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A. NEW YORK PFC AND REPUBLICAN PARTY LEADERSHIP

PFC Officials

Chairman	Richard Rosenbaum
Deputy Chairman	Michael Sitorhos
Executive Director	Robert Baker
Public Relations Director	Kermit Hill
Campaign Coordinator	Philip Weinberg
County Coordinator	William McDivitt

Republican Party Officials

Chairman	Richard Rosenbaum
Vice Chairman	Mrs. Joseph (Eunice) Whittlesey
National Committeeman	George L. Hinman
National Committeewoman	Mrs. Keith S. McHugh
Executive Director	Donald Mack

College Republicans

State Chairman	Michele Korob
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Young Republicans

State Chairman	Eric Joh
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National Federation of Republican Women

State President	Mrs. Phyllis Kelly
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B. ELECTED FEDERAL AND MAJOR STATE OFFICIALS

Governor

Hugh Carey (D)

Senators

Jacob K. Javitts (R)

James L. Buckley (I)

Republican Congressmen

Norman F. Lent - 4th District

John W. Wydler - 5th District

Peter A. Peyser - 23rd District

Hamilton Fish, Jr. - 25th District

Benjamin A. Gilman - 26th District

Robert McEwen - 30th District

Donald J. Mitchell - 31st District

William F. Walsh - 33rd District

Frank Horton - 34th District

Barber B. Conable, Jr. - 35th District

Jack F. Kemp - 38th District

James F. Hastings - 39th District

(Republicans hold 12 out of 39 Congressional seats)

State Legislature

Senate -- 34 Republicans to 26 Democrats

State Assembly -- 62 Republicans to 88 Democrats

C. ADVOCATES IN NEW YORK

September

10	Secretary Coleman	NYC
11	Constance Neumann	NYC
12	Governor Holshouser	NYC
15	Mitchell Kobelinski	NYC
	Frederick Dent	NYC
16	Vice President Rockefeller	Statewide blitz
	Senator Dole	Statewide blitz
	James Buckley	Statewide blitz
18	Susan Ford	NYC
21	Secretary Butz	NYC
	William Seidman	NYC
22	Senator Baker	NYC
	John Connally	NYC
	Secretary Coleman	NYC
24	William Seidman	NYC
	Secretary Usery	Lake Placid
29	Jeanne Holm	NYC (Nat'l Assoc. of Bank Women)
	Tom Ford	Pelham (Women of Pelham Fundraiser for Hicks) White Plains (Open Headquarters)

October

4	Peter Domenici	NY State Tour
5	Frank Zarb	NYC
8	Jack Kemp	Brooklyn
9	Vice President Rockefeller	NYC (Columbus Day Parade)
10	Jack Ford	Watkins Glen (Auto Race)
	Mrs. Ford	Buffalo
11	Jack Ford	NYC (Beverly Sills Taping)
	Steve Ford	NYC (Columbus Day Parade)
	Gerald Parsky	Queens (Mens and Sisterhood Congregation of the Israeli Center)
12	Vice President Rockefeller	NYC (Salute to the President Dinner)
	Senator Javits	NYC (Salute to the President Dinner)
	Virginia Trotter	NYC (National Essay (Contest))
13	Senator Hatfield	NYC
	Senator Javits	
14	Senator Hatfield	Houghton
	Senator Javits	

D. REVIEW OF MAJOR NEW YORK RACES

Senate

Senator James Buckley is opposed by Daniel Patrick Moynihan who defeated Bella Abzug in the primary by a narrow 10,000 votes. Mrs. Abzug ended up very bitter towards Moynihan and the New York Congressional delegation. During the primary campaign she said she would not support Moynihan if he were the nominee, and some observers think this cost her the election. Since then, she has been her usual gracious self. When asked if she would support Moynihan, she said she would not vote for Senator Buckley. At the opening of the Carter campaign's New York City office (Moynihan was not invited because "he is not an elected city official"), Mrs. Abzug said she would be too busy campaigning for Jimmy Carter to be able to campaign for Moynihan. Since Abzug carried the black vote and since no black leaders will endorse or work for Moynihan (because of his position on defense and foreign policy and his decade-old monograph on the black family), it seems probable the Democrat's margin in New York City will be reduced this year. A Republican can lose 60% of the City's vote and still carry the State.

