed. There remain substantial pockets of unemployment, particularly in the core areas of Detroit. Despite the enormous increase in auto production, it is unlikely that the general economic recovery will touch these core areas in the near term. The Federal Government has pumped a substantial amount of money into Michigan in such programs as EDA (\$10 million), and Upper Great Lakes Regional Commission (\$3 million) and others. The Administration also worked with the City of Detroit to speed-up applications for aid, etc.

The President should be prepared to answer questions about his policy toward severe unemployment problems of Detroit.

2. Federal Assistance vs. Local Responsibility

Michigan remains a deficit state in the sense that it contributes more to the Federal Government than it receives in assistance. Governor Milliken's Office feels that this is a latent issue that has received some press coverage and that will likely be picked up by Reagan in the days ahead, possibly to support his proposals to keep the money home rather than send it to Washington.

3. Disaster Relief

The President has approved two disaster relief declarations for Michigan; another is pending for the Counties of Bay, Arenac and Tuscola.

4. PPB

Due to the inadvertent mixture of PPB (chemical) in cow feed, farmers have experienced a substantial killing of cows. This problem has existed for two years but it has become more publicized lately. HEW is currently funding a research grant to determine the cause and level of poisoning. There is currently a bill in Congress being supported by Hart and Traxler that would provide for specific Federal assistance to those farmers most heavily hit.

5. Transportation

The President should take credit for the recent Federal rail legislation. Michigan is highly dependent on continuous rail service and the President's actions have been well received. Detroit is also looking for UMTA assistance to build a subway system. However, there have been long standing delays in the application from Detroit and the Southeastern Michigan Transit Authority (SEMTA) and some criticism by UMTA of the thoroughness of the local analysis. UMTA is currently awaiting a refined application. In addition, Detroit has applied for a "people mover" experiment for which UMTA is currently analyzing alternative sites.

6. Detroit Financial Situation

Detroit is facing severe financial constraints. Mayor Coleman Young has laid off several thousand people and has relied very heavily on the CETA program to finance laid-off city employees. He has also had strong disagreements with the Department of Labor's administration of CETA and their restriction on the percentage of these funds that can be used for city hiring. In addition, the state has been negotiating with Detroit in terms of a financial package and the assumption of the costs for certain facilities and operations that serve more than the citizens of Detroit.

7. Crime

It has been recently found that one out of every four households in Michigan was subject to a break-and-entry crime in the last year. People are particularly sensitive to this crime rate and the President should indicate his strong belief in the need to improve state, local and federal crime prevention and apprehension activities.

8. Reagan \$90 Billion Proposal

Governor Milliken has pressed very hard at the Reagan proposal for returning responsibilities and financing back to states and localities, and what this would mean to the local financial burden.

9. Defense Issues

There are several defense issues that are currently affecting the State of Michigan:

Kinchelow Air Force Base - This base has been proposed for possible closing.

Army Tank Command in Warren, Michigan - There is a question whether this will be transferred to another state.

XM-1 Tank Contract and Production Location - The Defense Department is currently evaluating the American built XM-1 and a West German Model. Not only is the question of who produces the tank at hand, but there is also concern as to where the plant location will be. Michigan and Ohio are currently competing.

Great Lakes Mapping Institute - This facility has been transferred from Detroit to Cleveland.

Project Sea-Farer - The Defense Department is proposing a major underground radio antenna network for upper Michigan. The popular sentiment in upper Michigan is strongly opposed as is the Governor.

10. Busing

While this is not an active issue, it lies closely beneath the surface ready to be reactivated because of the sensitivities to it in the Detroit area. The President should be careful not to raise this issue, but be prepared to state his current view on busing which is very much consistent with the local attitude.

11. Housing

Detroit has experienced major abandonments of Federally supported housing. The HUD inventory is approximately 8000 units. Secretary Hills recently spent a day in Detroit. She toured the city, met with local officials and spoke before the Press Club. HUD is moving ahead on a tripartite plan with the state and the city to reduce the housing inventory. HUD has also approved a new program to landbank cleared lots to attract industrial development. Max Fisher has also proposed a housing project but has not formally applied for HUD money.

12. Status of "Moving Detroit Ahead"

Last year the President met with state and local officials and members of the local business community. In response, OMB and HUD have given special attention to expediting Federal grant applications. The President should encourage this type of business involvement noting the key role that the private sector plays in real and lasting economic improvement.

13. Solar Energy Research Center

Michigan has applied for this facility, and Governor Milliken's Office suggests that even though a final decision has not been made that the President indicate he will not rule out Michigan merely because it is his home state. Even without a commitment, it is felt that some type of statement indicating that Michigan is in the running would be received very favorably.

14. Oil Exploration

A controversy is currently brewing over the use of the Pigeon River wilderness area where oil companies are proposing substantial exploration of oil reserves. The Governor indicated that he is opposed to this

exploration, and there is a sense that the Federal policy would support it. In addition, there is a controversial issue about the development of oil shale. The State has applied for a \$40 million grant for oil shale exploration. Again, this has been opposed by some environmentalists; however, the Governor has not come out in opposition of this program.

MICHIGAN ISSUES OVERVIEW

ABORTION

The last state referendum on abortion resulted in the defeat of abortion on demand. While there is a vocal right-to-life movement in Michigan, the issue is also very emotional to the pro-abortion individuals and some questions may be anticipated on this subject.

AGRICULTURE

A fire retarding chemical, PBB, has been mixed in with cattle feed, and a large percentage of Michigan livestock is contaminated with the poison, which is cumulative. This issue is several years old, but it has recently received national press coverage because farmers are killing their cattle and bringing the carcasses to the State Capitol. The FDA has established three safety stages for cattle having consumed PBB; however, even beef below the minimum danger level is reputed to make consumers ill. Packing companies must put the percentage of PBB on each piece of meat to be purchased.

The poison, it is also feared, does not deteriorate, and burying diseased cattle may not be a safe disposal method, for PBB may wreak further damage maintaining its toxicity underground. Governor Milliken has appointed a task force to study the danger levels of meat containing PBB, and is awaiting the study's results before recommending further action.

The cherry farmers in the northern part of the Lower Peninsula are concerned with new OSHA regulations that limit the amount of emissions of sulphur dioxide, an element used in the process of cherry bringing. Hearings on the regulations were held in March.

Grain farmed in Michigan is produced mainly for livestock feed purposes, and the U.S.-U.S.S.R. grain embargo had little impact on the hay, clover, and alfalfa farmers.

Your recommended estate-inheritance tax proposals are being well-received by farmers in Michigan, and state leadership recommends emphasizing these initiatives in your remarks.

CRIME

Detroit holds the record in the nation for homicides, and citizens are most concerned with what action could be taken to curb the high crime rates in the city. Theft and assaults are also occurring at disproportionately high rates in the urban areas. However, while your recommendations for mandatory sentencing for criminals using guns should be reassuring to urban dwellers, state leadership advises that such recommendations would evoke negative reactions among rural residents.

