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EXECUTIVE

ND 1
7Q 2THE WHITE HOUSE
WASHINGTON

March 5, 1975



MEMORANDUM FOR: WILLIAM SEIDMAN
FROM: JOHN E. NIDECKER
SUBJECT: Meeting on Air Combat Fighter Plane
X

Subsequent to your request for a meeting to review a proposal on the Air Combat Fighter Plane, I made several attempts to make such a meeting. With the enormity of your work pressures in mind, I can understand our mutual problem of lack of togetherness. Inasmuch as I am now about to leave the office for a couple of days to deliver speeches, I thought that this memorandum might clarify my position with respect to the subject.

The original material was forwarded to me through the office of Mr. E. Del~~X~~Smith, with a view that it would be forwarded on to you for review. Subsequent to the release of the material, Mr. Smith came into the office with Mr. James~~X~~Holcombe, of~~X~~Northrup Aviation to discuss the possibility of meeting with you concerning their airplane.

Mr. Holcombe has several concerns, one of which is the possible closing of their aircraft manufacturing business; another is the fact that the Iranian and German governments have indicated a preference for a two-engine fighter. He has briefed Mr. Strauss Leon of the Commerce Department, and Mr. William Simon of Treasury, and has held some discussions with some of our Navy personnel who have also expressed an interest in the two-engine fighter. He feels that there is some urgency that he speak with you, and he has indicated a desire to speak with you by tomorrow afternoon. This urgency I do not understand.

Nothing else sent to
C. E. Nidecker as of 2/19/75

Since my area of activity at the White House does not include either economics or procurement, I feel that I would merely be a third party messenger in bringing his message to you, or in taking your message to him, and would therefore like to eliminate myself from this loop and perhaps have Mr. Holcombe talk to someone of your people. If this can be arranged and if you will have whomever you designate call my secretary, she will be glad to make the arrangements. If, however, you would like to make this a direct situation, Mr. Holcombe can be reached at 525-6767, and his Washington advisor, Mr. E. Del Smith, may be reached at 638-5023.

I would like to indicate that I am not attempting to shirk any responsibility, and if I can be of any further service, please let me know.

Attachment-File



E. DEL SMITH

905 SIXTEENTH STREET, N.W.

WASHINGTON, D. C. 20006

(202) 638-5023

26 December 1974

File

John:

The attached paper shows why:

1. the Administration and the Party does not need a TFX-type scandle to add to its problems, and,
2. international security affairs, together with the domestic economy, must not be jeopardized by a "political choice" of the new Air Combat Fighter on January 15.

Del

Del Smith



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AIR COMBAT FIGHTER DESIGN DECISION

STATUS AND SITUATION

December 30, 1974

This is an overview of the Lightweight Fighter Aircraft (Air Combat Fighter) design and production choice status for the United States Air Force, Navy, and allied countries. This situation unavoidably impacts the current national posture and the Administration.

STATUS

1. Choices of design and contractors:

- . YF-16 (single engine), General Dynamics/LTV/United Aircraft team, production in Ft. Worth, Texas.
- . YF-17 (twin engine), Northrop Aircraft/McDonnell Douglas/General Electric team, production in California and St. Louis.

2. Schedule:

- . By January 7, Air Force will forward the tentative choice to the Secretary of Defense.
- . From January 7 to 14, choice will be discussed by the Administration.
- . On January 15, final choice announcement.

3. The President

All else being equal, the President should leave the choice to the military. However, there is pressure from Texas Congressmen and from both political parties to choose the YF-16, (1) in order to utilize the excess production capacity of the government owned General Dynamics plant in Ft. Worth and, (2) to satisfy the strong Congressional relations pressure on DOD and the Executive Branch by the Texas delegation. Presidential reliance on the military to make the ACF choice can be maintained only with assurances that national priorities, not parochial interests will prevail.

SITUATION

The following factors will support an appropriate non-political/national priorities posture by the Administration.

1. Choice Priorities. The design and production selection must be based on the following priorities:

(A) Allied military operational requirements.

(B) International and domestic economic requirements for the United States.

2. TFX Problem. Because of similarities, the Executive Branch must avoid a second TFX problem. The Senate Investigating Subcommittee would respond violently.

The Navy version of the TFX was cancelled after a \$225 million expenditure. \$19.38 million is now required for each F-111 (TFX) built for the Air Force instead of the \$3.97 million quoted by General Dynamics. The TFX mismanagement problem directly reflects on the politics behind its selection.

3. Essential Comparison. Both aircraft have met flight test standards. The F-17 is technologically newer and considered to offer greater mission capabilities and production potential against future requirements.

Initial cost is the same but two engines offer greater life cycle economics.

4. International Market and Domestic Return. The overseas and domestic potential is five thousand aircraft at \$20 billion and \$8 billion for support. \$17 billion would be reflected in favorable U. S. trade balance and 64,000 jobs would be generated in U. S. labor force over fifteen years. Allied preference for twin engines (F-17) would ensure a thirty per cent greater portion of the international market for the U. S. against foreign competition. Northrop and McDonnell are currently selling and supporting their aircraft in twenty-seven allied countries. This knowledge of customer and support requirements is considered significant in maximizing U. S. sales leadership over foreign competition. General Dynamics has sold to one foreign country in its business history.

5. Unemployment Considerations. Claims that Texas unemployment and utilization of the Ft. Worth government owned plant support a F-16 choice are, at the very least, overshadowed by the national economic downturn. Texas has comparatively little abnormal unemployment and limited recessionary pressure, especially in Dallas/Ft. Worth. Unemployment in Texas is three per cent. California has six per cent unemployment which will rise to ten per cent. California has the largest population (21.1 million) and also the largest work force (8.3 million) or ten per cent of the nations total. It should be noted that unemployment of ten per cent in ten per cent of the national work force now projected for the third and fourth quarters of 1975 in California is extremely serious (December 5, 1974 -UCLA Business Forecast for 1975). Existing and future aircraft production, both in Los Angeles and St. Louis (McDonnell Douglas) should be encouraged. Lack of a realistic concern for unemployment factors would be considered a political choice.

6. Business Experience. The business experience of contractors and industrial factors must be considered in design and production choice. The U. S. industrial base for the production of fighter aircraft is centered in the Northrop and McDonnell Douglas companies. Northrop is currently producing F-5E fighters at a rate of 18 per month, and McDonnell Douglas is producing F-4E's and F-15's at the combined rates in excess of twenty per month.

Although General Dynamics is the largest defense contractor, its fighter aircraft production is a small percentage of that business at its main facility located in Fort Worth. It is currently producing the F-111 (TFX) at one per month. It is an attack bomber which has been sold in limited quantities to one other country - Australia. Twenty seven other allied countries are supplied by Northrop and McDonnell Douglas. The Texas facility at Fort Worth was designed for the production of large bombers. It is Federally owned.

7. Choice Assessment. In assessing a choice for industrial reasons, the best option would be to place the production with the proven producers which already have the labor force in position which happens to be in areas of high unemployment. The alternative would be to let the production at the Northrop and McDonnell Douglas plants lapse as the F-5E and F-4 were phased out by the introduction of the lightweight

fighters and then reconstitute an industrial team in Texas. This, of course, would mean lay-off of skilled people in California and St. Louis and build up a new labor force in the Texas plants which are now operating at minimum capacity and have only three per cent unemployment.

8. Selection Visibility. The world is focused on the ACF competition because international military and industrial needs will be impacted by the selection. Therefore, if the Air Combat Fighter choice is influenced by U. S. political considerations rather than free world military requirements, the consequences will overshadow the TFX shortfall which was only domestic in scope.

UNEMPLOYMENT IN CALIFORNIA

6% RISING TO 10%



On 5 December 1974 the annual UCLA Business Forecasting Conference was presented by the Graduate School of Management of the University of California, Los Angeles. The UCLA Business Forecast for the U.S. and California economies for 1975 was presented. This is a highly respected forecast, which has an excellent track record.

In general, the forecast is for a sustained, deep recession throughout the nation's economy.

The unemployment forecast is of particular interest. The forecast rate of unemployment for California in 1975 is for an average of 9.88 percent. The forecast rate of unemployment for the United States for 1975 is for an average of 7.66 percent. During the third and fourth quarters of 1975 the California unemployment rate will be over 10 percent. *

A quarterly comparison of the U.S. and California unemployment rates, together with other statistical information, is on the attached page. This attachment was one of the handouts at the Forecast Conference.

It should be noted that California is the state with not only the largest population, 21.1 million people, but also has the largest work force, 8.3 million people or 10 percent of the nation's total work force.

When 10 percent of the nation's work force experiences an unemployment rate of 10 percent, that is a serious matter not only for Sacramento but also for Washington, D.C.

A final observation is that the UCLA Business Forecast is generally viewed as conservative in its predictions. The 10 percent unemployment rate forecast for California for the second half of 1975 should be viewed as representing the low end of a range of probable forecasts.



* Unemployment rates for the U.S. and California are based on different statistical procedures and may not be entirely comparable.

TABLE 17. QUARTERLY DETAIL - COMPARISON OF CALIFORNIA TO THE NATION

	74:1	74:2	74:3	74:4	75:1	75:2	75:3	75:4
PERSONAL INCOME (BILLIONS)								
CURRENT DOLLARS								
CA.	119.7	124.0	125.7	128.1	130.8	133.8	137.7	141.7
US	1,112.5	1,134.6	1,168.2	1,190.0	1,218.8	1,250.4	1,285.7	1,320.7
1967 DOLLARS								
CA.	86.6	87.4	86.0	85.4	85.8	86.0	87.2	88.1
US	785.6	779.8	778.8	771.7	776.3	779.1	788.8	795.2
DISPOSABLE PERSONAL INCOME PER PERSON								
CA.	3,544.1	3,515.7	3,482.7	3,485.1	3,486.5	3,480.9	3,521.9	3,550.9
US	3,209.9	3,172.3	3,153.9	3,123.1	3,131.1	3,134.9	3,169.3	3,187.7
CALIFORNIA AS A % OF US	10.76	10.93	10.76	10.76	10.73	10.70	10.71	10.73
GROSS PRODUCT (BILLIONS)								
CURRENT DOLLARS								
CA.	140.6	143.7	146.1	144.7	146.8	149.0	153.2	158.5
US	1,358.8	1,383.8	1,415.4	1,426.9	1,450.8	1,472.7	1,514.4	1,566.6
1958 DOLLARS								
CA.	88.1	88.1	87.2	84.0	83.6	83.3	84.2	85.8
US	830.5	827.1	822.7	805.9	801.5	798.3	806.7	821.5
CALIFORNIA AS A % OF US	10.35	10.39	10.32	10.14	10.12	10.11	10.11	10.12
PRICES								
CONSUMER PRICE INDEX								
CA.	1.382	1.418	1.461	1.500	1.524	1.556	1.579	1.608
US	1.416	1.455	1.500	1.542	1.570	1.605	1.630	1.661
GROSS PRODUCT DEFLATOR								
CA.	1.596	1.632	1.676	1.722	1.757	1.789	1.819	1.846
US	1.636	1.673	1.720	1.771	1.810	1.845	1.877	1.907
POPULATION AND EMPLOYMENT								
POPULATION (MILLIONS)								
CA.	20.7	20.7	20.8	20.8	20.9	21.0	21.0	21.1
US	209.1	209.4	209.9	210.2	210.8	211.2	211.6	212.1
CIVILIAN EMPLOYMENT (THOUSANDS)								
CA.	8,296	8,345	8,366	8,372	8,328	8,286	8,314	8,370
US	85,826	85,970	86,350	86,077	85,735	85,612	85,744	86,015
UNEMPLOYMENT RATE %								
CA.	7.24	7.61	7.89	8.57	9.28	9.83	10.25	10.17
US	5.17	5.13	5.50	6.29	7.12	7.64	7.88	7.99

State's economic situation:

*Terrible in the timber towns,
not very good in the cities,
with little '75 relief in view*

By BRUCE KEPPEL

If you haven't put in at least 15 years at the lumber mills of McCloud in Siskiyou County, you are likely to be unemployed. And that lost income is going to make the usual seasonal unemployment in the timber industry this winter just that much more severe.

On the other hand, if you own a motel in Los Angeles, the occupancy rate is probably holding up. And city-dwellers generally are worrying less about layoffs than about how to stretch paychecks that are growing less rapidly than inflation.

Statewide, more than eight percent of those looking for work in September and October were unable to find jobs. At the same time, the number of people working in the state set a record in September and carried it into October. But employment growth now seems to be slackening.

It is not a bright picture that the state's economists are painting as 1974 heads into history. And their cheeriest efforts do not offer a much brighter 1975. Unemployment is expected to stay above eight percent — and estimates range as high as 9.3 percent. So Red Murphy, business agent for the International Wood Workers of America's local in McCloud, looks around the town he was born in and comments: "These layoffs are the first I've ever seen." About one-third of his membership of 600 are out of work. "At first, it just looked like the young, single guys without much seniority would be hit," Murphy said, "but now you've got to have 15 years' seniority to keep a job around here." If you find someone working who has less time on the job than you do, you "bump" him. "Bumping" doesn't reduce unemployment, however.