Moynihan has two other problems -- time and money. He loses two days a week teaching at Harvard and also must spend considerable time raising funds. Moynihan came out of the primary \$146,000 in the red including a \$50,000 personal loan. He hopes to raise \$600,000 for the general election but, according to the New York Times of October 10, has managed to nail down only \$114,186.

Senator Buckley's campaign is in better shape. He made 43 public appearances to Moynihan's 17 in an eight-day period, and he is more successful at fundraising. While Buckley usually attends one fundraising event each day, the backbone of his finances is direct mail. This effort produced \$86,256 during the first seven days of October and now, with the bulk of the heavy costs paid for, mail contributions will bring mostly clear profit.

A mid-September poll by Gannet Newspapers and Newsday placed Buckley behind Moynihan 39-52 with 9% undecided. Two recent polls taken in late September show the race a dead heat, but the undecided vote was high - almost 20%.

A Buffalo Evening News poll of that city and Erie County, a Democratic stronghold, gave Buckley a wide lead, but showed an abnormally high undecided vote. The results were as follows:

	County- wide	City of Buffalo	County excluding Buffalo
Buckley	41.6%	33.9%	44.6%
Moynihan	27.1%	29.6%	26.2%
Undecided	31.3%	36.5%	29.2%

It should be noted that Abzug carried Erie County in the primary. An interesting issue arose when Buckley, having found a loophole in the Federal Election Campaign Act, demanded that the eight educational TV stations carry his commercials. This move produced outraged cries from public television spokesman objections from Moynihan, and a compromise agreement to provide 15 minutes of airtime instead of spot commercials. The Federal Election Campaign Act of 1971 requires that broadcasters provide "reasonable access" to political candidates under penalty of losing their licenses.

With the polls indicating that jobs and taxes are the prime concern of New York voters and with Moynihan taking a hard line on defense, foreign policy, and crime, the race boils down to Buckley's conservatism and Moynihan's liberalism on domestic economic issues. Buckley is beginning a media blitz with spots and ads charging that the "Carter-Moynihan platform" would cost the average New York family of four about \$3,000 a year.

House of Representatives

There are 39 Congressional seats, 12 of them held by Republicans. Statewide, a net gain of one seat is probable, and a gain of one of two more is possible.

In the downstate area that you will be visiting (Districts 1-23), there are six races to watch. Two of them involve threats to Republican incumbents: Norman Lent is in a tough race with Gerald Halpern in the 4th District (part of Long Island) and Jack Wydler in the 5th District (part of Long Island) is seriously challenged by Allard Lowenstein, who is making his second try for this seat.

The other key races downstate involve Republican non-incumbents: In the 2nd District, Peter Cohalan, the Islip Town Supervisor, leads freshman Democrat Thomas Downey in the polls and is considered our best chance, statewide, to pick up a seat. The 3rd District, where Howard Hogan is challenging freshman Democrat Jerome Ambro, is rated as a possible GOP gain. In the 15th District, Ron D'Angelo has an outside chance to defeat freshman Leo Zeffretti. But in the 23rd District, Republican Bruce Caputo is currently trailing Edward Meyer in the contest for the seat vacated by Congressman Peyser (who challenged Buckley in the primary).

In the upstate area (Districts 24-39), there are also six races to watch. In the 26th District, Republican incumbent Ben Gilham is having a tough battle with John Maloney, a Moynihan Democrat. In three districts Republicans are rated as possible victors against freshmen Democrats: Bill Harter vs. Congressman Matthew McHugh in the 27th, a normally Republican district; Joseph Martino vs. Congressman Edward Pattison in the 29th, also normally Republican (but Conservative James DeYoung has made this a three-way race); and Ralph Argen vs. Congressman John La Falce in the 36th (Buffalo). In addition, in the 32nd, Republican George Wortley is running a good race against veteran Congressman James Hanley, a liberal in a fairly conservative district. Also worth mentioning is the 24th District, where an attractive Republican, David Hicks, is challenging Dick Ottinger.