The National Rifle Association is a strong and popular organization in Michigan. Your opposition to the registration of guns should be emphasized, if the question arises.

DEFENSE

Project Seafarer is of critical concern to Michiganders in the Upper Peninsula. The U.S. Naval communications project is considered a major secret alert system for the country, and Upper Peninsula residents fear potential attacks by enemies because of the installation's importance to national security. Environmentalists are concerned that the Navy is concealing data that the high-powered ELB (Extra Low Wave) cables would harm the environment within and surrounding the Project. Other residents promoting economic expansion in the area would prefer the land under consideration to be used for private development. The Navy does not enjoy great credibility at present; a project the Navy tried to install several years ago, Project Sanguine, was vehemently opposed in the UP and was discontinued. Residents are suspicious that Project Seafarer is the same project with another name, and the Navy has not contradicted this charge to the satisfaction of residents.

The strained relations between the public and the Navy are also due to public perception that if Project Seafarer were allowed, Kincheloe Air Force Base would not be closed. UP residents want Kincheloe to remain open, and do not want Project Seafarer installed. You are perceived as attempting to bargain with the closing of Kincheloe as a pressure to make Project Seafarer acceptable.

Kincheloe AFB employs 65% of area workers, and its operation maintains many businesses, schools and contributes to the area's economic well-being. Unemployment in the area is already 27%, and the expectation of greater unemployment is most upsetting to residents in this relatively sparsely-settled area.

Other decisions concerning state voters include the location of the Maritime Administration's midwest regional office in Cleveland instead of Detroit; the Lake Survey Center in Detroit is being transferred to the East Coast; the Defense Contract Services is being transferred from Detroit to Ohio; and a large research and development contract for the Tank Command in Warren went instead to an Ohio firm.

ECONOMY

The state of Michigan currently has an unemployment rate of over 12% and the city of Detroit's level of unemployment is over 11.8 according to preliminary figures. State leadership advises the President to address his handling of a goals for the economy with the emphasis on getting people back to work, and private industry expansion is particularly apt for the Detroit area.

General Motors is making a comeback from the auto industry's worst two-year slump in its history, with projections that 1976 will be the third largest sales year for GM if the economic recovery continues at its present rate.

Of major concern in Detroit is the Comprehensive Employment Training Act, Title 6. The city in its financial problems has had to lay-off a considerable amount of city employees, in particular, 1800 policemen. The Department of Labor has given verbal orders that the Federal monies can be used to re-hire only 10% of those employees already cut from the payroll, and there is a court case currently proceeding against the Labor Department.

Massick Ferguson, the agricultural machinery producing company, is expanding its plant in Detroit -- another positive result to the improving economic conditions in the nation.

EDUCATION

Court-ordered busing commenced in Detroit this January in a smooth, orderly fashion. Busing, however, is still a volatile issue. State leadership does not assess the transition to busing in the city of Detroit as an example of racial ease. Had the suburbs been forced to bus, tensions and conflicts would be expected.

Before Detroit commenced busing, that city was not eligible for money under the Emergency School Assistance Act. Lansing and the other urban centers in Michigan have been receiving the state's allotments. Detroit will not also begin receiving its share of Federal funds, and the effect of lower funding for the rest of the Michigan cities is of concern to those urban residents.

Your support of Representative Esch's amendment on alternative methods to desegrate our schools is felt to be positively perceived by the state's Republican residents as a Michigan plan.

ENERGY

Further use of the west central wilderness area of Michigan is disputed by environmentalists and oil companies. The Pidgeon River site is a source of controversy due to limited drilling rights. Environmentalists are concerned with land development that will accompany drilling, and the Department of Natural Resources has authorized limited drilling to be done in Pidgeon River.

The White Pine Cooper Mine, located in the Upper Peninsula, encountered some union difficulties in attempting a merger, and the economic results led to White Pine cutting 2100 employees from the payroll.

Detroit is asking to be considered for siting of the new solar energy research plant.

ENVIRONMENT

The Michigan United Conservation clubs are strong lobbyist organizations throughout the state. In Grand Rapids and Detroit, the Clean Air Act is opposed by environmentalists because the auto emission standards are not perceived as being effective.

Lake levels and shoreline erosion are of great concern to Michiganders. Currently, Lake Superior is within one half foot of its highest recorded level. The Sault locks are holding Superior's water levels to prevent flooding downstate; however, maintaining the high levels is eroding Lake Superior's shoreline. Concerned citizens are requesting that the President urge the International Joint Commission to allow Superior's overflow to run over Niagara Falls.

Of additional concern to environmentalists and residents of Michigan is the pollution of Lake Superior by mining companies in Minnesota, as well as the accompanying health hazard the asbestos pollution causes.

Isle Royal is still under consideration for designation as wilderness area. Public opinion favors the maintenance of the island as a natural park-land area.

There is a petition drive underway to place a disposable bottle issue on the primary ballot. Disposal bottles are manufactured primarily in Charlotte (Eaton County) and area residents are very dependent upon this industry for their income. Governor Milliken and the state highway department are supportive of outlawing disposable bottles, but the State Legislature recently failed to pass a bill outlawing such manufacturing in the state.

FEDERAL SPENDING

Federal cutbacks are not as favorably perceived in your home state as they are in the southern regions of the United States. Detroit and other urban areas depend on Federal funding for solvency, and especially in view of the base closing controversy, state PFC leadership recommends you do not emphasize your strong fiscal restraints policy.

FOREIGN RELATIONS

State voters are oriented to domestic problems. While Panama Canal negotiations and other international relations are of peripheral interest to Michigan voters, foreign concerns are not heavily debated in the press nor are they discussed at length with PFC and GOP state leaders by constituents.

Detroit has the largest Arab population in the country, and the Mid-East situation is therefore very much of concern to those residents. While there have not been visible protests to date, questions should be anticipated, especially on aid to Israel.

LABOR RELATIONS

The United Auto Workers will be negotiating new contracts this fall. An investigation of the Teamster's pension programs is now underway. Non-union voters are concerned that the Teamsters are manipulating local government officials in general, and union and non-union workers alike are concerned over the problems of all pensions. Several companies have relocated to other states in order to avoid the high pension overheads, and many individuals have been unable to collect their pensions from such companies. The loss of business from the companies moving out of the state is also of concern.

There is currently a strike against the tire manufacturers in Ohio that is concerning the automobile industry in Michigan. This strike has had little impact on the auto manufacturers to date, but if the strike continues, it may cause a shortage of tires for 1977 model cars and trucks. Of additional concern is the United Postal Service strike that is preventing some shipment of parts to automobile manufactures. The contract negotiations on the east coast with UPS are almost due to begin, and further striking is threatened.