Shades of '34

In sawmill towns like McCloud, the national debate over whether the 1974 slowdown constitutes a recession is purely academic. In rural Northern California, from Eureka-Arcata on the coast to the lumber towns dotting Shasta County to the east, 1974 might just as well be 1934.

And the reason can be found in the cities. As interest rates climbed during 1973 and 1974 to a high of 11.75 percent last summer, what investment capital that was available for home loans was too little and cost too much, and the market for new houses shrank rapidly. At the state Employment Development Department, a chart plotting interest rates and building starts shows the two lines parting company dramatically. Meanwhile, commercial and industrial construction, which had been

carrying the building trades through much of the year, declined appreciably.

In the northern counties, this translated into a weaker demand for lumber, and as demand fell so did lumber prices. "We have a rock-bottom price we just can't sell below," said Robert R. Beckley, manager of the Publishers Forest Products Co. mill in Burney. "Lumber has already gone down almost to half what it was a year ago. This is a supply-and-demand market, and with demand so low — no homes being built — we just can't afford to sell our product at these prices. We're selling some, when we can get our price, but it's not enough to stay in production. When interest rates go down and builders go back to work, then the mills will start up again. Not until then."

Housing shortage?

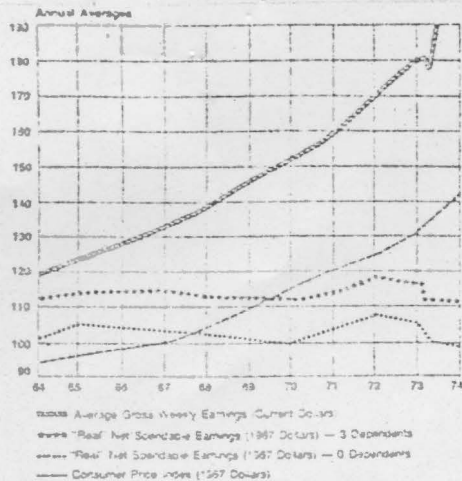
Interest rates are now beginning to drop — with the prime down to as low as 10.25 percent in November, though that rate was not widespread last month. Even so, economists caution that it takes several months for the effect of any drop in interest rates to be felt at the consumer level, and even longer for that to be reflected in increased applications for mortgages, greater demand for homes and apartments, and more people shopping for the carpets and furniture to put in them. (The gamble is that by the time this spending spurt occurs next year, inflation will have eased to yield net gains in productivity.)

The private-sector economists who monitor the state's economic indicators forecast an increase in home construction starting in the spring. They base that outlook on the fact that the inventory of new houses is at a record low, posing the prospect of a housing shortage. And not just houses, either. The vacancy rate at apartments is also falling to record lows as families who normally would be putting a down-payment on a house are renting instead.

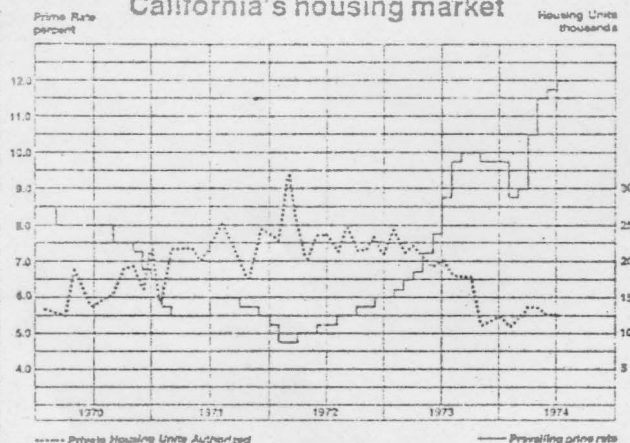
Until that shortage and lower interest rates combine to strengthen demand for new construction, however, the lumber industry will continue to be the state's sickliest sector. And with it, the related industries — appliances, furniture and fixtures, stone, clay and glass, fabricated metals, electrical equipment (in short, all the categories in which the number of jobs in California has declined in the last year).

State leads U.S.

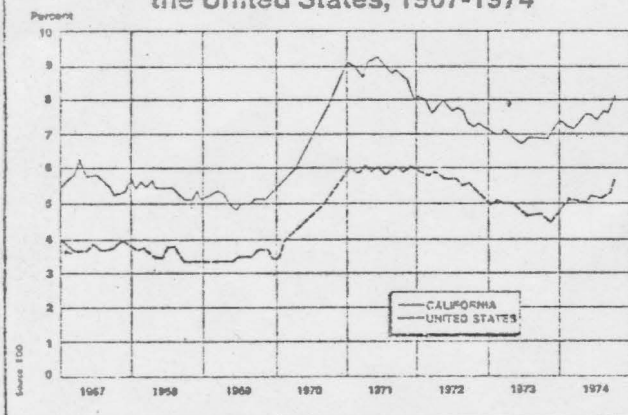
The fact that California's estimated unemployment



Interest rates and California's housing market



Unemployment in California and the United States, 1967-1974



rate led the national rate reported last month (8.1 percent versus 6.0 percent) doesn't translate into an employment picture one-third bleaker than that of the nation generally. California's rate of unemployment generally and traditionally parallels the national rate. Historically, California as a growth state attracts labor and a higher proportion of its population participates in the work force. Finally, California's population includes a larger proportion of young people, females and minorities than the national average, and all of these categories are experiencing higher levels of unemployment than the average, according to the EDD.

In any case, unemployment figures primarily indicate trends, since there is no way to count potential workers who have given up looking for work.

The effects of unemployment have been mitigated in the state for some months by a continuing growth in the number of jobs. In September, the EDD was able to re-

port that not only was unemployment running at its highest level in recent years — 8.2 percent — but the number of jobs set a record, 8,505,100 employed persons. That figure remained substantially the same in October, EDD reported (the actual decline of 51,000 job-holders was statistically not significant), but the arrival at a steady state may not augur well for the future.

"A clearer picture of the state's employment situation is gained by comparing October's figures with the same month a year ago," EDD reported in November. "Over the year, from October 1973, 98,800 new non-farm jobs were added, a growth rate of 1.3 percent. In the previous year, between October 1972 and 1973, 496,700 new jobs were added, for a growth rate of 6.8 percent. In all major industries, employment declined from October 1973 through October 1974."

Lingering employment growth moderated the economic impact in California, Security Pacific National Bank's analysts pointed out in their September bulletin. Consequently, the eventual rebound will likewise be somewhat less dramatic here than in some other, less economically diversified states.

Inflation's bite

Inflation, too, bites less sharply in California than elsewhere, but it's a significant and even painful bite nonetheless. In the cities, where inflation rather than unemployment is the chief nemesis, consumer prices average slightly more than 10 percent higher than a year ago; nationwide, the consumer price index rose 12.1 percent. Californians benefit from their closeness to the nation's suppliers of foodstuffs, mild weather and somewhat lower transportation and housing costs. Moreover, last month's coal strike will affect Californians less than other Americans since coal is a minor fuel here.

On the other hand, while Security Pacific in November forecast a likely record for gross farm income, it added that the increased cost of producing the bumper crops of 1974 will likely yield a decline in net farm income from 1973's level.

So inflation is taking its toll. To keep pace, a worker's paycheck would have had to increase by somewhat more than 10 percent in the last year. This has not been the case. And, even if it had, that would not have made up for the several years during which the federal government sought to ease inflation by holding down salaries to a maximum 5.5 percent annual increase.

As a result, while a Californian's real gross weekly earnings rose from \$120 in 1964 to \$180 in 1974, his or her real net spendable earnings held steady at \$110. "That is the phenomenon of the middle-class worker's treadmill," observed one state government economist. And even worse erosion appeared in store last month as the wholesale price index rose by 2.3 percent in October, more than double the September increase, the U.S. Bureau of Labor Statistics reported.

'Pessimism prevails'

So as 1974 whimpers to a close, there is less and less good news to keep words like "recession" out of the mouths of federal forecasters. Those working in the private sector, on the other hand, tend to share the general public's far more gloomy outlook. "Among most economists now," Pacific Telephone's analysts observed in *Business Outlook*, "pessimism prevails, with the major differences of opinion being in the degree of pessimism." The report last month that gross national product had deteriorated in the third quarter more than estimated in October gave "recession" a new currency in



Washington as Congress reconvened to consider President Ford's economic program.

In California, where the economy has grown at a five percent clip over the last two decades, little or no growth is anticipated this year, once inflation's effect is subtracted. In general, the banks, utilities and governmental agencies that attempt to measure economic behavior are still looking for the bottom. Estimates of unemployment next year run generally higher than in 1974 and then only taper off. The consensus is an unemployment rate of 8.4 percent, though the UCLA Business Forecast projects unemployment at 9.3 percent.

While President Ford and his advisors continue to see value in eschewing pessimism and distributing exhortative WIN buttons, that attitude is not reflected by Californians. According to a California Poll taken in September, for example, only 28 percent of California

families considered themselves financially better off than a year ago. And 43 percent considered themselves worse off. Pollster Mervin Field noted that 18 months earlier he had found 39 percent considering themselves better off and only 28 percent worse off.

Viewed nationally, the gloom thickens. A Gallup Poll last month noted that 51 percent of Americans now expect a depression such as that in the 1930s. And Californians, according to Field, have little confidence in the ability to control inflation; 63 percent described themselves as "not too confident" or "not at all confident" that "inflation can be kept within reasonable bounds."

In short, it will take more than whistling "Prosperity's Just Around the Corner" to make the economy round the corner, but no one seems to know just what. "If you put all the economists end to end," goes one quip, "you would still not reach a conclusion."

Meanwhile, up in Siskiyou County, the families of timber workers accustomed to the growing paychecks that reflected the state's longterm expansion are scrimping through the holiday season. Few are yet leaving in search of work elsewhere. "I don't know what I'll do," one unemployed mill worker told a Sacramento *Bee* reporter. "I can work in a mill or in the woods around here, and if I can't find work in either, I guess I'll have to move on. I'll probably go to Alaska"

Rather than watch the unemployment default on the loans contracted in palmier days, bankers are seeking to negotiate new arrangements, and it's not just a question of neighborly generosity, as one of them pointed out. "If their incomes have been cut in half," one Shasta County banker said, "maybe they can make it if we can rearrange their loans to cut their payments in half. If these layoffs last long, they could really hurt us."

Shifting voting patterns in California

The 1974 election statistics may reveal a significant change in the voting patterns of Californians. A comparison of the 1972 Nixon-McGovern presidential contest with the 1974 Brown-Flournoy gubernatorial returns shows that Southern California may be becoming more Democratic and Northern California more Republican — or more precisely, that the North may be getting less Democratic and the South less Republican.

Eugene C. Lee, director of the University of California Institute of Government Studies in Berkeley, has compiled these comparative figures indicating how the Democratic and Republican vote was distributed in the two elections:

Percent of statewide vote for each candidate

	McGovern	Brown	Nixon	Flournoy
Bay Area counties	28.5	25.9	21.9	22.5
Rest of north	18.6	18.9	17.3	19.6
North total:	47.1	44.8	39.2	42.1
Los Angeles County	34.2	33.5	33.7	30.1
7 other southern Counties	18.7	21.7	27.1	27.8
South total:	52.9	55.2	60.8	57.9

These figures tend to show a three-percent drop in Republican Southern strength and a roughly comparable gain in the North, but it is dangerous to draw comparisons between a presidential and a gubernatorial election and a Republican and a Democratic victory.

An examination of the semi-official canvass by the secretary of state's office shows that about 150,000 of

the 6.3 million Californians who went to the polls did not vote for governor. Here are some vote totals:

Governor:	6,153,665
Lt. Governor:	5,971,572
U.S. Senator:	6,011,154
Proposition 17	5,466,489
Congress:	5,737,048
Assembly:	5,699,436

The following charts show that the Democrats won more congressional and legislative seats (65 percent of the congressional delegation, 85 percent of the state Senate seats and 69 percent of the Assembly seats) than they should have won based on the total number of votes cast for all candidates for each party:

Vote for Congress			
Democrats	3,265,153	56.9%	(58.3% of two-party vote)
Republicans	2,334,870	40.7%	(41.7% of two-party vote)
AIP	101,041	1.8%	
P&F	35,984	0.6%	
Total	5,737,048		

Vote for Senate (half the state)			
Democrats	1,748,569	61.9%	(63.3% of two-party vote)
Republicans	1,013,568	35.9%	(36.7% of two-party vote)
AIP	34,197	1.2%	
P&F	28,828	1.0%	
Total	2,825,162		

Vote for Assembly			
Democrats	3,160,389	55.4%	(56.7% of two-party vote)
Republicans	2,416,001	42.4%	(43.3% of two party vote)
AIP	101,183	1.8%	
P&F	21,863	0.4%	
Total	5,699,436		

UNEMPLOYMENT IN TEXAS

3% AND STABLE

U.S. Map Dotted With Pockets of Prosperity

Wichita, Peoria, Memphis, Fort Worth, Rochester Booming Despite Recession

WASHINGTON (UPI)—The map of the United States is dotted this autumn by pockets of prosperity almost unrivaled in the nation's history despite the recession.

Business in general has been sliding downhill most of the year, but the National Federation of Independent Business says the number of unfilled jobs being offered by its members has risen since last January.

Although the number of jobs going begging has fallen since July, about 20% of the association's member firms said they were looking for workers and having trouble finding them.