E. PFC CAMPAIGN OVERVIEW

Overview

Traditionally, New York State politics is divided into two geographic locations--Republican Upstate and Democratic New York City and surrounding boroughs. As anticipated, Jimmy Carter's strength is greater in the New York City area and much of the Carter lead can be explained in terms of the special voter groups concentrated in the city. To depreciate this lead, the New York PFC has begun a series of activities among a variety of special voter groups, which include the following: Blacks, Hispanics, Italians, Captive Nations Nationalities, Youth, Senior Citizens, Doctors, Lawyers, Taxi Cab Drivers, Office Workers, Industry (cosmetic, fashion) Jewish and Japanese. All of these groups are organized to accomplish the following:

1. Arrange periodic press conferences regarding campaign issues affecting each group.
2. Special mailings to the members of these groups.
3. Specialized campaign material tailored to the concerns of each group.
4. Rallies and events at which campaign representatives will be participating as spokesmen.
5. Endorsement of the President by prominent members of each group

Presently, the New York PFC and New York GOP are working together closely using the existing organizational structure within each county. To date, PFC headquarters have been opened and directors named in each county. Two field coordinators are covering the state through the county organizations and a county coordinator is located in the New York City headquarters.

There is considerable effort being made to get the Conservative New York State Party to endorse your candidacy. The significance of this endorsement is that you will have a second line on the ballot and this line could draw a minimum of 250,000 voters.

RNC Phone Centers

New York contains approximately 557 phones operating out of 42 centers, plus several private phoning operations in upstate

New York. RNC estimates that 2,088,750 households will be contacted by election day. Number of phone calls made as of October 4 was 92,547.

All phone banks have been operational since September 25 and registered voters exclusively make up the phonebank call lists.

There are approximately 6000 target precincts in the state, and the top GOP precincts as well as the top ticket-splitting areas are expected to have been well covered by election day. Primary emphasis is in calling Nassau and Suffolk counties, Queens, Brooklyn and Westchester counties, and the suburbs of Rochester, Albany, Syracuse and Binghamton.

The first series of phone calls are for voter identification. Follow-up calls for the get-out-the-vote program will begin on November 1.

Advertising

The advertising effort in New York will consist of a mix of network television, spot television and radio, newspapers and selected special voter group media.

Network advertising will be made up of 5 minute films and one minute spots dealing with the Ford Presidency, the Ford Family, and the Ford Record. "Issue" spots featuring your talking with various groups of people (senior citizens, workers, etc.) will also be included.

Hispanic voter television and radio will use Spanish language versions of the "Feeling Good About America" song as well as commercials featuring Tony Orlando.

There will be no other special advocate advertising in New York.

The spot television buy began the week of October 4; spot radio begins the week of October 11.

F. CARTER CAMPAIGN IN NEW YORK

Campaign Officials

Co-Chairpeople of Citizens Committee	William Van Den Huven (came into New York during Bobby Kennedy's race, but is a political loser) Margaret Costenza (ran Carter's primary campaign but has been reduced to a figurehead position)
State Campaign Manager	Gerald Doherty (brought into New York from Boston and there are some hard feelings with Democratic organization for bringing in an outsider)
Head of Ethnic Groups	Robert Wagner (former mayor of New York City)
City Campaign Director	Donald Manes (probably the most important assignment due to heavy Democrat turnout in the city and surrounding boroughs)
City Human Rights Chairman	Stanley H. Lowell (head of Jewish desk)
Field Coordinator	James Elsberry (a black from the Mayor's office who is currently under investigation by the U.S. Attorney Office in Brooklyn for submitting questionable expenses to New York City Board of Education while acting as consultant)

Campaign Strategy

In the New York primary Carter came in third, behind Jackson and Udall. His strength was in the Rochester and Binghamton areas.