The Federal Trade Commission is examining illegal pyramid sales by AMWAY Corporation (the president of which is also the Chairman of the Michigan GOP Finance Committee).

RACE RELATIONS

While racial conflicts have eased since the late 1960's riots, studies from colleges and universities in Michigan conclude that economic and crime problems, especially in Detroit, are building up to another riot crisis. While residents are continuing to move to suburban areas and are resentful of the lack of business growth in the cities. Also, perception of Black urban residents as militant and criminal is still common in the Detroit area by white citizens who feel forced out of the city.

Coleman Young, the mayor of Detroit, is not favorably perceived by the building trades union for his fiscal restraints in the building industry.

REGULATORY REFORM

A critical issue in Detroit is the Department of Housing and Urban Development investigation. Charges against HUD include discrimination in granting home loans, corruption within the organization, poor management as to guaranteeing loans for residences that were in very poor condition, etc. PFC state leadership recommends that if you wish to emphasize regulatory reform, the HUD in Detroit is an excellent example. The press coverage has been intensive on the HUD practices and investigation, and public feelings are emotional about perceived disgraceful performance.

TRANSPORTATION

There is continuing concern over financial problems of the railroads in Michigan. Michiganders depend and use the rails for livestock, feed and produce, as well as auto transportation across the country, and preservation of the railroads is important in the state.

Your proposals in FAA are not popular outside of the metropolitan areas. The outlying rural area residents feel they require Federal subsidies, and the rumor that the FAA spending cuts will literally cease flights to the UP is concerning many individuals.

TORNADOES

Michigan has been hit by several devastating tornadoes and severe ice storms. Federal disaster funds and quick responsiveness of the state and Federal governments may be well received if mentioned.

In particular, farmers have been hard-hit by the ice storms and many residents are still suffering the effects of the most storms in one winter experienced in recent history.

WELFARE

There are several scandals involving Federally-supported nursing homes and the Veterans Hospital in Ann Arbor wherein patients were mistreated or neglected by the administrators of the hospitals/homes. This concern is emotional and not recommended as an issue for you to introduce.

REAGAN ON THE ISSUES

ABORTION

Reagan is firmly opposed to abortion, and disagrees with the Supreme Court decision in its favor. However, as Governor of California he did sign into law a bill allowing abortions.

AGRICULTURE

Reagan has repeatedly stated his objections to government interference in the agricultural marketplace, and has criticized the Administration for its role in the Soviet grain embargo. It is not expected that this will be a major threat of his speech in Detroit on May 13, although he may use it as an example of burdensome government intervention in the free enterprise system.

CRIME

Reagan is a strong law and order advocate, who opposes gun regulation because it would disarm citizens who have a right to protect themselves. He also strongly supports capital punishment as a viable deterrent to violent crimes, and he may establish this theme in his campaign stops in the troubled Detroit area during his upcoming trip.

DEFENSE

Reagan has not received the strong positive response in Michigan from his attacks on the Administration's defense policy as he has in other states. However, he has publicly attributed his success in Texas to his stands on defense and the economy, and is probable he will try to establish concern among Michigan voters about the country's defense posture during his upcoming campaign trip.

ECONOMY

Due to the forum he is scheduled to address, and his public acknowledgement of this issue as being partially responsible for his Texas success, the economy will most likely be the major theme of his remarks to the Detroit Economic Club. The high rate of unemployment in the state, particularly in Detroit, will undoubtedly attract Reagan's frequent

criticism of the Federal government as the source of current economic ills. Reagan blames government spending as the source of inflation, whose direct consequence, is unemployment. Although he firmly opposes government job programs, he is equally certain that government interference in industries (such as automobile manufacturing) prevents the necessary expansion required to create and sustain more private employment. Reagan has advocated in the past a computer bank sponsored by the Federal government which will help unemployed people in locating available jobs throughout the country.

EDUCATION

Reagan is opposed to Federal aid to education because, in his view, it takes local and state control away from the administration of school districts. His criticism of Federal interference may renew the concern among voters in Detroit about the newly initiated busing program. However, it should be noted that many school districts in areas populated by auto workers have had to make severe budget cutbacks following the two year recession in that industry, which, in turn reduced tax revenues for the schools.

FEDERAL SPENDING

A reduction in Federal spending is the cornerstone of Reagan's economic proposals. It was at the Chicago Executive Club that he first announced his \$90 billion plan to reduce Federal spending, and this theme, less explicitly stated, will be a focus of his May 13 speech in Detroit. He is also expected to criticize the size of the Federal deficit, Federal taxes, and reiterate his opinion that the current economic recovery is temporary.

FOREIGN RELATIONS

Although the foreign policy criticism Reagan has generated in other areas of the country have yet to achieve prominence as an issue of interest in Michigan, it is certain that Reagan will attempt to establish concern among voters here about the Panama Canal, detente, and Secretary Kissinger's conduct of foreign policy.

LABOR

Reagan has often stated that the power given to organized labor is excessive, and recently announced his opposition to the new Federal election law as it further enhances the power of labor unions.

REGULATORY REFORM

Reagan has been harshly critical of what he considers to be the unnecessary excesses of Federal regulation, and he may choose to use the performance of HUD in Detroit as an example of why Federal control over such areas as housing is counter-productive. Housing and urban renewal is one area of the Federal government addressed in his \$90 billion transfer of programs to the state and local levels.

WELFARE

Reagan has continued to play upon the emotions of people upset about welfare abuses, and he has used welfare as prime example of a program that should be administered locally. He has drawn support in the state among Wallace supporters as a result of his criticism of Federal welfare programs.

GUIDANCE

BACKGROUND MATERIAL FROM REP. GUY VANDER JAGT
FOR CONSIDERATION PRIOR TO THE PRESIDENT'S
TRIP TO MICHIGAN

- 1) SEAFARER -- This is an underground defense project involving a communication system which is being generally opposed by people in Michigan. This is a very hot issue. The Governor is involved in it and Congressman Ruppe is deeply involved. Udall was the first and only politician to comment on this controversial issue.
- 2) PBB -- An agricultural feed problem. A couple of years ago some of a bad chemical got mixed in with animal feed. Cows and chickens started dying. People were killing cows and farmers were suing the chemical company. Governor Milliken is involved in this.
- 3) UNEMPLOYMENT
Coupled with the need for better business climate to encourage industry to expand. Unemployment is roughly 9-1/2%, maybe a little higher in Michigan.
- 4) WELFARE REFORM
Congressman Vander Jagt gets a lot of mail on this subject.

Q and A's for Michigan trip -- from Congressman Esch.