Companies in some cities, where business conditions remain good also said they were having trouble finding workers. For example, Gates Learjet, the Wichita aircraft producer, has put on 650 additional people this year and needs 200 more skilled workers.

The Labor Department's manpower administration listed about 59 metropolitan areas where unemployment was way below the national average as of Sept. 30, the latest available. Checking into some of these areas, such as the Carolinas and parts of the Midwest, United Press International found things had changed for the worse during October and November as the automobile, rubber and textile industries began to feel the cold winds of recession.

Nevertheless, conditions remained excellent in most of the favored areas with unemployment running 4% or below against a national average of about 6%. Business generally booming and the communities building new parks, municipal buildings, museums and the like.

It should be recalled that much the same thing happened in 1929-30. The Great Depression hit the Northern states hard that winter but it took virtually a whole year for the South to feel it. It would probably have taken longer had it not been for a severe drought that forced President Herbert Hoover to extend emergency aid to Southern cotton, dairy and corn-hog farmers.

Wichita presents, perhaps, the brightest business picture in the country. Unemployment dropped to 3% in Wichita in October from 3.2 percent in Sept. Sales of Beech Aircraft and Cessna Aircraft have soared even more than those of Gates Learjet. Cessna has had a 32% sales gain this year and Beech has had the best sales and earnings in its history.

Other national firms whose Wichita operations are booming include Metropolitan Life Insurance, J. I. Case Co., the farm implement maker, and National Cash Register. The Bell System's Western Electric Co. is getting ready to build a big plant there.

Wichita also is prosperous because it is in the middle of a wheat-growing belt that produces other foodstuffs as well. The city is spending \$30 million on new schools and is building a planetarium, a zoo, an art museum and a museum dedicated to the culture of the American Indian.

Iowa and parts of Illinois are not feeling the recession too much. Kenneth Hays, a director of the Iowa Employment Security Commission, said his state had an unemployment rate of only 2.1% as of the end of October. Hays thinks that rate held through November but said it might go up this month because of seasonal layoffs in the building industry. He said overall employment in the state's two chief cities, Des Moines and Cedar Rapids, is holding up remarkably well.

Chairman George Foster of Amana division of Raytheon Co., at Amana, Iowa, household appliance manufacturer, told UPI. "Our business never has been better, and right now we have 3,300 workers here, the highest in our history. I hear the Collins Radio plant in Cedar Rapids also has the biggest working force in its history. We sell all over the country and the world, so if our business is good, I don't believe national business conditions can be so bad."

Some of the massive layoffs he reads about in the papers obviously are the result of past managerial mistakes, Foster said. "When a company finds itself in the position of having to lay off thousands of workers the probability is it never should have hired so many people in the first place."

Peoria, Moline, East Moline and Rock Island in Illinois and Davenport, Iowa, form a quadrangle of cities that are doing phenomenally well. Peoria, the town that used to be the butt of so many vaudeville jokes ("I spent a week in Peoria last Sunday") is a distribution and manufacturing center and also is in the prosperous Illinois corn-hog belt.

"Our industries are getting more orders now than they can fill," said David Connor, president of Peoria's Commercial National Bank. "We're more fortunate than hereish hereabouts, so things aren't so bad in Peoria."

Connor said farmers in

The Times

Port 1-A
Friday, Dec. 13, 1974

IN THIS SECTION:

Lithuanian sailor Simas Kudirka tells of the horror of his leap from a Russian trawler. Page 2.

San Francisco's venerable Clift Hotel has reversed its long-time policy against long-hairs. Page 6.

the quadrangle area are having "a good but not a great year. They're buying things and stores in the area have 'Help Wanted' signs hanging in their windows."

But ordinary folk in Peoria are worried some, mainly by high prices. A housewife, Mrs. William Johnson, complained particularly about the price of sugar and meat but said she, her husband, an accountant, and the two children would buy about as much for Christmas as usual.

A. B. Lundahl, a senior vice president of Deere & Co., Davenport, the farm implement maker, said, "We've been blessed with good times, and we expect our sales to remain high."

Ted Johnson, vice president of Quad Cities Development Group, said, "We used to have about 1,000 persons laid off hereabouts at the end of the harvest season, but the farm implement companies clustered here have diversified and are not so seasonal in their employment any longer." New shopping centers being built in the quad area will create 1,500 to 1,800 new retailing jobs there in the next year.

The Quincy, Ill., Herald-Whig said conditions were pretty steady in its area, even automobile sales were holding up well. The paper said it believed that business conditions were good in many smaller towns across the country.

In Indianapolis, John V. Barnett, executive vice president of the state Chamber of Commerce, said, "The brightest spot for Indiana is the steel industry which has been doing great. Prior to the coal strike, it was running at capacity. Remember, Inland Steel announced it is going to spend \$1 billion at its plant in East Chicago, adding 1,500 permanent jobs."

Nashville, Memphis, Dallas, Fort Worth and Austin, Tex., are other bright spots looked into by UPI.

Nashville's jobless rate rose to 4% in November from 3.6% in September, but that's still a rate the community is used to living with, said Edward F. Jones, executive vice president of the Nashville Area Chamber of Commerce.

"This city," he said, "has enjoyed a reasonable de-

Please Turn to Pg. 8, Col. 1

POCKETS OF PROSPERITY

Continued from First Page
free of stability through all sorts of wild swings in the economy. We probably are in the top 10 cities of the country in the degree of diversification of our business." He said Nashville had 83,000 manufacturing workers, 64,000 in retailing, 50,000 in services, 45,000 in government, 19,000 in building and 16,000 in other fields.

Paul Lowry, business research expert of Memphis State University, said the city on the Mississippi was blessed in times like the present by not being heavily dependent on manufacturing employment. Only 65,000 Memphians work in factories out of a total local working force of 323,600. As a result, Lowry predicted that the Memphis jobless rate would stay at least 1.5% below the national average.

But, he conceded, with a 40% black population, Memphis could have "hidden unemployment" that doesn't show up in the statistics. Applications for food stamps are rising, said Mrs. Peggy Edmundson, Shelby County's food stamp director.

Dallas and Fort Worth were among cities where the jobless rates were below 3% in September. For practical purposes, a jobless rate under 3% means everyone is working who can or wants to hold a job.

Mark Hughes of the Dallas Chamber of Commerce said things were fine in the city and was confident the economy of Dallas would continue to grow during the recession, even if at a slower rate.

Norman Robbins, economic researcher of the Fort Worth Chamber of Commerce said the city's heavy involvement in the booming petroleum and agricultural businesses insured its continued prosperity. He said a surprising number of manufacturers are expanding their operations in the Fort Worth area. The city has added 6,100 manufacturing jobs this year and the General Motors plant at Arlington, midway between Dallas and Fort Worth, is doing well in contrast with GM's problems in other parts of the country.

The University of Texas and the many high-technology businesses surrounding it, plus the state government, make Texas' capital city of Austin an oasis of prosperity. Forty-five per cent of Austin's working force is in government or education.

Ohio, one of the states harder hit by the recession, has a similar bright area in its huge capital city, Columbus.

The Rochester and Binghamton areas of New York state also remain

prosperous. Jack Karger, state Labor Department regional economist in Rochester, attributes the city's stability to "its high technology level" embodied in such companies as Eastman Kodak and Xerox. He said Rochester had more engineers and technicians than 23 of the 50 states have and its companies enjoy relatively smooth labor relations. Although the photo-optical industry is Rochester's largest, the city's business actually is highly diversified.

Rochester is one of the few large cities in the country where merchants are predicting a good Christmas shopping season. The fact Kodak now has 1,000 more workers in Rochester than a year ago has something to do with that.

Binghamton's jobless rate has risen to 3.8% from 3% this year but Harold Kammerer, executive secretary of the Broome County Chamber of Commerce, said Christmas shopping was getting off to a fine start.

In Pennsylvania, Gerald Molloy, executive vice president of the Lancaster Chamber of Commerce, said the community's current 3.1% unemployment figure reflects a "very sound mix between industry and agriculture."

In Allentown, Pa., John

Schantz of the Chamber of Commerce, attributed prosperity to a "tremendous diversification of industry and production," and noted a good percentage of the economy still is agricultural.

Allentown, Schantz said, "has more than its share of community pride which really served to hold things together over many years and many crises. People know if there is a job to be done, it has to be done and are ready to accept responsibility."

Mirrored in hundreds of communities across the country, this attitude could be the brightest spot of all in a darkening economy.

try. Unemployment dropped to 3% in Wichita in October from 3.2 per cent in Sept. Sales of Beech Aircraft and Cessna Aircraft have soared even more than those of Gates Learjet. Cessna has had a 32% sales gain this year and Beech has had the best sales and earnings in its history.

the prosperous Illinois corn-hog belt.

"Our industries are getting more orders now than they can fill," said David Connor, president of Peoria's Commercial National Bank. "We're more tormented than here—ish here—about, so things aren't so hard in Peoria."

Connor said farmers in

Nashville's jobless rate rose to 1% in November from 3.6% in September, but that's still a rate the community is used to living with, said Edward F. Jones, executive vice president of the Nashville Area Chamber of Commerce.

"This city," he said, "has enjoyed a reasonable de-

Please Turn to Pg. 8, Col. 1

U.S. Decision in 'Fighter-Plane Sweepstakes' Is Due Jan. 1

Special to The New York Times

LONDON, Dec. 20 —The next major decision in what has come to be known as the great fighter-plane sweepstakes is due Jan. 15, now that the United States has rebuffed a French proposal that the two countries share in fighter sales in Western Europe.

On that date, the Defense Department is scheduled to choose between two new American planes being offered to meet Air Force desires for a lightweight interceptor to supplement the advanced F-15's now being produced by McDonnell Douglas.

The new fighters are the YF-16, a single-engine aircraft built by General Dynamics, and the YF-17 Cobra, a twin-engine plane produced by Northrop.

The Air Force reportedly would buy at least 650 fighters, and roughly half that number could be expected to be sold in Western Europe. There, four members of the Atlantic alliance — Norway, Denmark, Belgium and the Netherlands — are seeking an advanced fighter to replace their aging F-104's in the nineteen-eighties.

Two European Entries

These four countries are accepting reports on the performance of the two American planes until Jan. 15. Thus, the choice the Defense Department makes on that date is expected to have an important impact on their decision.

Besides the two American entries, there are two other planes in the sweepstakes. The French have one entry — the F-1 Mirage built by Avions Marcel Dassault. The other plane — and this one has the fewest supporters — is the Swedish Viggen, produced by Saab.

The French proposal that the United States and France share

the European market for fighter aircraft was made at the recent meeting between Presidents Ford and Valéry Giscard d'Estaing at Martinique.

According to American aircraft industry officials, President Ford told the French President that sharing would make nonsense out of the North Atlantic Treaty Organization's drive for standardization of weapons systems.

Experts at North Atlantic headquarters in Brussels and in air ministries in allied capitals say they believe that at the moment the four West European buyers favor either of the two American aircraft over the Mirage, which has yet to be extensively tested.

Most West European air force officers consulted favored the YF-17. They said that it could accommodate electronic countermeasure systems inside the

fuselage whereas the YF-16 would have to carry these in a pod outside. The result, they pointed out, would be some loss of efficiency.

In addition, they said, Northrop, the builder of the YF-17, has a good international track record. Its F-5 fighter has been sold to 23 countries, including three in the Atlantic alliance, and the company says it has expertise in dealing with foreign governments unmatched by its American rival.

The choice of an American aircraft would also benefit

the West European aircraft industry. General Dynamics and Northrop intend to farm out the manufacture of elements of their aircraft in the event that one or the other is selected.

The potential market, however, extends beyond Western Europe. The Iranian and Saudi Arabian Governments have expressed interest in a lightweight interceptor. The Israeli Air Force is considering an interceptor to replace the older Mirage-3's.

In addition, aviation industry sources report a quickening in-

terest in the West German Air Force. The West Germans, British and Italians collaborated in producing the combat aircraft known as MRCA, whose most efficient function is ground support. Studies have shown that the costs involved in converting the plane for an air-combat role would be prohibitive.

Consequently, the West German Air Force is now interested in a new lightweight fighter, although the Defense Ministry in Bonn, sensitive to costs, remains unenthusiastic.



BROUGHT FORWARD

EXECUTIVE

ND1 3/8/75
Previously filed Date

Name

J. Edward Raush

Organization

EXECUTIVE

ND1 4/28/75
New File Symbol Date

Final Action

Ltr for Frank

A. Shrontz to

J. Edward Raush

MEMORANDUM OF INFORMATION FOR THE FILE

DATE 4/4/75



EXECUTIVE

ND18-2/CO165-1
ND18/CO165
CO165-1
ND15
ND1
ND8
FE4-1
ND18
FG34
FG38
PR5-2

LETTER, MEMO, ETC. *Telegram*
TO: *Carl Albert (Speaker)**
FROM: *The President*

SUBJECT: *Report of United States
Participation in Refugee
Evacuation Effort
(In accordance with the
War Powers Resolution)*

** Sen. James Eastland
President Pro Tempore
U.S. Senate*

THE WHITE HOUSE
WASHINGTON

April 12, 1975

EXECUTIVE

ND18/CO26

CO26

ND18

ND8

ND1

FE4-1

FG34

FG38



Dear Mr. President:

James O. Eastland - Operation Eagle Pull

As you and other members of Congress were advised, in view of circumstances in Cambodia, the United States had certain contingency plans to utilize United States Armed Forces to assure the safe evacuation of U. S. Nationals from that country. On Friday, 11 April 1975, the Khmer Communists forces had ruptured Government of the Khmer Republic (GKR) defensive lines to the north, north-west and east of Phnom Penh and were within mortar range of Pochentong Airfield and the outskirts of Phnom Penh. In view of this deteriorating military situation, and on the recommendations of the American Ambassador there, I ordered U. S. military forces to proceed with the planned evacuation out of consideration for the safety of U. S. citizens.