Since his nomination Carter has been in New York state four times. One week after his nomination he had a "\$50 martini luncheon" at "21" where he met to reassure big businessmen that he would not be reforming taxes any time soon.

On the second day of his campaign, Carter traveled to New York City again. He had an early morning subway appearance but his advance man picked the wrong stop and not a strap hanger could be found.

Later he delivered a speech at Brooklyn College. In his discussion of housing policy, he declared that a healthy city neighborhood is not so different from Plains, Georgia, and excoriated the housing policies of the Administration. He charged HUD with mismanagement and corruption. He said he would have legislation enacted against red lining (sic), and pledged to reclaim thousands of abandoned houses and start an urban homesteading program (sic).

He told his audience that he would never tell the city to "drop dead"--attributing the New York Daily News headline following your National Press Club speech, "Ford to City: Drop Dead," to you directly.

Carter claimed the government has "stacked the tax deck" against neighborhoods by condoning policies which allow a landlord a good living through tax breaks on the rundown buildings (sic). "But when a homeowner spends a little hard-earned money fixing up his house, the assessor raises his taxes."

He wound up by saying he would have freed FBI Director Clarence Kelley. This statement was made in the context of Watergate: "When people throughout the country... see Richard Nixon, cheating, lying and leaving the highest office in disgrace, when they see the previous Attorney General violating law and admitting it," and when they see the Kelley incident, they ask "if the big shots in Washington get away with it, why can't I?"

(N.B.: In a poll published October 11, 1976, the New York Daily News reported that 65% disagreed with Carter's assertion that Kelley should have been fired, 18% agreed, and 17% had no opinion.)

On September 21, Carter launched his whistlestop in New York City. In remarks prior to departure, he invoked the memory of FDR, HST, JFK, and LBJ. He said, "When Truman was in office, nobody doubted who the President of this country was." And, recalling the sign on Truman's desk, he noted "a buck can run all over Washington looking for a place to stop these days." He promised "to change our government to bring decency and respect to our party again" (sic).

On September 29, Carter went to Buffalo where he addressed a small crowd of 300 at the airport. He held you responsible for high unemployment, inflation, and the high cost of welfare, and said you were "worse than Nixon." Later in North Tonawanda he addressed about 500 people in the parking lot of Western Electric--a plant that is being phased out, though there are still 2,000 employees there. He blamed you for unemployment, inflation. He declared that "the housing program under Nixon and Ford has almost been completely destroyed, no more homes are being built." He endorsed welfare reform and criticized you for vetoing jobs bills. He called for a Democratic President and a Democratic Congress to "restore what we have lost in this country."

G. PUBLIC OPINION POLLS IN NEW YORK

Statewide

9/15/76 Gannett News Service - Long Island Newsday

Ford	37%
Carter	40%
McCarthy	9%
Maddox	1%
Undecided	13%

Long Island (Nassau and Suffolk Counties)

10/3/76 Gannett News Service - Long Island Newsday

Those favoring Carter in early September:

85%	Still favored Carter
10%	Switched to Ford
5%	Undecided

Those favoring Ford in early September:

92%	Still favored Ford
6%	Switched to Carter
2%	Undecided

Those who were undecided in early September:

43%	Switched to Ford
27%	Switched to Carter
30%	Remained undecided

Erie County and Buffalo

9/30/76 Buffalo Evening News

County wide:

Ford	38.1%
Carter	23.2%
McCarthy	2.0%
Undecided	36.7%

Buffalo:

Ford	33%
Carter	23.5%
McCarthy	3.5%
Undecided	40.0%

County - without Buffalo:

Ford	40.1%
Carter	23.1%
McCarthy	1.4%
Undecided	35.4%

GENERAL ISSUES

FOOD PRICES

- Q. Can we look forward to an easing of the increase in food prices that we've had in recent years?
- A. Yes, you can. The Department of Agriculture estimates that prices will increase 3% to 4% this year. Last year food prices increased about 8.5% -- which was down from the 14.5% increases of 1973 and 1974.