1. Are you supportive of the Pentagon's decision to close Kincheloe Air Force Base?
2. How can you justify vetoing the jobs bill when the unemployment rate in Michigan is _____? (over ten percent)
3. What specific plans do you have to impact affirmatively into areas of high unemployment such as Michigan and specifically Detroit (also youth unemployment)?
4. Who do you see as the strongest Republican candidate for the Senate?
5. What are you doing specifically to see that the Esch amendment is being implemented by the Department of Health, Education, and Welfare? (re busing)
6. There seems to be a general anti-Michigan bias in the White House even though you are from Michigan (closing of Kincheloe AFB and failure to direct specific programs into Michigan). Why should anyone therefore support your continuance as President just because you are from Michigan?
7. Will Michigan receive full consideration on the location of the solar institute?
8. How can your Administration justify the Federal Trade Commission trying to break up the Kellogg Corporation?
9. Do you agree with Esch that Secretary Coleman should not implement the air bag regulations?
10. What are you doing to assist in clearing the mail foul-up in Michigan, especially the bulk mail center problem that Congressman Esch uncovered? (Post office lost mail between bulk mail center and Detroit for six weeks.)
11. What are you doing to assure that the emission standards are deferred?
12. What specifically are you proposing that will help assist Detroit out of its financial problems?

BACKGROUND MATERIAL FROM CONGRESSMAN PHILIP RUPPE FOR
CONSIDERATION PRIOR TO THE PRESIDENT'S TRIP TO MICHIGAN

1. The President should be aware of the Defense Department program called project "Seafare" which is a communications grid system to be located in the northern peninsula. There seems to be quite a bit of controversy pro and con for this project.
2. About five months ago, the Copper Range Company, a firm in the copper manufacturing business, tried to merge with Amex, a large metals company. This was blocked by the Department of Justice Antitrust Division. The Copper Range Company subsequently closed down, leaving 1,500 people unemployed.
3. Base closings - no details but apparently this is a controversial issue in the state. (see copy of memo attached)

fat

THE WHITE HOUSE

WASHINGTON

May 10, 1976

MEMORANDUM FOR:

MAX FRIEDERSDORF

FROM:

CHARLES LEPPERT, JR. *CLJ*

SUBJECT:

Rep. Phil Ruppe (R. - Mich.)

Rep. Phil Ruppe called regarding the President's trip to Detroit, Michigan, on Wednesday, May 12. Ruppe states that a group of people from his Congressional district will be traveling to Detroit and will be at the airport with signs regarding the closure of Kincheloe Air Force Base. In addition, the party will persist in trying to speak to someone in the Presidential party on the economic impact of the closure of the Kincheloe air base.

A Mr. Lyle Painter is the president or director of the regional Michigan Education Association office in Sault St. Marie, Michigan. His telephone number is 906/635-1544.

Rep. Ruppe has been requested to arrange for Mr. Painter or some other individual in that group to speak with someone in the Presidential party on this matter. Can we have somebody set this up or call Mr. Painter?

Rep. Ruppe also suggests that the President may wish to consider attending the baking of the world's largest cherry pie which weighs ten tons in Charlevoix, Michigan. This event will be held on Saturday, May 15, and the crowd is estimated to be between 5,000 and 10,000 people. The baking of the pie will occur at the Medusa cement plant and the point for information on this event is Mr. Ken Winter, editor of the Charlevoix Courier, 616/547-6558.

BACKGROUND MATERIAL FROM CONGRESSMAN ELFORD CEDERBERG
FOR CONSIDERATION PRIOR TO THE PRESIDENT'S TRIP TO MICHIGAN

Results of a poll just taken in the 10th District of Michigan (Rep. Cederberg)
listed in order of concern.

(Q) What are the most important problems facing your local area at this time?

- 14% High Taxes and Taxation
- 13% Unemployment, lack of jobs and jobs for youth
- 7% Inflation, cost of living, and high prices
- 5% Educational system
- 5% Property School Taxes
- 4% Crime Problems

(Q) What are the most important problems facing the U.S. as a nation?

- 23% Unemployment and lack of jobs
- 18% Inflation, cost of living and high prices
- 13% General economic issues
- 9% Lack of confidence in leadership
- 8% Crime problems
- 8% High taxes, tax problems in general
- 5% Foreign policy
- 5% Corruption
- 4% Welfare
- 4% Energy
- 3% Government spending

Job Approval for the President

55% Approve
29% Disapprove

Job Approval for Congress

19% Approve
55% Disapprove

Presidential Election - Ford vs Humphrey

Ford 54% Humphrey 29%

Presidential Election - Ford vs Carter

Ford 51% Carter 24%

*note:

Mike Forgash, AA to Rep. Cederberg, requested that this information not be released as this poll is confidential. He requested that this be passed on as speech information.

Rep. Bill Broomfield stated that the President knows as well as he does the issues of state and local concern in Michigan.

Rep. Garry Brown had no comment.

Rep. Ed Hutchinson had no comment.

Comments from Congressional staff in Michigan.

- 1) Government regulation of auto industry
- 2) Food stamp abuse
- 3) Crime
- 4) Workmen's compensation, State legislature trying to revise.
- 5) Extension of Federal revenue sharing
- 6) Bussing (Ferndale case coming up in courts

3/11/76

-MEMO-

TO: Bill Kendall
FM: David Clanton
RE: Michigan campaign issues

I. Unemployment

- Still a big issue, but the unemployment rate is now down to 10.2% Statewide, compared to a rate of 12.3% in January. The total number unemployed has been reduced by more than 100,000 since January -- or a drop of nearly 21%. However, the unemployment rate for the city of Detroit is still hovering around 20%.
- The sharp rise in auto sales -- 52% increase in sales of domestic made cars from a year ago -- is a major contributor to the economic improvement, but a big question still remains as to whether the production and employment levels of 1973 will ever return.
- A question could be raised about the Treasury Department's recent decision to drop its investigation of charges that foreign auto makers are "dumping" their cars in the U.S. at prices below those charged at home. However, Treasury terminated the proceeding only upon the condition that the companies voluntarily agree to comply with the law and the UAW has publicly accepted the decision.
- The public works bill vetoed by the President, was strongly supported in Michigan -- including the Governor and Republican Congressmen, such as Esch and Ruppe. However, the Griffin-Brown alternative, which the President supported, would have provided more money to Michigan than the countercyclical assistance under H. R. 5247. Furthermore, the House Banking Committee has approved a housing bill which includes this proposal.
- The unemployment issue is also raised by the proposed closing of Kincheloe AF base in the Eastern U.P. This closing would wipe out 4250 jobs (450 civilian and 3800 military).
- A reduction of 250 civilian jobs is also planned for Selfridge AF base near Detroit.
- A jobs issue affecting Detroit is where the new XM-1 tank will be built. Consideration is being given to Lima, Ohio where a vacant Federal facility is located.

- The transfer of the Lake Survey Center (in NOAA) from Detroit to Rockville, Md. and Norfolk, Va. affects about 54 permanent jobs and 30 temporary jobs. NOAA estimates the net loss to be about 15 jobs since many of the workers will be transferred. This closing is not a big issue but it is used as an example of Detroit and Michigan getting shortchanged by the Federal government.