Albert, Carl

In accordance with my desire that the Congress be fully informed on this matter, and taking note of Section 4 of the War Powers Resolution (P.L. 93-148), I wish to report to you that the first elements of the U. S. forces entered Cambodian airspace at 8:34 P.M. EDT on 11 April. Military forces included 350 ground combat troops of the U. S. Marines, 36 helicopters, and supporting tactical air and command and control elements. The Marines were deployed from helicopters to assure the security of helicopter landing zone within the city of Phnom Penh. The first helicopter landed at approximately 10:00 P.M. EDT 11 April 1975, and the last evacuees and ground security force Marines departed the Cambodian landing zone at approximately 12:20 A.M. on 12 April 1975. The last elements of the force to leave received hostile recoilless rifle fire. There was no firing by U. S. forces at any time during the operation. No U. S. Armed Forces personnel were killed, wounded or missing, and there were no casualties among the American evacuees.

Nationals from Cambodia

Plans for Evacuation of US

Orig. not seen by SecState Office

Syd 4/12/75

Delivered 4/13/75 Announced in Press Briefing 4/14/75

70 C

Orig. not transmitted by SecState Office; probably done by Congressional Relations.

(Not Stencilled)

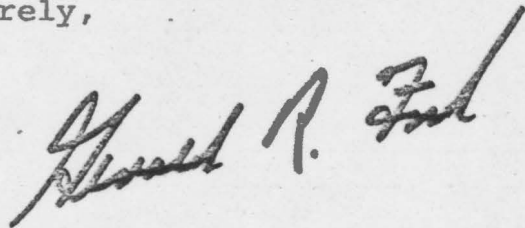
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P8/11/75*

Although these forces were equipped for combat within the meaning of Section 4(a)(2) of Public Law 93-148, their mission was to effect the evacuation of U. S. Nationals. Present information indicates that a total of 82 U. S. citizens were evacuated and that the task force was also able to accommodate 35 third country nationals and 159 Cambodians including employees of the U. S. Government.

The operation was ordered and conducted pursuant to the President's Constitutional executive power and authority as Commander-in-Chief of U. S. Armed Forces.

I am sure you share with me my pride in the Armed Forces of the United States and my thankfulness that the operation was conducted without incident.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gerald R. Ford". The signature is fluid and cursive, with the first name "Gerald" written in a larger, more prominent script than the last name "Ford".

The Honorable James O. Eastland
President Pro Tempore of the Senate
United States Senate
Washington, D. C.



PACKARD, DAVID

EXECUTIVE

101

April 24, 1975

Dear Dave,

This will acknowledge and thank you for your recent letter and enclosure.

I appreciate very much your thoughtfulness as well as your advice.

With warm personal regards.

Sincerely,



Mr. David Packard⁺
Chairman of the Board
+ Hewlett-Packard Company
1501 Page Mill Road
Palo Alto, California 94304

GRF:dkc

GRF Support

RECEIVED
MAY 29 1975
CENTRAL FILES

Should this be sent to someone on staff? Perhaps, Mr. Rumsfeld?
Thank you
dottie

THE WHITE HOUSE
WASHINGTON

C.F.

Mildred -

I didn't get a
response to my question.
I sent out original of letter
but reluctant to send
inc to File because of last
sentence of Mr Packard's
letter

Dottie

7
Listed in Who's Who
personal?

HEWLETT-PACKARD COMPANY
1501 PAGE MILL ROAD
PALO ALTO, CALIFORNIA 94304

GW
encl
DAVID PACKARD
CHAIRMAN OF THE BOARD

April 15, 1975

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

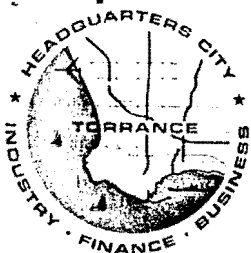
I am enclosing copies of correspondence in respect to the F-16 lightweight fighter selection by the Air Force and the pending selection by the Navy of its choice for a lightweight fighter. Neither you nor anyone at the White House should become involved in this matter.

Sincerely,


David Packard

DP/cd
Encl.





TORRANCE AREA CHAMBER OF COMMERCE

1510 CRAVENS AVENUE • TORRANCE • CALIFORNIA 90501 • TELEPHONE (213) 328-2814

44

11 April 1975

Mr. David Packard
Chairman of the Board
Hewlett Packard Corp.
1501 Page Mill Road
Palo Alto, CA 94304

Dear Mr. Packard:

Northrop and General Dynamics, Fort Worth, are currently competing for a contract to build 850 Air Combat Fighters for the U.S. Navy. In addition to these 850 aircraft, there is a projected overseas market of an additional 1500 - 2000 for a total value of from \$15 - \$20 billion dollars representing a fifteen-year production run. As now projected this will be the last fighter aircraft procured by either service until the mid-1980's.

In an earlier phase of this competition General Dynamics was selected over Northrop to produce 650 F-16 aircraft for the Air Force. There is reason to believe that the selection of the F-16 was motivated more by political pressures than by a fair and impartial evaluation of the technical and cost aspects of the two competing aircraft. As evidence of continued political pressure, a story appearing in the San Diego Union on January 19th quoted Representative Bob Wilson to the effect that Representative George Mahon, House Appropriations Committee Chairman, had an understanding with Defense Secretary Schlesinger and that "Schlesinger has urged the Navy to give favorable consideration to the (General Dynamics) F-16 over the (Northrop) F-17." In addition to the San Diego Union story, there is other evidence of a biased evaluation in the Air Force selection as expressed by Senator Thomas J. McIntyre, Chairman of the Senate Subcommittee on Research and Development of the Senate Armed Services Committee. (See attached letter.)

Northrop currently employs 11,000 in its Aircraft Division located at Hawthorne. The annual payroll is approximately \$192,000,000. Vendor purchases exceed \$54,000,000 annually from 4,000 suppliers, 3,000 of whom are located in Southern and Central California. The current backlog of F-5 aircraft on order will be eliminated by mid-1981. If the Northrop designed F-17 is selected, the above dollar values will increase from 25 - 30% annually and be maintained at a relatively high value for the next 10 - 15 years. If the F-16 is selected, the previously gradual erosion of the California aerospace industry will be accelerated.

TRY TORRANCE FIRST...IT'S TERRIFIC!

Mr. David Packard
11 April 1975
Page Two

Fifteen years ago there were five manufacturers of fighter aircraft on the West Coast. Today there is one---Northrop. With the exception of North American Rockwell, the traditional fighter manufacturers in this area have been forced from the market, and in general have fallen on hard times. Rockwell with its B-1 prototype development is currently releasing 300 of its work force monthly. McDonnell Douglas has laid off 6,500 in recent weeks and closed its Torrance plant. Lockheed can best be described as a disaster area. Convair, San Diego gets only token component production from the General Dynamics-Fort Worth Division. In short, with an unemployment rate currently approaching or exceeding 10%, it is possible that California, the most populous state in the union, with a strong political position in the Congress, may very well suffer a further degradation of its economic well-being by a political decision which could result in a major loss of income and jobs in favor of Texas, which at present is enjoying full employment.

In view of the fact that: (1) Both aircraft can perform the U.S. Navy missions; and (2) Texas has and will continue to enjoy a high level of aerospace employment from the F-16, A-7 and F-111 improvement contracts, strong consideration should be given to awarding the Naval Air Combat Fighter contract to the California company. This position is further strengthened by the fact that the governments of Germany, Canada and Iran have indicated a strong preference for the Northrop aircraft over that offered by General Dynamics.

The decision, as we understand it, is a political one to be taken at the Secretary of Defense/Presidential level. California would benefit from additional jobs and continuation of a strong aerospace industry within the state if the decision were favorable. The nation would benefit in that a broad mobilization base would be maintained and the defense budget would be less vulnerable to technical errors and cost over-runs such as was the case in the F-111.

The decision rests with the President. We need a strong voice who can show the President that California will stand behind the person who can direct this business in this direction. The split decision which would represent a highly favored compromise in which none of the states involved, i.e., California, Texas, Missouri and Massachusetts would suffer.

The current Democrat-dominated California delegation in the House does not appear united nor overly concerned on this issue. Neither

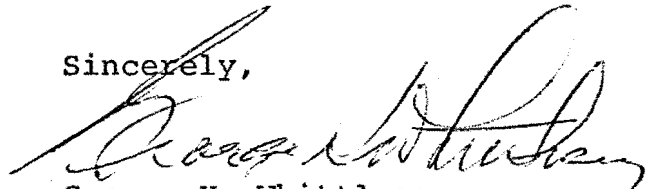
Mr. David Packard
11 April 1975
Page Three

of our Senators has indicated any interest in the urgency of the problem, nor are we aware of any effort on their part to offset the Texas effort.

The decision in this case rests with the President. We, in the Torrance Chamber of Commerce, strongly urge that you use your good offices to discuss this issue with him and insure that he understands the impact that an adverse decision on this particular case could have on our community and state.

I am enclosing three papers, one which indicates the total income which selected key communities in this area now derive from Northrop Aircraft Division operations and a copy of a Dallas/Fort Worth business report published by The North Texas Commission dated February 1975. The third paper is a copy of the April 4 edition of Aviation Daily, outlining the beginnings of a cost over-run on the F-16, a continuation of the performance for which General Dynamics has a justly earned reputation a la the F-111 (TFX).

Sincerely,



George H. Whittlesey
President-Elect
Torrance Area Chamber

Enclosures: (3)



COMMITTEES:

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CHAIRMAN: SUBCOMMITTEE ON RESEARCH
AND DEVELOPMENT

BANKING, HOUSING AND URBAN AFFAIRS

CHAIRMAN: SUBCOMMITTEE ON
FINANCIAL INSTITUTIONS

SELECT COMMITTEE ON SMALL BUSINESS

CHAIRMAN: SUBCOMMITTEE ON
GOVERNMENT REGULATION

United States Senate

WASHINGTON, D.C. 20510

February 17, 1975

THOMAS J. MCINTYRE
NEW HAMPSHIRE

OFFICES:

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WASHINGTON, D.C.

FEDERAL BUILDING
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MANCHESTER, NEW HAMPSHIRE 03105

FEDERAL BUILDING
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PORTSMOUTH, NEW HAMPSHIRE 03801

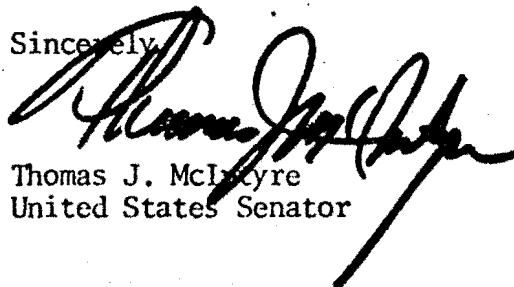
Mr. George H. Whittlesey
President-elect, Torrance
Area Chamber of Commerce
1510 Cravens Avenue
Torrance, California 90501

Dear Mr. Whittlesey:

Thank you for your letter.

I think you can see from the enclosed
how I feel.

Sincerely,



Thomas J. McIntyre
United States Senator

TJM:Sw
Encls:

January 23, 1975

The Honorable James R. Schlesinger
Secretary of Defense
Washington, D. C.



Dear Mr. Secretary:

The United States Air Force recently announced the source selection decision pertinent to the Air Combat Fighter Aircraft Program despite a strong recommendation by Senator Chiles of Florida, Chairman of the Subcommittee on Procurement of the Government Operations Committee, that such decision be delayed, and that different procurement practices be considered.

Since that decision now has been made, I do not propose to question it. However, I am concerned about the decisions yet to be made regarding selection of an air combat fighter to meet Navy requirements as well as possible requirements of our European allies.

I understand that there are two contractor teams, General Dynamics with LTV, and Northrop with McDonnell Douglas, who have conducted studies under contract with the Navy which will result in competitive proposals for a Navy version of the F-16 and F-17 air combat fighters respectively. This implies that there is no bias built into the ultimate selection of a Navy air combat fighter, but that this will be a completely objective and open competition subject to normal source selection procedures. I understand also that the Navy is under no direction to recommend either the F-16 or F-17 aircraft if they do not meet Navy performance requirements.

There is a unique situation involving this airplane in that the potential combined requirements for the Air Force, Navy and the international Market are of such magnitude that, even without consideration of national security as a primary concern, the production of both the F-16 and the F-17, including derivatives, may be justified, and because this would offer a choice of twin-engine and single-engine United States aircraft to the foreign market as alternatives to foreign competition. This may increase the United States' share of the foreign market and help the balance of payments sought by the United States

January 23, 1975

Treasury. This assumes a derivative of the F-17 is selected. The cost effectiveness of this approach also appears to be feasible considering that there would be a continuing atmosphere of competition which could accrue benefit to the government in terms of lower cost, optimized performance, and greater efficiency in manufacture. There is also the important consideration of employment and capability on a broader geographical scale.