The past high rates of increase stemmed from crop problems at home and abroad, from rising demand for food caused by worldwide increases in income in 1973, and from restrictive trade policies in other countries (which forced the main burden of price adjustment onto our open markets). A key reason for food price moderation in 1976 is the record crops produced by America's farmers in the past two years in response to favorable prices under our new policy of full production.

I should add that over the last two years, about three-fourths of the increase in consumer food costs came after food left the farm. Our big job is to stop the inflation that causes those cost increases. This is one of the reasons why everyone has a stake in controlling inflation and government spending.

Note: Current indications are that we can expect the present moderate rate of increase in food prices to continue at least through the first quarter of 1977. Food prices later in 1977 will depend on livestock production and crop prospects in 1977, which cannot be foreseen accurately at this time.

PCL/9/29/76

PUBLIC HOUSING vs. SECTION 236 AND SECTION 8

- Q. In view of the long-term costs to taxpayers, shouldn't HUD be pursuing conventional public housing rather than the Section 236 or Section 8 programs?
- A. Although conventional public housing may be less expensive in the long term, it gives poor and low income families less flexibility and choice in housing than the Section 236 and Section 8 programs, and it tends to concentrate those families in certain areas. The Section 8 program provides flexibility, especially as it applies to existing housing. Under Section 8, the Federal subsidies pay the difference between fair market rent and the portion of such rent a tenant can afford.

This new program has the following advantages over the old subsidized programs:

- the lowest income families can be reached;
- tenants are free to choose their own housing units and are not forced into subsidized housing projects.
- costs can be better controlled through the use of rent levels prevailing in the private market.

Background:

A recent GAO report concludes that conventional public housing is cheaper in the long term than other low-rent HUD programs.

FLM/10/4/76

EMPLOYMENT

- Q. The increase in the unemployment rate has been attributed to an increase in the number of people seeking work. Adult women during the past years have accounted for more than one-half of that increase. Do you think more women are seeking jobs because of the rising cost of living?
- A. There are a number of reasons why women are entering the job market, not just one. Most women enter the labor market for economic reasons: to support themselves and, if they are heads of households, to support their families. The rising divorce rate, the lower birth rate, and the fact that women are marrying later are other contributing factors. Many married women want a higher standard of living for their families. Many women, married and single, want careers and economic independence.

*Answer is similar to one issued by Secretary of Labor, W.J. Usery, in an interview on the Today Show, Sept. 13, 1976.

9/14/76

AB

MINORITY BUSINESS

- Q. In any adverse economic situation, it seems minority business is hardest hit. What is the status of the minority business sector, and what are you doing about its problems?
- A. We are seeing some very favorable trends for minority business in the United States. The minority financial community is strengthening -- more banks, more S and Ls, more venture capital -- and the tight money problems historically experienced by minority business firms are easing. We expect minority business receipts to double between 1972 and 1977, from \$16 billion to \$32 billion. Then, by 1982, we expect them to have doubled again, from \$32 to \$67 billion.

As you know, the Commerce Department, through its Office of Minority Business Enterprise, and the Small Business Administration have strong programs of management, technical, and financial assistance for minority business. I firmly support these efforts to help minorities participate in the American free enterprise system.

PCL/10/2/76

RESTRICTION ON HEW FUNDS FOR ABORTIONS

- Q. The Federal Government now pays States nearly \$50 million a year to finance abortions for low-income women under the Medicaid program. You recently vetoed the HEW/Labor appropriation bill which contained a ban on federal aid for abortions for low-income women unless their lives were endangered by the pregnancy. What is your actual position on this matter?
- A. I was sympathetic to the purposes of most of the programs funded by the HEW/Labor appropriation bill and I supported the restriction on the use of federal funds for abortions. However, my decision to veto the appropriation bill was based purely and simply on my conviction that it was loaded with unnecessary spending. I do have compassion for those who cannot help themselves. But the HEW/Labor bill was \$4 billion over what I had requested.

Background

Law suits filed in federal courts in Washington, D.C. and in New York City have resulted in two temporary restraining orders. These orders prevent the restriction on federal funding for abortion from being implemented across the nation until there has been a hearing in court.