II. Detroit Issues

- In view of a projected deficit of about \$40 million for this year and \$100 million for next fiscal year, a question could be raised about the chances of Federal aid to Detroit. While the current focus centers on what assistance the State will provide, Mayor Young has sharply criticized the veto of the public works bill which contained countercyclical revenue sharing assistance for cities. Of course, Detroit's plight also highlights the need to continue general revenue sharing.
- The HUD housing mess still exists, but there has been substantial progress in reducing the excessive inventory of repossessed homes and vacant lots. A recent Detroit Free Press editorial acknowledged that there has been a turnaround in the situation and gave credit to the local HUD Director, Elmer Binford, for his efforts. Secretary Hills also traveled to Detroit to ~~see~~ examine the situation on April 14.
- The flap over Detroit's use of CETA public service job funds to rehire laid-off city workers has been temporarily eased. After the city ~~was~~ went to court, the Labor Department backed off from its original position that not more than 10% of public service jobs could be filled with rehires. However, the Detroit decision has caused some protests from other cities in the State that have similar problems. The key issue is whether the layoffs and rehiring are bona fide due to budget problems or merely paper transfers to substitute Federal for local funds.
- City and State officials are vigorously urging that Detroit be chosen as the site of the new Solar Energy Research Institute to be established by ERDA. There is also local support for funds for construction of a new Veterans Administration Hospital in Detroit adjacent to the Wayne State University Medical Center. An independent study for VA has recommended such a new hospital.
- With respect to aiding those that are still unemployed, there has been criticism of HUD by local officials and the Free Press for not implementing the stand-by program to aid home buyers who

default on their mortgages. Another concern is the impact of new Food Stamp regulations which limit eligibility and increase the purchase requirement.

- A positive note is the President's proposal to include funds in the FY 1977 budget for construction of a new Federal correctional facility in Detroit.

III. Energy

--There is strong support for approval of a Trans-Canada natural gas pipeline to the Midwest. Michigan relies heavily on Canadian petroleum imports but these are being phased out.

IV. Crime

--Michigan residents want tougher law enforcement according to a recent survey by the State Office of Criminal Justice Services.

--60% said the courts have been too lenient in sentencing;

~~64% favor~~
--the death penalty for violent crimes an increase from 55% a year ago;

--only 37% favor a ban on private gun ownership, while 86% favor regulation of gun dealers and mandatory sentences for gun-related crimes.

--. Other Issues

- There is considerably controversy over the Navy's proposal to build an underground submarine communications grid (Seafarer) in the Western U. P. Recently, the House Appropriations Subcommittee deleted \$10.6 million from the \$29.8 million request for this project. The deletion included funds for a test facility at the site location. Both Congressman Ruppe and Senator Griffin urged that funding for this facility be rejected.
- Michigan farmers have been hard hit by the discovery of the chemical PBB in their cattle. Hundreds of cattle have died and others have had to be destroyed because of the concentration levels. Concern has also arisen over FDA's safe tolerance levels for this chemical since cattle have gotten sick with PBB concentration levels that are less than the FDA standards. The Senate has already passed a bill authorizing low-interest loans for farmers hurt by the contamination. Sen. Hart sponsored this measure and it is supported by Sen. Griffin. Hearings have already been held in the House.
- Renewed interest has also arisen over the Federal government's suit to stop Reserve Mining Co. of Silver Bay, Minn. from dumping 67,000 tons of taconite tailings into Lake Superior. The courts have already ruled against Reserve and fines totalling more than \$1 million were recently levied against the firm. However, the critical juncture of the case is nearing which concerns the site for an on-land dumping site. In the past, charges have been leveled at the Federal government for not prosecuting the case vigorously enough. This case may turn out to be a truly landmark environmental decision and it has the backing of the Senator, Governor and a wide coalition of environmental groups.

MOVING DETROIT AHEAD

- Q. Mr. President, over a year ago you met with some leading civic and political figures from Detroit who presented to you at that time their Moving Detroit Ahead Plan. Could you tell us if anything has been done with this plan by your Administration and has there been any additional monies given?
- A. We certainly did work with the city officials on the Moving Detroit Ahead Plan. I understand that the federal outlays for FY 75 were \$1.5 billion, and I understand that a number of departments and agencies have reviewed the City of Detroit's current requests which I believe could reflect a somewhat higher figure for FY 76. I understand that the City has applications currently before HUD and DOT, and I can assure you that these requests will be processed as promptly as possible. I might add that I look upon your effort here in Detroit as a prime example of how State, local and civic leaders can work together with Washington to make a better Federal-State-local relationship and solve the problem of the cities.

SGM
5/11/76

ISLE ROYAL WILDERNESS AREA

Q: Do you support designation of Isle Royal as a wilderness area?

A: Yes, this designation was proposed to the Congress some years back, and we are looking forward hopefully to Congressional action on this project, along with a large number of other wilderness proposals we have requested.

DISPOSABLE BOTTLES

- Q: A controversial issue in Michigan is whether the State should ban disposable bottles. The Governor and the State Highway Department favor such a ban, but the State legislature recently failed to pass a bill outlawing the manufacture of such bottles in the State. Do you favor such a ban?
- A: Several States have such legislation, and there are guidelines that apply only to Federal facilities that would encourage returnable containers. But, I believe that the people of the State of Michigan, and all States, are quite capable of making the decisions on local problems that affect them without the burden of advice from Washington.

LAKE SUPERIOR POLLUTION

Q: What is the Federal Government doing to stop pollution of Lake Superior by the mining companies in Minnesota?

A: We are taking the worst cases to court, as you know. And, with the cooperation of the State governments concerned, we are fully implementing the water pollution abatement law.

LAKE SUPERIOR SHORELINE EROSION

- Q: Lake Superior is now within a half foot of its highest recorded level and this high water is eroding the shoreline. Would you be willing to urge the International Joint Commission to allow the Lake's overflow to be increased?
- A: When and how much water should be spilled from Lake Superior depends on how much damage is caused in the lower lakes compared to the damage sustained along Lake Superior. Obviously we must work toward minimizing the damage caused by potential high water in the entire Great Lakes system. We are doing that now within the International Joint Commission regulation and at the same time we are assessing whether those regulations should be changed.

SECTION 5 FUNDING OF THE URBAN MASS TRANSPORTATION ACT

Question

Mr. President, you have proposed to Congress that only 50% of Section 5 funds be authorized for operating assistance for mass transit. I believe this proposal defeats the very intent of the National Mass Transportation Assistance Act of 1974 which gives local elected officials the responsibility for determining how these funds should best be used to meet the needs and priorities of the local participating jurisdictions. How do you feel about this proposal?