It is not my purpose to influence or prejudice the recommendations of the Navy but I should be kept informed on a continuing basis of events as they occur which relate to the ultimate selection of the Navy air combat fighter.

I would like to know what specific actions are being taken at the Department of Defense level to insure a fair and objective study by the Navy, and at what level within the Department of Defense the final decision will be made based upon Navy recommendations. I am requesting the Comptroller General, by separate letter, to review the procedures and methodology planned by the Department of Defense to conduct this study and to advise me of all aspects of the competition without encroaching upon selection prerogatives and responsibilities. This should insure that I will be satisfied with the final outcome of this matter. I would appreciate your fullest cooperation with the General Accounting Office in this regard.

Sincerely,

Thomas J. McIntyre
United States Senator

TJM:PW

cc: Senator Lawton Chiles
The Comptroller General

IMPACT OF NORTHROP BUSINESS ON SELECTED KEY COMMUNITIES IN
SOUTHERN CALIFORNIA

City	1974 Purchases by Northrop	Resident Employee Salaries
Los Angeles	\$ 28,505,218.	\$ 22,126,000.
Long Beach	1,051,319.	5,772,000.
Torrance	8,353,010.	21,125,520.
Hawthorne	1,444,077.	22,895,600.
Gardena	6,043,348.	9,427,600.
El Segundo	7,859,903.	1,539,200.
Redondo Beach	1,761,050.	9,139,000.
El Monte	4,800,498.	121,212.
Corona	4,874,885.	57,720.
Anaheim	1,399,713.	1,924,000.
Santa Ana	3,531,629.	942,760.
Compton	2,056,943.	2,366,520.
Paramount	1,334,475.	419,432.
Lakewood	1,018,294.	3,270,800.
Culver City	5,882,055.	1,250,600.
Sherman Oaks	1,280,645.	267,120.
Van Nuys	2,771,893.	750,360.
Pasadena	1,625,481.	538,720.
Burbank	3,025,082.	192,400.
Monrovia	1,106,000.	-----
Oxnard	818,787.	227,032.
Manhattan Beach	36,590.	3,761,420.
Hermosa Beach	-----	2,193,360.
Palos Verdes Peninsula	16,981.	4,021,160.
Rolling Hills	-----	1,031,264.
Inglewood	1,687,703.	1,115,920.

Impact of Northrop Buiness on Selected Key Communities in Southern California

Page Two

City	1974 Purchases by Northrop	Resident Employees Salaries
Huntington Park	\$ 1,328,439.	\$ 5,000,120.
South Gate	1,599,466.	733,044.
Downey	2,046,494.	1,463,120.
Norwalk	2,766,300.	1,443,380.
Industry	1,036,359.	-----
Bellflower	-----	1,154,400.
Huntington Beach	199,594.	2,480,960.
Garden Grove	985,761.	1,346,800.



William D. Hall, Editor

Richard Tuttle, Managing Editor

David Bond, Senior Associate Editor

Published daily except Saturdays, Sundays and holidays in Washington by The Public Transportation and Travel Division of the
Ziff-Davis Publishing Company, Inc.

Philip B. Korsant, President, Wesley First, General Editor.

SUBSCRIPTION RATE: One year \$125, 6 months \$25. Quantity rates on request.

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Vol. 72, No. 25

Friday, April 4, 1975

Page 193

AIR FORCE, MOVING TOWARD OPERATIONAL F-16, SEEKS TO HOLD LINE ON COST

The Air Force F-16 air combat fighter will be a bigger and heavier airplane than the prototype version, but Air Force officials insist they are still holding the cost.

Under a design change known as "10/300," F-16 prime contractor General Dynamics will extend the fuselage by 10 inches to 48 feet and add 20 square feet to the wing area, increasing it to 300 square feet. The changes will add 640 pounds to the aircraft's total weight.

They are based on Design Review Board recommendations approved by the Defense Systems Acquisition Review Council (DSARC II) on March 11. As of yesterday, however, the Air Force still had not received its official DSARC letter notifying the service of the decision to proceed with the program. The letter has been drafted, but minor details (including avionics) still have to be worked out.

Also at the DSARC meeting, DOD's Cost Analysis Improvement Group presented its estimate of greatly increased costs on the F-16 program. Industry sources placed these increases at from \$4.6 million to \$5.6 million for the unit flyaway cost and from \$6.7 million to \$8 million for the unit program cost.

AF Positions On Costs

Yesterday, however, the Air Force position on costs was that the flyaway cost would grow to only \$4.7 million and that the program unit cost would actually drop to \$6.3 million. The latter figure is based on a decision to eliminate three developmental aircraft from the program at a program cost saving of more than \$100 million.

Under this plan the development, test and evaluation (DT&E) aircraft, which are covered by R&D funds, will be decreased from nine to eight, while the operational test and evaluation (OT&E) aircraft, funded out of the procurement request, will drop from six to four. These four eventually will be placed in the operational inventory.

Overall production program cost, as of yesterday, was estimated by the Air Force at \$3.7 billion in current year dollars and \$5.2 billion in "then year" dollars (reflecting anticipated future inflation). These figures cover production costs, aerospace ground equipment, training, spares and documentation--in effect, everything except R&D. The corresponding procurement unit cost of the aircraft is estimated at \$5.63 million.

The Air Force admits, however, that these figures are based on parametric estimates. The figures, which cover only the planned Air Force procurement of 650 aircraft, are susceptible to future increases based on inflation, plans within the Air Force to install more avionics, and potential experience curve problems stemming from the decision to cut back the number of DT&E and OT&E aircraft and face these problems during the production phase.

In addition to the major 10/300 change, the DRB identified more than 100 minor refinements in the design, which it said were intended to reduce the overall life cycle costs.

On Wednesday Air Force Secretary John L. McLucas told a questioner at the Air Force Assn. Washington chapter meeting on future Air Force plans that he wanted to lay to rest the mounting rumors of major cost overruns on the F-16 program.

(Continued On Following Page)



Dallas/Fort Worth Economy Remains Strong

New General Dynamics Contract Brightens Outlook

By DR. ARTHUR A. SMITH
Economist

Today, the Dallas/Fort Worth area, which we identify as the Southwest Metroplex, is one of the few bright economic spots in the nation.

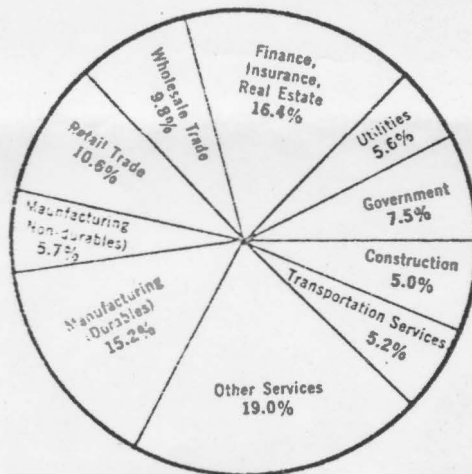
This is true principally because:

- (1) Our Metroplex economy has an inherently stable, near-ideal industry mix, marked by relatively broad diversification. We are not dependent upon the fortunes of one dominant industry. Furthermore, we have very few industries that are cyclically sensitive.
- (2) This area has enjoyed strong industrial growth since World War II, accompanied by a substantial increase in population. The effect has been to generate a forceful momentum which, although slowed a bit in 1974, still is being felt.

This North Texas area economy generally fared quite well last year . . . better by far than the nation as a whole . . . and demonstrated more resistance to recession than most metropolitan areas.

Here is what happened:

- 29,000 new jobs were filled during the year, bringing total employment to 1,117,500.
- The area's unemployment rate continued at only about half the national average — although it increased from 2.4 per cent to 3.6 per cent during the past year. This speaks well for the strength of our local economy.
- The Fort Worth Division of General Dynamics was chosen to build the F16 Air Force fighter — which could lead to the largest military contract in his-



This chart shows the various economic sectors of the region's economy as a percentage of gross regional product.

tory. This will mean about 2,500 new jobs in the Metroplex during 1975.

- The number of million-dollar net worth companies in the Metroplex increased from 963 to 1,023 during 1974. The Metroplex ranks Number 3 behind New York and Chicago in this statistical category.
- Texas became the third most populous state and the Metro-

plex grew to the nation's tenth largest consumer market during 1974.

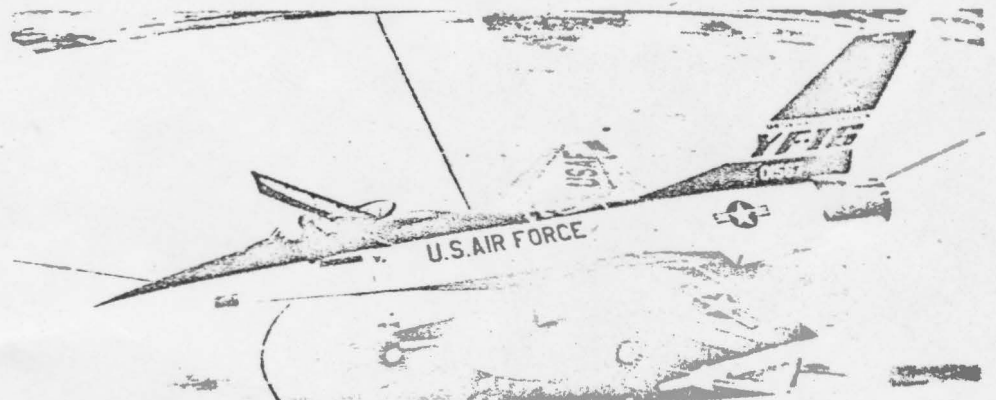
- The Dallas/Fort Worth Airport during its first full year operated in the black and counted more than 7 million enplanements and 104,000 tons of air cargo and mail, making it the sixth busiest airport in the nation.
- With the opening of the World Trade Center in July, 1974, and the fact that the Metroplex has been recommended for direct air service to Europe, the area continues to expand its influence internationally.

A FAVORABLE AREA

Although, it is difficult to predict what will happen during the remainder of 1975, the general outlook of the Dallas/Fort Worth area economy is favorable.

- Utilities have adequate energy supplies.
- Financial institutions look favorably toward good business risk opportunities here.

Continued on Page 2



General Dynamics' F16 contract is expected to give a far-reaching "shot-in-the arm" to the Southwest Metroplex economy.

April 28, 1975

N101
FC15
BE4-1
ST5
Northrop + General
Dynamics

Dear Bill:

Thank you for your April 23 letter to the President concerning the economic problems of the California aerospace industry and expressing the hope that the award of the contract to build 850 Air Combat Fighters for the Navy will be awarded to a California firm.

Your concern over the matter is understood and I wish to assure you that California firms will be given equitable consideration along with others seeking the contract. Your letter will be shared with the appropriate members of the staff.



With kindest regards,

Sincerely,

Vern

Vernon C. Loen
Deputy Assistant
to the President

The Honorable William M. Ketchum^x
House of Representatives
Washington, D.C. 20515

- ✓ bcc: w/incoming to Office of the Military Aide for appropriate handling.
- ✓ bcc: w/incoming to Bob Bonitati, OMB, for your information.

VCL:EF:VO:lr

10

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APR 30 1975
CENTRAL FILES

WILLIAM M. KETCHUM
18TH DISTRICT, CALIFORNIA

415 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-2915

ADMINISTRATIVE ASSISTANT
CHRISTOPHER C. SEEGER

DISTRICT REPRESENTATIVE
DALE J. SILVA

Congress of the United States
House of Representatives
Washington, D.C. 20515

April 23, 1975

4-28
KERN, INYO, TULARE AND
LOS ANGELES COUNTIES

DISTRICT OFFICES:
800 TRUXTON AVENUE, #302
BAKERSFIELD, CALIFORNIA 93301
(805) 323-8322

567 W. LANCASTER BOULEVARD
LANCASTER, CALIFORNIA 93534
(805) 948-8116

Gerald R. Ford
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

ME
The Department of the Navy is currently in the process of selecting a contractor for manufacture of a new fighter aircraft. Northrop and General Dynamics, Fort Worth, are currently competing for a contract to build 850 Air Combat Fighters for the Navy. In addition to these 850 aircraft, there is a projected overseas market of an additional 1500-2000 for a total value of from \$15-\$20 billion representing a fifteen year production run. As now projected, this will be the last fighter aircraft procured by either service until the mid 1980s.

As you know, in an earlier phase of this competition, General Dynamics was selected over Northrop to produce 650 F-16 aircraft for the Air Force and the Texas Congressional delegation was instrumental in securing this contract for the Air Force. Needless to say, such a decision had its effect on the aerospace industry in Southern California.