At hearings to be held on October 12 (Washington, D.C.) and October 20 (New York City), plaintiffs (those challenging the restriction) will ask for a preliminary injunction.

This fall the Supreme Court will consider the constitutionality of a State restriction on the use of Medicaid funds for abortion (Maier v. Roe, from Connecticut). It is possible that a preliminary injunction will be granted in order to cover the matter until the Supreme Court rules on this case.

While the temporary restraining order is in effect, HEW funds will continue to be used to reimburse for abortion services.

SCM/10/6/76

AMNESTY FOR ILLEGAL ALIENS

- Q. What is your position on granting amnesty to those illegal aliens who have lived and worked in this country for a long time?
- A. This is not an easy question to answer. As you may know, there are between 6,000,000 and 8,000,000 illegal aliens in this country who have come here for a great number of different reasons. Many of them are holding jobs which would otherwise be available to our own citizens.

To get a better handle on the dimensions of the problem, over a year ago I established a Domestic Council Committee on Illegal Aliens. I am advised that it will be making its preliminary report to me very shortly. I will want to review this report, which will address the amnesty question from all points of view, before I make any decisions on this question.

RDP/10/1/76

CRIME

Q. Can the federal government do anything to reduce the high crime rate?

A. While crime is primarily a state and local responsibility, there are specific ways in which the Federal government can, and should, provide leadership in the battle against crime. I have called for:

-- a mandatory minimum sentence for persons convicted of committing Federal offenses with a dangerous weapon;

-- a "career criminal" program to deal swiftly with persons convicted repeatedly of serious crimes; and

-- the enactment of the Uniform Federal Criminal Code to serve as a model for other jurisdictions.

But Congress adjourned without passing these requests.

With the help of the right kind of Congress, I believe that we can make far more progress next year.

10/3/76/AB

DECRIMINALIZATION OF MARIHUANA

Q. Statements by you and by Dr. Robert Dupont, (Director, National Institute on Drug Abuse) concerning decriminalization of marihuana appear to be contradictory. What is the Administration's policy concerning the decriminalization of marihuana possession?

A. There is a great controversy in the scientific world about the effects of using a substantial degree of marihuana upon a person's health. Until there is a higher degree of unanimity among our scientific experts that marihuana is not harmful to the individual, I do not think we should decriminalize its use or possession.

I think we should do what the White House Domestic Council review recommended -- namely, concentrate our efforts at the Federal level on hard drugs, the trafficker and the others. But I re-emphasize, I do not believe in the decriminalization of marihuana under present circumstances.

Note: On the fundamental points that (1) marihuana is far from harmless and (2) its use should be strongly discouraged as a matter of national policy, all Administration drug program leaders are in agreement. Any differences which exist are in regards to relatively minor detail.

Note: Carter has called for decriminalization on charges of possessing small amounts.

GUN CONTROL

Q. What is your position on gun control?

A. I remain opposed to Federal registration of gun owners or of guns. I do not want to see the government encroach upon the rights of law-abiding citizens.

Last year, when I sent my anti-crime package to Congress, I called for a ban on the importation or production of the "Saturday Night Specials", which have no apparent purpose except use against another person. I also called for a standard minimum sentence in order to deter persons from committing serious crimes with guns or, failing that, to ensure that they go to prison.

I think that the most effective way to enforce the law and decrease crime is to guarantee certain imprisonment for anyone convicted of using a gun to commit a serious crime. I ask you to join me in urging the members of Congress to give us all that protection.

10/3/76

HIGHER MEDICARE PAYMENTS

Q. Your Administration recently increased the amount Medicare beneficiaries must pay for hospital care. Doesn't this put an undue hardship on the nation's elderly?

A. It is a hardship, there is no denying that.

I have no control over this increase since it is required by law. The law requires annual adjustments in the inpatient hospital deductible -- the amount a Medicare beneficiary pays when he or she enters a hospital -- in proportion to rising hospital costs.

The increase, which will be effective on January 1, is 19% and reflects the exploding inflation in the costs of health care. I have proposed several measures designed to control these costs.