Answer

I have noticed that both houses of the Congress have not seen fit to act upon the proposal that I presented early this year to help restrain the growth of deficits in the public transit industry. Those deficits have grown by more than 300 percent in the last three years and this Administration has sought to encourage restraint at the local level by slowing the growth of the federal funding which was automatically to flow into making up the deficits.

I am prepared to reconsider the specific proposal which the Administration offered, but what I am not prepared to do -- is to do nothing in the face of what is an obvious problem. At the very least, the Congress should allocate some portion of the federal funding available for operating subsidies for the development of productivity improvement and cost control plans by local transit authorities. I will be asking Secretary Coleman to meet with the Congressional leadership to determine whether the Congress is willing to meet us half way on this matter.

Background

Adoption of this answer would signal a change in an Administration position which is lost in any case. The House Appropriations Committee has rejected our proposal that the moneys available under Section 5 of the National Urban Mass Transportation Assistance Act be limited to 50 percent for operating assistance. The Senate Appropriations Committee Chairman, and both the House and Senate Budget Committees have also rejected our proposal.

At the present time, approximately 83 percent of this money is being used for operating assistance and much of that is going into increased wages and increased fuel prices. \

The proposed answer reflects Presidential aware ness of the enormous concern our proposal has caused transit operators throughout the country and, at the same time, challenges Congress to come up with an answer to ever increasing transit operating deficits.

JRH
5/7/76

BACKGROUND - DETROIT

Transportation Q&A

- Q. Does the Federal Government intend to fund a rapid transit system for Detroit?
- A. I understand that the Detroit metropolitan area is using Federal transportation planning grant funds to investigate the feasibility of improved mass transit, including ways to improve the existing bus system. Pending completion of these studies and their evaluation by the Federal Department of Transportation, it would be premature to reach any conclusions about the outcome of those local studies.

JRH
5/7/76

BACKGROUND - DETROIT

Transportation Q&A

- Q. Does the Federal Government intend to fund a "people mover" transit system in downtown Detroit like the one in Morgantown, West Virginia?
- A. The Federal Government is considering funding 1-3 "people-mover" demonstration projects in major urban areas. The Department of Transportation will be reviewing proposals from a number of interested metropolitan areas for such a project. The decision on the Detroit proposal will depend upon the merit of the project in comparison with proposals from other areas.

JRH
5/7/76

BACKGROUND - DETROIT

Transportation

Controversial Highways

- Q. Will the Federal Government provide funds to complete I-696 from Lahser Road to I-75 and I-95?
- A. As you know, there are substantial environmental issues that must be considered by law prior to Federal funding of these projects. In the segment of the highway extending to Lahser Road, the law requires that all feasible alternatives be considered prior to the taking of park land. Local officials are still reviewing alternative locations between I-75 and I-94. Funding will of course be available for these routes within the funds allocated to Michigan for Interstate Highways if these problems can be resolved.

5/7/76

JRH
5/7/76

BACKGROUND - DETROIT

Transportation Q&A

- Q. AMTRAK has said that your budget for this coming fiscal year would require them to discontinue the popular Chicago-Detroit turbine train service. Why was this decision made?
- A. We did not decide to reduce any service in particular, but instead gave AMTRAK a budget allowance within which they should operate and make their own decisions. The allowance for operating subsidies in the budget for fiscal 1977 was \$378M, \$49M over the 1976 level. But because of AMTRAK's very rapid operating deficit increase, some service reductions will be necessary even with the additional funds we provided for 1977.

Specifically regarding the Chicago-Detroit service, I would definitely recommend that this route be kept. It is one of AMTRAK's most heavily patronized routes and has experienced very substantial ridership growth recently. I believe the identification of this route by AMTRAK as a candidate for discontinuance is either a mistake in judgment or an attempt to maximize the criticism of our budget proposal by selecting politically sensitive routes as reduction candidates.

5/7/76

JRH
5/7/76

VA HOSPITAL -- ANN ARBOR, MICHIGAN

Q. During August, 1975 an unusually high number of respiratory failures occurred in the intensive care unit of the VA Hospital in Ann Arbor. I know there was talk of criminal actions being involved. Where does the situation stand presently?

A. The FBI investigated the situation of which you speak at length and evidence was presented to a Federal grand jury, but no indictments have been handed down to date. The hospital has instituted security precautions and the number of such respiratory failures has returned to normal.

WMD/5/6/76

CETA Title VI - Memphis, Tennessee

- Q. Mr. President, there has been much discussion of late about the placement of CETA workers in the Office of a local Congressman (Harold E. Ford - D). Is this sort of thing proper?
- A. No. In fact, CETA regulations prohibit this sort of activity. A request for refund of the monies that were improperly used (\$17,231) has been made. Such placement of CETA employees has been stopped.

WMD/5/6/76

DETROIT - HOUSING

Q: A recent CBS "60 Minutes" program showed the Detroit HUD office saddled with thousands of unsold properties, which are decaying and acting as a blight on the neighborhood. What is your Administration going to do about it?

A: Secretary Hills has informed me that the disposition of the backlog of HUD-held properties in Detroit is one of her highest priorities. She went to Detroit recently to examine the problem personally. Her new Assistant Secretary for Housing Management, Jim Young, has given the HUD area office in Detroit more personnel and equipment to deal with the problem. Secretary Hills is confident that the inventory can be cut significantly and the properties can be returned to useful purposes.

Background:

HUD announced on Monday, May 3, 1976, closings on sales of 1,740 properties during the month of April, 1976.

Considering the number of homes they acquired during this month, almost 400, the Government now owns fewer than 12,000 properties under the jurisdiction of our Detroit HUD office. Of these, approximately 8,800 are in the City of Detroit. The 12,000 figure is down from over 16,500 at the beginning of 1975.

As HUD also announced on May 3, 94 of these HUD owned houses in Detroit were sold to the Michigan State Housing Authority (MSHA) and 616 vacant lots were conveyed to the City of Detroit.

A significant factor in the Detroit housing situation has been the high level of unemployment in the city. This has led to many foreclosures and the return of the mortgaged properties to HUD.

FLM
5/6/76

HOUSING - MICHIGAN

Q: What will be the effect upon the suburbs of the April 20, 1976 Supreme Court ruling regarding low-income housing concentration in the central cities?

A: The Gautreaux decision, to which you refer, was based upon the facts of that particular case. It is not likely to have an immediate effect upon the Suburbs of any other city. You may recall that the Supreme Court sent the case back to the District Court to consider whether it was appropriate to order the preparation of a plan for the provision of low rent housing on a metropolitan-wide basis in the Chicago area.

FLM
5/5/76

LOW-INCOME HOUSING

Q: How do you propose to house low-income Americans?

A: It is the policy of this Administration to assist low-income families in obtaining decent homes and suitable living environments through programs which:

- maximize freedom of choice by offering a subsidy directly to the low-income family;
- emphasize the use of existing structures rather than new construction so that more families can be assisted with a given amount of Federal resources.