The California aerospace industry has encountered severe setbacks during the past decade. Fifteen years ago there were five manufacturers of fighter aircraft on the West Coast. Today, Northrop is the sole survivor. With the exception of North American Rockwell, the traditional fighter manufacturers in Southern California have been forced from the market. Rockwell with its B-1 prototype development is currently releasing 300 of its work force monthly. McDonnell Douglas has laid off 6,500 in recent weeks and closed its Torrance plant. Lockheed is a disaster with little improvement in sight. Consequently, with an unemployment rate currently at

The President
April 22, 1975
Page Two

approximately 10%, it is possible that California may very well suffer a further degradation of its economic well-being by a political decision which may result in a major loss of income and jobs in favor of Texas, which at present is enjoying full employment.

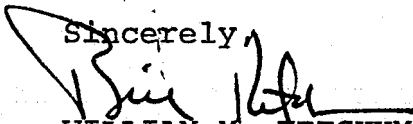
In view of the fact that (1) Both aircraft can perform the U.S. Navy mission; and (2) Texas has and will continue to enjoy a high level of aerospace employment from the F-16, A-7, and F-111 improvement contracts, I would hope the strongest consideration is given to awarding the Naval Air Combat Fighter contract to the California Company. This position is further strengthened by the fact that certain key figures in the governments of Germany, Canada, and Iran have indicated a strong preference for the Northrop aircraft over that offered by General Dynamics.

If the California aerospace industry is to remain viable both now and in the future, and if the Nation is to benefit from a broad mobilization base, it is imperative that Northrop be awarded the contract. In addition, selection of the F-17 will provide two aircraft from which overseas customers may make a selection insuring a higher return to the United States in its foreign exchange than would be the case if only the F-16 were offered.

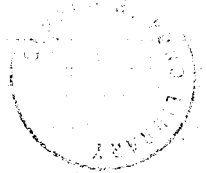
I sincerely hope Mr. President, that you and the Secretary of Defense will give the utmost consideration to all ramifications of the decision prior to the award of a contract. We in California understand the impact an adverse decision could have on our State and the Nation.

Your assistance in this matter would be deeply appreciated.

Sincerely,


WILLIAM M. RETCHUM
Member of Congress

WMK:tl





28 APR 1975

Dear Mr. Roush:

On behalf of President Ford, this is in further reply to your March 14 letter requesting the assignment of F-5E aircraft to the 122nd Tactical Fighter Wing. Air Force officials share your concern over the economics of national defense and the maintenance of the highest state of readiness.

The Air Force has a long standing requirement for Dissimilar Air Combat Training (DACT), and the F-5E is recognized as an excellent approximation of the MIG-21 aircraft. The opportunity to obtain F-5E aircraft in a timely manner provided the Air Force a means to expand the DACT program now conducted with T-38 aircraft, and replace the T-38s with a much improved threat simulation. The T-38 has been very useful in the introduction of DACT, but it lacks the performance capability posed by potential adversary aircraft.

Dissimilar Air Combat Training will be provided to tactical fighter and reconnaissance squadrons in both the Air National Guard and the Air Force Reserve. Also the 71 F-5E aircraft will enable the Air Force to provide this valuable training to overseas units as well. A DACT unit is programmed for Europe and planned for PACAF. DACT conducted overseas will require instructors and radar controllers trained in local tactics and employment concepts. Additionally, the expertise currently possessed by the Nellis AFB DACT unit will be maintained as the focal point for the development of the operational doctrine and tactics for worldwide DACT.

The assignment of this mission to the Air National Guard would eliminate the training of our tactical aircrews

OSD WH 11917
AF/PRP

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MAY 14 1975
CENTRAL FILES

overseas, or would require full-time availability of guardsmen, and would fail to capitalize on the expertise currently possessed by the Air Force DACT aircrews and controllers.

I appreciate your interest in this matter and share your pride in the many fine accomplishments of the Indiana Air National Guard. However, the Air Force believes that the interests of the total force are better served by the retention of the F-5Es in the active force.

Sincerely,

(Signed)

FRANK A. SHRONTZ
Assistant Secretary of the Air Force
(Installations and Logistics)

The Honorable J. Edward Roush
House of Representatives
Washington, D. C. 20515



NDI

FG/16

NDIR/FG/16

March 18, 1975

Dear Mr. Roush:

Thank you for your March 14 letter to the President urging that the F-5E "Tiger" fighter-bomber aircraft, now available for delivery to the United States Air Force, be assigned to the 122d Tactical Fighter Wing based in Fort Wayne.

Please be assured that your letter will be called to the attention of the President and the appropriate Presidential advisers at the earliest opportunity. I am certain your recommendation will be given careful consideration.

With kind regards,

Sincerely,

Vernon C. Loen
Deputy Assistant
to the President

The Honorable J. Edward Roush
House of Representatives
Washington, D. C. 20515

bcc: w/incoming to Office of the Military Aide for DIRECT REPLY.
Please provide this office with copy of response.

VCL:EF:VO:jlc

RECEIVED

MAR 21 1975

CENTRAL FILES

4.
J. EDWARD ROUSH
4TH DISTRICT, INDIANA

2400 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
202-225-4436

COMMITTEE ON
APPROPRIATIONS

SUBCOMMITTEES:

HUD—SPACE—SCIENCE—VETERANS
FOREIGN OPERATIONS
LEGISLATIVE

2-17
Congress of the United States
House of Representatives
Washington, D.C. 20515
March 14, 1975

326 FEDERAL BUILDING
FORT WAYNE, INDIANA 46802
219-742-6250

212 SOUTH MAIN STREET
KENDALLVILLE, INDIANA 46755
219-347-1179

232 EAST WASHINGTON STREET
HUNTINGTON, INDIANA 46750
219-356-6494

The President of the United States
The White House
Washington, D. C. 20500

Dear Mr. President:

MF
A matter of utmost urgency has come to my attention. I feel compelled, therefore, to forward this letter to you and thereby request any assistance you may be able to render.

As a Member of Congress from Indiana, I am well acquainted with the mission of the Indiana Air National Guard. The Wing Headquarters of the 122d Tactical Fighter Wing and one squadron of F-100 fighter bombers are based in my district at Fort Wayne.

I am aware of the possible availability of as many as seventy-one F-5E "Tiger" fighter-bomber aircraft. These were originally programmed for Military Assistance Program Nations; however, they now appear to be scheduled for alternate delivery to the United States Air Force. The Air Force is now trying to design a mission for these aircraft. At this time, that mission seems to call for use of these aircraft as a dissimilar Air Combat Trainer. This means using different aircraft against each other in air-to-air tactics.

We are all gravely concerned today, as always, with the defense of our great nation and the cost factors that go into maintaining that defense in its highest state of readiness. Aircraft in production today that are firstline fighter-bombers include the A-7D, A-10A, and F-5E. Figures I have studied on costs reflect price tags per aircraft of \$3.9 million per A-7D, \$3.4 million per A-10A, and \$2.5 million per F-5E. Aircraft maintenance costs per flying hour run \$771 for the A-7D, \$696 for the A-10A, and \$338 for the F-5E.



WM 11917

The President of the United States
March 14, 1975
Page 2

The purpose of this letter is to request the assignment of those seventy-one aircraft to the three squadrons of the 122d Tactical Fighter Wing headquartered in Indiana. This is because I believe they can best be used in the Air National Guard with greater efficiency and economy.

I am fully aware of the increased reliance upon the ANG as a primary force in our defense structure. They have highly motivated, volunteer citizen-soldiers who have a well deserved reputation for the high quality of maintenance of assigned equipment. This wing has F-100s built in 1955 and 1956. They were assigned in 1971, and at that time replaced F-84F aircraft built in 1951.

It is obvious to me that men and women that can maintain 15 and 20-year old aircraft in a high state of readiness can really provide this nation with a good return on defense dollars spent in providing them with new aircraft.

The ANG performs special exercises throughout the year. This availability at all times leads me to believe that they can make available to the USAF that dissimilar Air Combat Training the regular AF indicates it needs. This joint training with firstline aircraft in both the ANG and USAF would prove to be a valuable tool for a more uniform meshing of these military organizations in the event of a call-up of ANG units.

I firmly believe the assignment of these aircraft to the 122d Tactical Fighter Wing would prove to be a most beneficial move for the cause of national defense. I most respectfully enlist your aid in accomplishing this worthy goal.

Yours sincerely,



J. EDWARD ROUSH
Member of Congress

sjm



EXECUTIVE

ND18/CO165

CO165-2

ND1

ND15

ND18

FE4-1

ND18-2/CO165-2

FG34

FG38

THE WHITE HOUSE
WASHINGTONApril 30, 1975

Dear Mr. President:

James D. Eastland

On April 4, 1975, I reported that U.S. naval vessels had been ordered to participate in an international humanitarian relief effort to transport refugees and U.S. nationals to safety from Danang and other seaports in South Vietnam. This effort was undertaken in response to urgent appeals from the Government of South Vietnam and in recognition of the large-scale violations by the North Vietnamese of the Agreement Ending the War and Restoring the Peace in Vietnam.

In the days and weeks that followed, the massive North Vietnamese attacks continued. As the forces of the Government of South Vietnam were pushed further back toward Saigon, we began a progressive withdrawal of U.S. citizens and their dependents in South Vietnam, together with foreign nationals whose lives were in jeopardy.

Albert, Carl

On April 28, the defensive lines to the northwest and south of Saigon were breached. Tan Son Nhut Airfield and Saigon came under increased rocket attack and for the first time received artillery fire. NVA forces were approaching within mortar and anti-aircraft missile range. The situation at Tan Son Nhut Airfield deteriorated to the extent that it became unusable. Crowd control on the airfield was breaking down and the collapse of the Government forces within Saigon appeared imminent. The situation presented a direct and imminent threat to the remaining U.S. citizens and their dependents in and around Saigon.

On the recommendation of the American Ambassador there, I ordered U.S. military forces to proceed by means of rotary wing aircraft with an emergency final evacuation out of consideration for the safety of U.S. citizens.

In accordance with my desire to keep the Congress fully informed on this matter, and taking note of the provision of section 4 of the War Powers Resolution (Public Law 93-148), I wish to report to you that at about 1:00 A.M. EDT, April 29, 1975, U.S. forces entered South Vietnam airspace.

*Not seen or handled by Records Office.**Delivered by a Mr. Walther of the Congressional Liaison Office: 4/30/75**22
200*

A force of 70 evacuation helicopters and 865 Marines evacuated about 1400 U.S. citizens, together with approximately 5500 third country nationals and South Vietnamese, from landing zones in the vicinity of the U.S. Embassy, Saigon, and the Defense Attache Office at Tan Son Nhut Airfield. The last elements of the ground security force departed Saigon at 7:46 P.M. EDT April 29, 1975. Two crew members of a Navy search and rescue helicopter are missing at sea. There are no other known U.S. casualties from this operation, although two U.S. Marines on regular duty in the compound of the Defense Attache Office at Tan Son Nhut Airfield had been killed on the afternoon (EDT) of April 28, 1975, by rocket attacks into a refugee staging area. U.S. fighter aircraft provided protective air cover for this operation, and for the withdrawal by water of a few Americans from Can Tho, and in one instance suppressed North Vietnamese anti-aircraft artillery firing upon evacuation helicopters as they departed. The ground security forces on occasion returned fire during the course of the evacuation operation.

The operation was ordered and conducted pursuant to the President's Constitutional executive power and his authority as Commander-in-Chief of U.S. Armed Forces.

The United States Armed Forces performed a very difficult mission most successfully. Their exemplary courage and discipline are deserving of the nation's highest gratitude.

Sincerely,



The Honorable James O. Eastland
President Pro Tempore of the Senate
United States Senate
Washington, D. C.



70C

*naval vessels used in Refugee Relief
in Vietnam*

May 7, 1975

Dear Mr. Brinkley:

Thank you for your telegram of today's date to the President urging that planes from South Vietnam, now in Thailand, be claimed for our country.

You may be assured I shall call your message to the President's attention without delay.

With kind regards,

Sincerely,

Vernon C. Loen
Deputy Assistant
to the President

The Honorable Jack Brinkley
House of Representatives
Washington, D.C. 20515

bcc: w/incoming to General Scowcroft - for your information

VCL: ~~WV~~VO:vo



EXECUTIVE

ND 18/EO 26

TN7

CO26

FEH-1

ND8

ND1

ND15

FG34

FG38

THE WHITE HOUSE
WASHINGTON



May 15, 1975

Dear Mr. Speaker:

Carl Albert

On 12 May 1975, I was advised that the SS Mayaguez, a merchant vessel of United States registry enroute from Hong Kong to Thailand with a U. S. citizen crew, was fired upon, stopped, boarded, and seized by Cambodian naval patrol boats of the Armed Forces of Cambodia in international waters in the vicinity of Poulo Wai Island. The seized vessel was then forced to proceed to Koh Tang Island where it was required to anchor. This hostile act was in clear violation of international law.

In view of this illegal and dangerous act, I ordered, as you have been previously advised, United States military forces to conduct the necessary reconnaissance and to be ready to respond if diplomatic efforts to secure the return of the vessel and its personnel were not successful. Two United States reconnaissance aircraft in the course of locating the Mayaguez sustained minimal damage from small firearms. Appropriate demands for the return of the Mayaguez and its crew were made, both publicly and privately, without success.

Eastland, James O.