The Department of Housing and Urban Development has a new program which addresses the housing problems of low-income families. This new program, the "Section 8 program", authorizes the Federal government to pay the difference between the fair market rent and the portion of that rent that is affordable by the tenant.

Background

Administration Actions

President Ford signed the Housing and Community Development Act of 1974 on August 22, 1974. This Act established a new Section 8 program of housing assistance for low-income families which authorizes the Federal government to pay the difference between (i) the fair market rent and (ii) a portion of such rent -- between 15% and 25% of the gross income -- affordable by the tenant. This new program has the following advantages over the old subsidized programs:

- the lowest income families can be reached since subsidy payments cover the difference between what a family can afford and what it costs to rent the unit;
- freedom of choice is increased because tenants are free to choose their own housing units and are not forced into subsidized housing projects;
- costs can be better controlled through the use of rent levels prevailing in the private market.

President Ford's 1977 budget authorizes HUD to enter into subsidy agreements with up to 400,000 families.

FLM
4/8/76

SULPHUR DIOXIDE EMISSIONS

Q: Cherry farmers in the northern part of the lower peninsula are disturbed by new OSHA regulations limiting sulphur dioxide emissions in cherry brining. Hearings were held in March, but the farmers are not sure what the outcome will be. Will the regulations be modified?

A: Yes the regulations will be modified. Current rules leave much to be desired and are therefore under review. OSHA is very anxious to hear from interested parties as to their advice on new regulations. It wants its new rules to be practical while at the same time achieving safety for persons involved in the brining process. No date has been set as to when the new regulations will be announced.

PCL
5/11/76

PBB's IN ANIMAL FEED

Q: There have been tremendous losses to the dairy and poultry people in Michigan due to the inadvertent mixing of PBB's into stock feed by a manufacturer. What are you going to do about it?

A: As I understand it, one to two tons of PBB's (polybrominated biphenyls) were mixed into an animal feed supplement some two or three years ago. I am aware of the fact that tens of thousands of contaminated cattle, swine and chickens have been destroyed along with large amounts of food and dairy products.

Importantly, I have been told that no overt symptoms have been documented from human intake, although I realize this is very preliminary information.

As you know, Governor Milliken has ordered a complete investigation of the problem and possible remedies. Various Federal agencies, including the Food and Drug Administration, personnel from DHEW and EPA, along with other Federal scientists, are cooperating with the State to make sure that a thorough investigation is made and an adequate remedy be found.

PCB's

- Q: There is much concern in the Great Lakes States about PCB's -- toxic substances that get into the Lakes and other bodies of water nearby from plants manufacturing electrical products and some chemical items. Fishermen are afraid to eat or to sell lake trout, coho salmon and other fish. What can they do?
- A: State and Federal public health authorities are the people best informed on the safety aspects, and everyone would be best advised to heed what they say, as an immediate matter. Longer range, we have both the EPA and the Department of the Interior doing intensive research, along with some State agencies, notably the Michigan Department of Natural Resources. A proposed new Toxic Substances Act is under consideration by Congress, and we are working toward a legislative solution. I agree this is a very distressing situation, and we're going to get it solved as quickly as possible.

LAND DONATION TO CITY OF DETROIT

Q: Your press office recently announced a land donation to the City of Detroit. What's it all about?

A: These are two parcels of land, about 7 miles from downtown in the industrial heart of the City, and formerly part of the Fort Wayne Military Reservation. It has been used since for a variety of purposes. Our surplus property people determined it would be best used by the City of Detroit, which wanted it for park and recreational uses, and will develop it for public enjoyment at City expense. It adjoins some other city-owned property already being put to use for similar purposes. (One tract is about 9 acres, with 8 buildings of various kinds on it; the other is 20 acres with a warehouse on it, and an additional 36 acres under the Detroit River).

AMEX-COPPER RANGE MERGER

Q. Why did the Justice Department stop the merger between Amax and Copper Range, which threw hundreds of employees out of work in the Upper Peninsula of Michigan?

A. That case is presently on appeal, and it would be inappropriate for me to comment in detail regarding specifics. However, the Department utilized the same standards in bringing that case as it does in bringing other cases under the Clayton Act. It is believed that the merger would substantially lessen competition, a view ultimately adopted by the District Court Judge who presided over the trial. The antitrust laws do not prohibit an otherwise illegal merger when the acquired company is failing and alternative purchasers are not available. I presume from the outcome of the trial that the company did not make out a case that it fell within this exception.

IMPACT ON MICHIGAN OF REDUCTIONS IN CANADIAN EXPORTS

Question

We are concerned about shortages of oil in Michigan because of the Canadian export reduction schedule. What are you doing in Washington about this matter?

Answer

I understand from FEA that no shortages are expected to occur this year in Michigan because of the current Canadian export reduction schedule. However, there may be a few spot shortages in 1977.

FEA has issued regulations to allocate on a preferential basis of crude oil and plant condensate imported from Canada to priority classes of refiners and other firms. If it is necessary to use it, this allocation program would cushion the effects of the cutback for refiners without any alternative sources of supply.

GRS
5/8/76

PROPOSED NUCLEAR MORATORIUM IN MICHIGAN

Question

How do you stand on the current campaign by the Public Interest Research Group in Michigan (PIRGIM) to obtain the necessary 212,000 signatures by June to place on the November ballot a nuclear moratorium proposition similar to the one in California?

Answer

I do not support a nuclear moratorium in California or any other state, including Michigan. I am a firm believer in nuclear power. We just can't abandon it. We have to expand it.

I can understand public concerns over nuclear power but there are good answers:

- . First, we are now in the 18th year of commercial nuclear power production in the United States. We now have more than 50 plants operating. In total, the Nation's commercial nuclear plants represent nearly two hundred plant years of operating experience -- without a single death from a nuclear accident. That's a good record.
- . Second, even though we have an excellent safety record, we are continuing our efforts to assure it remains so in the years ahead. As one step, I have asked for more funds in 1977 for both the Nuclear Regulatory Commission (NRC) and ERDA for reactor safety R&D. I have also requested funds for a major expansion of programs to provide safe, secure, and environmentally acceptable transportation and storage for nuclear wastes.
- . Third, in January 1975, I activated NRC as an independent regulatory agency for commercial nuclear power. Ensuring the safety and security of nuclear power plants are primary responsibilities of that agency.
- . Fourth, my environmental advisers have told me that nuclear energy is preferable from an environmental point of view.

In summary, a moratorium would be counterproductive from both an environmental and energy point of view.

GRS
5/8/76

SCHOOL DESEGREGATION IN MICHIGAN

- Q. Mr. President, would you comment on your feelings about forced busing and the pace of school desegregation in the State of Michigan?
- A. Well, from what I understand, a court order to desegregate the schools in Detroit was implemented smoothly. This is an example of how the community can deal with a problem, and it demonstrates a commitment to avoid disruption even though there is substantial disagreement with the court's order. I understand this is also the case in Lansing, which is under a court order to desegregate.

Change of any nature is frequently difficult, but I think the people of Michigan should be complimented on the way they have worked to avoid disruption.

FERNDAL SCHOOL SEGREGATION

- Q. The Department of Justice has filed a new suit against Ferndale, Michigan, charging that Ferndale was continuing to operate a racially segregated school system. Was this suit really necessary?
- A. The matter is now before the United States District Court, and it would be inappropriate for me to comment upon the case in great detail. I would say this, however: the Attorney General, Levi, has assured me that he personally has received the facts of the case and is satisfied that the position of the Department of Justice is the right one.

BACKGROUND

The Department of Justice, on April 28, 1976, filed a new civil suit against Ferndale, Michigan, charging that the Detroit suburb continues to operate a racially segregated school.

The action, brought under Title IV of the Civil Rights Act of 1964, charged that local and state school officials operate and assist the U. S. Grant Elementary School to segregate black students in the school system.

Prior to the 1975-76 school year, the suit said, the Grant school had an all-black student body and faculty, while Ferndale's other nine elementary schools were all-white.

For the current school year, the suit said, the school district adopted dual educational programs for Grant Schools, maintaining an all-black traditional academic program and starting an "open classroom" program that enrolled 170 whites and 27 blacks.

An all-white faculty was assigned to the new program, while a virtually all-black faculty was assigned to the traditional program, the suit added.

The suit asked for a court order forbidding racial discrimination in the operation of the school district and requiring school officials to bring the system into compliance with Federal law and the Fourteenth Amendment.

Q. Mr. President, what is the meaning of the Treasury Department's determination in the auto dumping investigation?

A. The Treasury Department, as I understand it, found that 24 of the 28 auto manufacturers were selling autos into the United States at prices below the price of equivalent autos sold in their home markets. Much of this price differential, however, was the result of exchange rate fluctuations which are beyond the control of the foreign auto companies. Nevertheless, even after taking into account exchange rate differentials and other revisions in the comparisons of home market and U.S. prices, about half or a little less than half of the foreign auto manufacturers still were selling into the United States at prices below home market prices.

Because of the unique factors which have affected this industry in the recent past, the adjustments which have taken place in the past several months, and the harsh financial effects for the manufacturers concerned which would flow from continuing the investigation, Treasury decided to allow the companies to eliminate these competitive disruptive "dumping margins" as to future sales and to monitor all future imports coming into the country in order to ensure that these so-called "dumping margins" do not recur, rather than sending the case to the International Trade Commission for an injury determination.

This seems to be an effective, practical solution to an extremely difficult trade problem, and I note that the United Auto Workers, one of the petitioners in the case, also approved the decision, stating it was pleased with Treasury's decision.

FYI -- The law requires that two elements be established for the imposition of antidumping duties. First, the Treasury must find that Sales at Less Than Fair Value have occurred. Secondly, the International Trade Commission must find that the Sales at Less Than Fair Value have injured or threaten to injure a domestic industry. In this case, although we have established that some Sales at Less Than Fair Value have taken place, we are seeking price adjustments to reduce the margins of discriminatory pricing, rather than sending the case on for the International Trade Commission's injury inquiry.

RUBBER INDUSTRY STRIKE

Q. How long do you expect the rubber strike to continue? Have you considered asking for an injunction under the Taft-Hartley Act?

A. The current dispute in the rubber industry is troublesome but not unexpected. The contract which expired on April 20 was bargained under wage and price controls and did not include an adjustment for inflation and this has led to a strong desire for a catch-up wage increase. The Federal Mediation and Conciliation Service is involved, and I am confident that the parties are bargaining seriously and in good faith.

At this time it would be very premature to consider an injunction. As you know, under the Taft-Hartley Act, an injunction may only be granted if the national safety and health is affected. The potential consequences of this dispute on the automobile industry and the economy in general are serious, but because of inventories in the affected industries the present effects are relatively minor.

I urge both parties to do their utmost to reach an equitable and responsible agreement through free collective bargaining. I am reluctant to interfere unless it is clear that the public safety is endangered. The best way to settle these disputes is through free collective bargaining. However, I am watching the situation closely.

May 8, 1976

MICHIGAN DAIRY FEED CONTAMINATION

Q: What is the Department of Agriculture doing to assist producers in Michigan who suffer losses to crops and livestock due to accidental chemical contamination?

A: The Administration is deeply concerned that the welfare of farmers be protected. The Congress is considering legislation that would authorize Farmers Home Administration loans to assist farmers. The Department of Agriculture has not taken a position on the proposed legislation. We are currently exploring ways in which existing programs may be utilized to provide adequate credit.

BACKGROUND

Agricultural producers in Michigan have suffered losses as the result of having their commodities and livestock quarantined or condemned because they contained toxic chemicals (polybrominated biphenyls or PBB) dangerous to the public health.

The source of contamination was traced to feed manufactured and distributed through the Michigan Farm Bureau Co-Op. The toxic chemicals (PBB) had been purchased by Michigan Farm Bureau from the Michigan Chemical Company. Historically, losses caused by chemical contamination are considered to be of man-made origin and controllable by man through proper management decisions and practices. In cases where losses result from manufacturers' or suppliers' negligence or misuse, rather than negligence or misuse on the part of the farmer or rancher, I believe the manufacturers and/or suppliers should be held liable for the losses.

PCL
5/11/76

MICHIGAN RAILROADS

Q. What are you doing to prevent the abandonment of rail feeder lines in central Michigan?

A. My budget has proposed \$70 million in rail service continuation subsidies for Fiscal Year 1977 for rail feeder lines, such as those in central Michigan.

These funds will be a 100 percent Federal grant for that year, with declining Federal shares in subsequent years (Ninety percent in 1978; Eighty percent in 1979) as states determine which lines they wish to retain in a permanent system and which are too lightly used to warrant continued operation.

The funds will be allocated by a formula based on track mileage in each state.

PIGEON RIVER DRILLING

Q. The Department of Natural Resources in Michigan has authorized limited drilling for oil along the Pigeon River. Yet this drilling, and the site development that will precede it, may do irreparable environmental damage to the state's west central wilderness area. Do you support such development?

A. I am well aware of the Pigeon River plans, and I know that Gov. Millikan is opposed to it.

I think it would be a mistake for me to comment, however, because it is not a federal matter.

I will only say that we face this problem throughout the United States and on the Outer Continental Shelf, that I am convinced we must develop our vast domestic energy resources to attain independence from foreign sources, and that I am equally convinced that with careful management we can use these resources without undue damage to the environmental values we cherish.

GWH/JBS/5-11-76