In accordance with my desire that the Congress be informed on this matter and taking note of Section 4(a)(1) of the War Powers Resolution, I wish to report to you that at about 6:20 A.M., 13 May, pursuant to my instructions to prevent the movement of the Mayaguez into a mainland port, U. S. aircraft fired warning shots across the bow of the ship and gave visual signals to small craft approaching the ship. Subsequently, in order to stabilize the situation and in an attempt to preclude removal of the American crew of the Mayaguez to the mainland, where their rescue would be more difficult, I directed the United States Armed Forces to isolate the island and interdict any movement between the ship or the island and the mainland, and to prevent movement of the ship itself, while still taking all possible care to prevent loss of life or injury to the U. S. captives. During the evening of 13 May, a Cambodian patrol boat attempting to leave the

Orig. not seen by or handled by Senate Office
Delivered to Speaker & President of Senate by Messrs. Waltham and
Loss of Congressional Relations: 5/15/75 (2:30 am)
(Stencilled) 75-0015-0000

Retaining Mayaguez

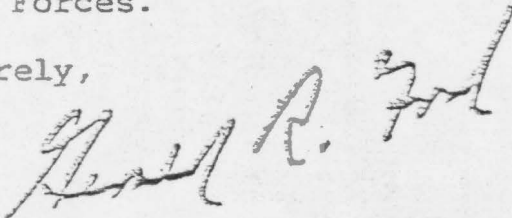
island disregarded aircraft warnings and was sunk. Thereafter, two other Cambodian patrol craft were destroyed and four others were damaged and immobilized. One boat, suspected of having some U. S. captives aboard, succeeded in reaching Kompong Som after efforts to turn it around without injury to the passengers failed.

Our continued objective in this operation was the rescue of the captured American crew along with the retaking of the ship Mayaguez. For that purpose, I ordered late this afternoon an assault by United States Marines on the island of Koh Tang to search out and rescue such Americans as might still be held there, and I ordered retaking of the Mayaguez by other marines boarding from the destroyer escort HOLT. In addition to continued fighter and gunship coverage of the Koh Tang area, these marine activities were supported by tactical aircraft from the CORAL SEA, striking the military airfield at Ream and other military targets in the area of Kompong Som in order to prevent reinforcement or support from the mainland of the Cambodian forces detaining the American vessel and crew.

At approximately 9:00 P.M. EDT on 14 May, the Mayaguez was retaken by United States forces. At approximately 11:30 P.M., the entire crew of the Mayaguez was taken aboard the WILSON. U. S. forces have begun the process of disengagement and withdrawal.

This operation was ordered and conducted pursuant to the President's constitutional Executive power and his authority as Commander-in-Chief of the United States Armed Forces.

Sincerely,



The Honorable
The Speaker
United States House of Representatives
Washington, D. C. 20515



3B MEMORANDUM

NATIONAL SECURITY COUNCIL

EXECUTIVE

PR 16-2

NDI

0016 3963

TA 3/0016

ACTION

June 2, 1975

MEMORANDUM FOR GENERAL SCOWCROFT

FROM:

Mr. Clift 

SUBJECT:

Q and A on Belgian Decision to Buy F-16

The Question and Answer at Tab A are forwarded for your review and approval, and, following your approval, for inclusion in the Q's and A's prepared for the President's upcoming press conference.

RECOMMENDATION

That you approve the language at Tab A for Mrs. Vanderhye's further action with the White House Press Secretary.

APPROVE _____

DISAPPROVE _____

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 18 1975	
FBI - NEW YORK	

RECEIVED

JUN 18 1975

CENTRAL FILES

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 6, 1975

NDI

5751-1

F613

F03-2/COMUS-2

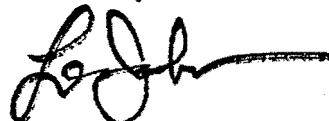
RIVERA, JERRY

Dear Congressman Won Pat:

Thank you for your letter of June 2, 1975 regarding the possible acquisition of two Vietnamese helicopters and one fixed-wing spotter plane for the Government of Guam. As you know, the Department of Defense is presently inspecting all equipment recovered from Cambodia and Vietnam. When this inspection is completed, reallocation will be made on the basis of ability to support the equipment and availability of spare parts. Your request on behalf of the Government of Guam will receive careful consideration. I have alerted the Defense Department to your interest and discussed the very worthwhile purpose for which these aircraft would be used. I am hopeful that the Defense Department will be able to act favorably toward meeting the requirements of the Government of Guam in this regard.

If I can be of any further assistance please feel free to call on me.

Sincerely,



Leslie A. Janka
Senior Staff Member



The Honorable Antonio B. Won Pat
House of Representatives
Washington, D. C. 20515

bcc: Dick Fryklund

NATIONAL SECURITY COUNCIL

Original sent to Congressman

Won Pat 6/6/75



ANTONIO B. WON PAT, M.C.
TERRITORY OF GUAM

216 CANNON HOUSE OFFICE BUILDING
(202) 225-1188

DISTRICT OFFICE:
P.O. Box 3549
AGANA, GUAM 96910
472-6546
477-8520

Congress of the United States
House of Representatives
Washington, D.C. 20515

June 2, 1975

COMMITTEES:
ARMED SERVICES

SUBCOMMITTEES:
MILITARY COMPENSATION
MILITARY INSTALLATIONS AND
FACILITIES

**INTERIOR AND INSULAR
AFFAIRS**

SUBCOMMITTEES:
NATIONAL PARKS AND RECREATION
TERRITORIAL AND INSULAR AFFAIRS
WATER AND POWER RESOURCES

Mr. Leslie A. Janka
National Security Council
The White House
Washington, D.C.

Dear Mr. Janka,

I am taking this opportunity to write in reference to your telephone conversation of May 30 with Jack Bresch of my staff relative to the possible acquisition of two (2) Vietnamese helicopters and one fixed-wing "spotter" plane for the Government of Guam.

Enclosed please find a copy of a letter from Guam Senator Jerry Rivera who first brought this matter to my attention. As you can read, the Government of Guam is in need of these aircraft for search and rescue missions, medivac situations and fire and traffic control.

I have previously written to the Department of Defense concerning these planes which formerly were in the inventory of the South Vietnamese Forces. The DOD reply indicated that it would be between sixty and ninety days before a decision could be rendered. The transfer of these planes to the Government of Guam would be a significant contribution to the civic good of our people.

It is my hope that a favorable decision can be forthcoming from those officials in whose authority this request lies. If I can supply further information or clarification, please do not hesitate to call on me.

With personal best wishes,

Sincerely,



ANTONIO B. WON PAT
Member of Congress



Enclosure



THIRTEENTH GUAM LEGISLATURE

P. O. BOX 373
AGANA, TERRITORY OF GUAM
U. S. A. 96910

SEN. JERRY M. RIVERA
Chairman, Committee on Public
Safety, Military & Veterans Affairs

May 16, 1975

Y 21 1975

Honorable A. B. Won Pat
Member of Congress
U.S. House of Representatives
216 Cannon House Office Building
Washington, D. C. 20515

Dear Congressman Won Pat:

Yesterday, I had the opportunity to go down to Naval Station to have a physical look at the aircraft that our Committee is trying to procure for the Public Safety Department through your office.

I was somewhat disappointed and appalled at the maintenance condition the majority of the aircraft are in. It was mentioned by maintenance personnel at the site that a great majority of the aircraft, helicopters especially, are in such poor shape that they'll probably end up being salvaged for parts. There are, however, some very good condition helicopters for which no records of ownership are available and have been "written off the books" and may be available without requisition requirements. Four of these previously belong to Air America which are the best among the lot. Since, they have been "written off" in records, ownership is no longer theirs. I understand that the VAF spotter plane (OIE "Bird Dog") is in the same category.

Listed below by tail numbers are those aircraft we can choose from which are in good operating condition:

UHHH Helicopters

✓ VAF Helicopter # N 8514F	Fair condition
*Air America Helicopter # 15866	Good condition
*Air America Helicopter # 20139	Good condition
*Air America Helicopter # 20115	Good condition
*Air America Helicopter # 20105	Good condition
*Air America Helicopter # 20142	Good condition

* Have already been "written off". (We need two of these.)



A. B. Won Pat
5/16/75
Page 2

FIXED WING SPOTTER AIRCRAFT

VAF OIE "Bird Dog" # FDD 5L14981

Good condition

(We need only one.)

CH47A Helicopters

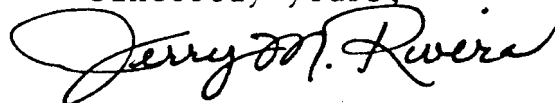
CH47A "Chinook" Helicopter # 160
CSN 64-13160

Good condition

This is the type of helicopter capable of carrying a water bucket for extinguishing fires.

(We need one of this.)

Sincerely yours,

A handwritten signature in cursive script, reading "Jerry M. Rivera". The signature is fluid and stylized, with the first letters of the first and last names being capitalized and prominent.

JERRY M. RIVERA
Senator

NSC CORRESPONDENCE PROFILE

DOC		RECD		LOG NDR		INITIAL ACTION	
MO	DA	MO	DA	HR	7503823		
6	2	6	3	17			

SOURCE/CLASS/DESCRIPTION

TO: JANKA
PRES
KISSINGER
SCOWCROFT
DAVIS

FROM: Won Pat, Antonio
KISSINGER, H
COLBY, W
SCHLESINGER, J
ST EX SEC

REFERENCE:

S/S _____
 OTHER _____

CIRCLE AS APPROPRIATE

UNCLAS LOG IN/OUT
 LOU NO FORN NOD
 C EYES ONLY EXD
 S CODEWORD
 TS SENSITIVE

SUBJECT: Sp Antonio funds of of the for Human State war
requesting Vietnamese weapons

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION

	ACTION	INFO	REC CY FOR
ADVANCE CYS TO HAK/SCOWCROFT			
STAFF SECRETARY			
FAR EAST			
SUB-SAHARAN AFRICA			
MID EAST / NO. AFRICA / SO. ASIA			
EUROPE / CANADA			
LATIN AMERICA			
UNITED NATIONS			
ECONOMIC			
SCIENTIFIC			
PROGRAM ANALYSIS			
NSC PLANNING	X		
CONGRESSIONAL		X	XL
OCEANS POLICY			
INTELLIGENCE			

ACTION REQUIRED

MEMO FOR HAK _____
 MEMO FOR PRES _____
 REPLY FOR _____
 APPROPRIATE ACTION _____ *
 MEMO _____ TO _____
 RECOMMENDATIONS _____
 JOINT MEMO _____
 REFER TO _____ FOR: _____
 ANY ACTION NECESSARY? _____
 CONCURRENCE _____
 DUE DATE: (6/10)

COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
<u>5 Jun</u>	<u>Orange</u>	<u>Janka</u>		<u>Draft Reply</u>	
<u>6 June</u>	<u>Janka</u>	<u>NSC/S</u>		<u>Signed Response to Congressman Won Pat</u>	
<u>6/6</u>			<u>C</u>	<u>Janka Sp the to Won Pat</u>	

NSC/S DISP INSTR

DISPATCH See by Janka 6-6-75
 CY RQMTS: SEE ABOVE PLUS Holmes Bim (6/6) FRYKlund, D
 NOTIFY _____ DATE _____ BY _____
 SPECIAL DISPOSITION: _____
 CROSS REF W/ _____
 SUSPENSE CY ATTACHED: X FOLDER: _____

JUN 20 1975 BY AGC

MICROFILM & FILE RQMTS:

CRT ID: _____
 OPEN _____
 CLOSE _____

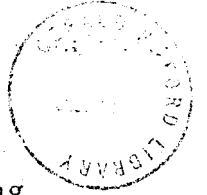
SA SF
 HP NS
 WH EP
 PA DY

B/B



THE WHITE HOUSE
WASHINGTON
June 11, 1975

EXECUTIVE
ND18/CO165-2
PW 2-3
FG6-11-1/Hesrew,
PR 16
ND1
Ron



Dear (Ben:) *Benjamin C. Bradlee*

When I took this job, I made a rule never to write a letter complaining about interpretation or opinion expressed in a story or editorial. However, I feel it is fair for me to raise a question about factual errors.

Last Saturday afternoon I received a call from the Los Angeles Times Washington Bureau for reaction to a George MacArthur story quoting sources as saying there had been heavy bombing raids in South Vietnam on the day of the final American evacuation.

I checked this out thoroughly and convinced myself it was not true and gave a very categorical denial to the caller from the Los Angeles Times. I also made the point that I felt it would be unfortunate if George MacArthur's story ran with the denial merely inserted in the story, thus leaving it to the reader to choose what to believe. I suggested to the caller that the story be checked out again, in light of the flat White House denial to make sure George MacArthur's source was credible.

Nevertheless, both the L.A. Times and the Washington Post, and perhaps other papers, ran the story with the White House denial inserted. The reader was therefore given a choice of whom to believe -- George MacArthur's source, or the White House.

My view is that an editor should take on some or all of that responsibility himself to make the choice. It bothers me that at least two very responsible newspapers did not attempt to evaluate the credibility of George MacArthur's source following the White House denial, and perhaps decide not to run the story at all.

I have checked out the incident further since publication of your story. I find that at the time of the Saigon evacuation the White House told both the press and Congress that one tactical fighter plane strike (2 planes) was made against one anti-aircraft position which endangered the helicopter evacuation. I am convinced after talking directly to the President and other high White House officials that that is the only air strike made in Vietnam that day.

RECEIVED
JUN 13 1975
GENERAL FILES

EXECUTIVE

ND 18/20/65-2

PU 2-3

FGG-11-1/Kessen,

PR 16 Ron

ND 1

June 11, 1975

Dear Mr. Thomas:

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RECEIVED

JUN 12 1975

GENERAL FILES

BB1

②

MEMORANDUM OF INFORMATION FOR THE FILE

DATE 6/16/75

EXECUTIVE

NDI
CO 159
FI 4

LETTER, MEMO, ETC.

TO: Bud (McFarlane)

FROM: Arthur (Houghton)

SUBJECT: Funding for Sudati Helicopter



CORRESPONDENCE FILED CENTRAL FILES - CONFIDENTIAL FILE

6/16/75

C.F. 3988

NDI

"Funding for Sadat Helicopter"

NATIONAL SECURITY COUNCIL

16 June

Bud:

IF HAK agrees that the disadvantages of finding more money for this project outweigh the advantages, ^(A) it could be informed while he's still here (i.e., before about Thursday/Friday), if a decision has been taken by then; or ^(B) the telegram can be sent as it is, if a decision takes longer.

Otherwise, we can begin the process of looking for more funds, but this may drag it into the FY '76 request - i.e., we would be involved in it for another 6 months, until ^{it} passed - or was stricken.

Arthur

RECEIVED
JUN 19 1975
CENTRAL FILES

MEMORANDUM

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

SECRET/SENSITIVE (GDS)

INFORMATION

June 16, 1975.

MEMORANDUM FOR:

BUD MCFARLANE

FROM:

ARTHUR HOUGHTON

SUBJECT:

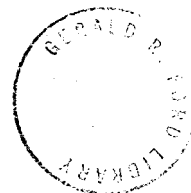
Funding for Sadat's Helicopter

A. This is an interim report on AID's decision to obligate funds for the Egyptian helicopter out of the FY 75 \$250 million package, pending further and more precise information.

1. On July 18 of last year, General Scowcroft notified State that \$3.0 million was approved for the helicopter. \$1.8 million was subsequently paid out of FY 75 first-quarter AID Contingency funds, and it was expected that the balance would come out of CF appropriations at a later point.
2. AID later balked at drawing the additional \$1.2 million out of Contingency Funds in view of increased Congressional hostility to the gift; they sought instead to provide it from Supporting Assistance. The decision not to use CF appropriations was made academic when Congress refused to approve further CF requests--in great part, apparently, because of alleged misuse of the Contingency Fund in being applied toward funding the helicopter, rather than toward disaster relief.
3. AID's understanding that the helicopter was to have been funded outside of any regular FY 75 Assistance appropriation for Egypt is implied by their use of CF money for the first, \$1.8 million tranche, and initial contemplation of CF money for the balance. Nevertheless, by February or March, with the \$250 million FY 75 Egypt request in hand, they decided to draw the \$1.2 million required from S/A within the \$250 million. It was apparently the course of least resistance: the alternative would have been to boost the total AID figure for Egypt to \$251.2 million which, in view of fear of Congressional resistance to increasing a fresh assistance appropriation and without any clear idea as to how much money could be deobligated from other funding obligations, was not a preferred course of action. In any case, as I have been told by AID Deputy Director Nooter, State itself seemed to have no strong objections at the time to the use of the \$250 million to fund the helicopter. This view was apparently conveyed at the working level, and AID proceeded on this basis until they were informed otherwise after Salzburg.

SECRET/SENSITIVE (GDS)

WtM 9/13/00



B. Regarding Brent's question on the attached memo: AID may be able to find deobligated FY 75 funds for more spares, and Nooter will let me know--although the 15-day notification requirement to Congress may make this impossible this Fiscal Year. As explained in Bob's original (June 12) memo to Brent, however, we believe this would be both unwarranted by what we know the Egyptians' requirements to be, and by the implications for further involvement by the US in a project we want the GOE to take responsibility for. Finally, do we really want to set up the kind of target for Congress that could have negative repercussions on our FY 76 request for the Egyptians?



MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~ GDS

WHM 9/13/00

INFORMATION

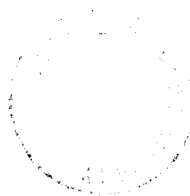
June 9, 1975

MEMORANDUM FOR: GENERAL SCOWCROFT
FROM: CLINTON E. GRANGER *CEG*
SUBJECT: Egyptian Presidential Helicopter

The attached CNO cable represents the latest arrangements for getting Sadat's helicopter airborne. The contractor representatives and military check pilots should be in Egypt before the end of the month. The helicopter will be flying in July.

In addition, a substantial spare parts and equipment package is being assembled and will be on route to Egypt shortly. Based upon Egyptian estimates of 20 hours flying time per month for the helicopter, the spare parts and supply equipment should be sufficient to carry the Egyptians for about three years. This package and the team that is now going to Egypt is being paid for out of the original \$3 million from AID. Follow-on parts after the supply package is consumed will have to be worked out between the government of Egypt and the commercial companies manufacturing the parts, but this should not occur for three years. In the meantime, the Egyptians are not being billed or assistance funds used for the helicopter.

*Can we work out another
million in spare parts through
AID?*

CEG

DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

MESSAGE CENTER

VZCZCHAY735

~~CONFIDENTIAL~~

92828

MULT

ACTION

DISTR CJCS(01) DJS(03) SJCS(02) J3(04) NMCC SECDEF(04)

NSD:ADM(04) SECDEF: ASD:ISA(10) DIA: DIA(10)

CSAF WASH DC

CSA WASH DC

ANMCC FORT RITCHIE MD

FILE(1)

(039)

TRANSIT/052229Z/052258Z/000:29TOR1562255

DE RUENAAA 05722 1562248

ZNY CCCCC

P 052229Z JUN 75

FM CNO WASHINGTON DC

TO RUEHEG/USDAO CAIRO EGYPT

INFO RUEHC/SECSTATE WASHINGTON DC

RUEKJCS/SECDEF WASHINGTON DC

RUEKJCS/JCS WASHINGTON DC

RUSNAAA/USCINCEUR VAIHINGEN GE

RUDONBA/CINCUSNAVEUR LONDON UK

RUFMAA/COMSIXTHFLT

RUEOFIA/CMC WASHINGTON DC

RULSSAA/CHNAVMAF WASHINGTON DC

RULSSAA/COMNAVAIRSYS COM WASHINGTON DC

RULSSAA/COMNAVSUPSYSCOM WASHINGTON DC

BT

~~CONFIDENTIAL~~ //N04900//

GOE PRESIDENTIAL HELICOPTER (U)

A. USDAO CAIRO 300815Z APR 75 (NOTAL)

B. USDAO CAIRO 071510Z APR 75 (NOTAL)

1. (C) ARRANGEMENTS ARE PROCEEDING FOR THE DISPATCH OF CONTRACTOR REPS AND CHECK PILOTS BY 1 JULY AS SUGGESTED PARA 1A REF A. TEAM COMPOSITION WILL CONSIST OF NAVAIR PROJECT MANAGER, ONE GE SERVICE REP, TWO SIKORSKY SERVICE REPG, TWO USMC/USN CHECK PILOTS, AND ONE USMC CREW CHIEF.

2. (C) TENTATIVE ARRIVAL DATE IS 28 JUN 75. ANTICIPATE CHECK PILOTS, CREW CHIEF, AND PROJECT MANAGER WILL DEPART ON 7 JULY. CONTRACTOR REPS WILL REMAIN FROM 30-60 DAYS.

3. (C) REF B PARA 7 INDICATED EAF WOULD POSSIBLY FURNISH QUARTERS TO AID IN REDUCING PROGRAM COSTS. REQUEST THIS SUGGESTION BE EXPLORED FURTHER WITH EAF AND VERIFICATION OF FIRM AGREEMENT/NON-AGREEMENT BE PROVIDED PRIOR TO TEAM DISPATCH. AREA CLEARANCE REQUEST

PAE 1

~~CONFIDENTIAL~~

00100111

WHM 9/13/00

39

DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

MESSAGE CENTER

~~CONFIDENTIAL~~

02020

AND FIRM ITINERARY WILL BE FORTHCOMING SHORTLY.
4. (C) SIKORSKY'S TENTATIVE CONTRACT FOR FOLLOW-ON SUPPORT IS BEING
FORWARDED THIS WEEK. GENERAL ELECTRIC'S CONTRACT WILL BE
FORWARDED IN THE NEAR TERM. REQUEST IDENTITY OF EGYPTIAN OFFICIALS
(IF KNOWN) WHO WILL BE INVOLVED IN NEGOTIATIONS WITH SIKORSKY AND
GE FOR FOLLOW-ON SUPPORT.

GDS,B1

BT

#5722

ANNOTES

DGR

PAGE 2

~~CONFIDENTIAL~~

00100111

NNN'I

052258Z

Team = AID

Follow on = Commercial -

AND FROM LITERARY WILL BE FORTHCOMING IN THE NEAR TERM, REQUEST IDENTITY OF EGYPTIAN OFFICIALS (IF KNOWN) WHO WILL BE INVOLVED IN NEGOTIATIONS WITH SIKORSKY AND BE FOR FOLLOW-ON SUPPORT.

008,81
87
85732
ANNOTES
008

NSC CORRESPONDENCE PROFILE

DOC		RECD			LOG NBR	INITIAL ACTION
MO	DA	MO	DA	HR	7503988	
6	9	6	9			

SOURCE/CLASS/DESCRIPTION

TO: PRES _____ FROM: *Dranger* ~~KISSINGER, R~~ _____ REFERENCE: _____ CIRCLE AS APPROPRIATE

KISSINGER _____ COLBY, W _____ S/S _____ UNCLAS LOG IN/OUT

SCOWCROFT *** _____ SCHLESINGER, J _____ OTHER _____ LOU NO FORM NODIS

DAVIS _____ ST EX SEC _____ S CODEWORD

TS SENSITIVE

SUBJECT: *Egyptian Presidential Helicopter*

DISTRIBUTION/INITIAL ACTION ASGMT.

INTERNAL ROUTING AND DISTRIBUTION		REC CY FOR	ACTION REQUIRED
	ACTION	INFO	
ADVANCE CYS TO HAK/SCOWCROFT			MEMO FOR HAK
STAFF SECRETARY			MEMO FOR PRES
FAR EAST			REPLY FOR
SUB-SAHARAN AFRICA			APPROPRIATE ACTION
MID EAST / NO. AFRICA / SO. ASIA			MEMO _____ TO _____
EUROPE / CANADA			RECOMMENDATIONS
LATIN AMERICA			JOINT MEMO
UNITED NATIONS			REFER TO _____ FOR: _____
ECONOMIC			ANY ACTION NECESSARY?
SCIENTIFIC			CONCURRENCE
PROGRAM ANALYSIS			DUE DATE:
NSC PLANNING			COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
CONGRESSIONAL			
OCEANS POLICY			
INTELLIGENCE			

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
6/9		51 Craft	CIX	Info	
6/16				noted by SCWT	
6/16		Dranger	S	any further action (6/20)	
6/17	Dranger	NSC/S	C	no further action	

NSC/S DISP INSTR

DISPATCH _____	MICROFILM & FILE RQMTS: JUN 19 1975 M/F/D _____ BY _____ CRT ID: <i>CAB</i> OPEN _____ CLOSE <i>DOC</i>
CY RQMTS: SEE ABOVE PLUS: _____	
NOTIFY _____ & DATE _____ BY _____	
SPECIAL DISPOSITION: _____	
CROSS REF W/ _____	SA SF HP NS WH EP PA DY
SUSPENSE CY ATTACHED: <i>4</i> _____ FOLDER: _____	

EXECUTIVE

CO 135

NO 1

15

June 17, 1975

*backup
P-3C
file in
safe*

MEMORANDUM FOR: BRENT SCOWCROFT
FROM: JACK MARSH

^X Carl Kotchian, President of Lockheed, and his Washington representative, ^X Dick Cook, were in to see me in reference to their desire to engage in the negotiations for the sale of P-3C aircraft to South Africa. It is more fully set out in the attached material which they gave to me.

You may be aware that former Secretary ^X Laird ^{Melvin} has indicated a friendly interest in our Government pursuing these negotiations.

I would be grateful if you would review the attached.

Many thanks.

JOM/dl

3B1

6

MEMORANDUM OF INFORMATION FOR THE FILE

DATE 6/25/75



EXECUTIVE

053

CO

FG11-7

~~NDI~~

FI1-2

FG164

LETTER, MEMO, ETC.

TO: *Amb. Henry E. Catto, Jr.*

FROM: *Jeanne Davis*

SUBJECT:

*Diplomatic Corps Attendance at
Apollo-Soyuz Launch on July 15

CORRESPONDENCE FILED CENTRAL FILES - CONFIDENTIAL FILE

65+

MEMORANDUM OF INFORMATION FOR THE FILE

DATE 6/30/75

EXECUTIVE

F03-2

C048

C077

ND20

NDI

FG11



LETTER, MEMO, ETC.

TO:

Sec. of State

FROM:

The President

SUBJECT:

*Presidential Determination
No. 75-27, Ethiopia and Kenya*

CORRESPONDENCE FILED CENTRAL FILES - CONFIDENTIAL FILE