Most important of all for elderly people is my proposal last January to protect all Medicare beneficiaries from the devastating financial impact of catastrophic, long-term illness. My plan would guarantee that after reaching age 65, no one would have to pay more than \$500 a year for covered hospital or nursing home care -- or more than \$250 for one year's doctors bills.

This is the kind of protection our elderly really need. The Congress did not act on my proposal, but I will re-introduce it and continue fighting next year.

Background

Effective January 1, 1977 Medicare beneficiaries will have to pay \$124 instead of \$104 for the first day, \$31 instead of \$26 a day for each day hospitalized between 60 and 90 days, and \$62 instead of \$52 a day for any stay of more than 90 days.

This increase follows a 13% increase that went into effect less than a year ago.

DO/10/2/76

ARAB BOYCOTT

Question:

What did you order the Secretary of Commerce to do in regard to disclosure of Arab boycott-related reports?

Answer:

On October 7, I signed a directive to the Secretary of Commerce instructing him to take steps to permit the public inspection and copying of reports required to be filed with the Commerce Department regarding boycott-related requests received by American companies on or after October 7, 1976. Only certain business proprietary information will not be made available to the public.*

Disclosure of boycott-related reports will enable the American public to assess for itself the nature and impact of the Arab boycott and to monitor the conduct of American companies.

As President, I have taken stronger action than any of my predecessors to counteract the boycott. For example:

- In November 1975, I issued a series of specific actions to strengthen our opposition to the boycott and to insure that American citizens and firms would not be subject to boycott-related discrimination because of their religion, race, color, sex or national origin.
- In January of this year, the Justice Department filed a civil antitrust suit against an American company charging it with implementing a boycott agreement to refuse to deal with other American companies. This suit is the first of its kind to be filed by any Administration in regard to the boycott.
- On October 4, I signed the Tax Reform Act which includes provisions under which foreign source income attributable to certain boycott-related activity will lose its foreign tax credit, certain tax benefits, and its tax deferral.

* Business proprietary information consists of monetary value of transaction, quantity and type of goods, consignee.

NUCLEAR NON-PROLIFERATION LEGISLATION

- Q. Why did you oppose the effort in Congress to pass legislation that would have helped control the threat of nuclear proliferation abroad?
- A. My Administration worked hard -- right up until the last hours before the Congress adjourned -- to get agreement on a good non-proliferation bill.

I personally met with House and Senate leaders from both parties to help reach agreement and to urge enactment of legislation before adjournment. I will try again early next year.

In addition, we will continue the special efforts that have been underway for nearly two years to get other nations to adopt tough controls for preventing nuclear proliferation. For example, in early 1976, as a result of six meetings with other nuclear supplier nations, we achieved agreement on a set of common guidelines that all supplier nations would impose as a condition of nuclear exports.

Also, this past summer, I ordered a major review of our nuclear policies and options. That review has identified other actions that we can take and I will be announcing those fairly shortly.

GS/10/10/76

NEW RUSSIAN GRAIN PURCHASES

Q. The Soviet Union purchased large quantities of grain from the 1975 crop. What can we expect it to do this year?

A. The USSR is expected to import considerably less grain this year than it did a year ago. Our experts predict a Soviet grain harvest of well over 200 million metric tons this year -- perhaps as much as the previous Soviet record of 222 million tons. This compares to a crop of 140 million tons last year. Total Soviet purchases of grain from the 1975 US crop were 16.5 million tons. Purchases from the 1976 crop are expected to be somewhere between 6 and 8 million metric tons. As of October 1, the USSR had already purchased over 6.3 million tons of 1976 US grain.

Our long-term grain agreement with the Soviet Union, signed in October 1975, requires that the USSR purchase from the United States a minimum of 6 million tons each year for five years. So today, even when there is a good crop in Russia, the USSR is a guaranteed customer for American grain.

Background

So far this year, the Russians have purchased about 3.80 million metric tons of corn and 2.55 million tons of wheat covered by the grain agreement, as well as 1.4 million tons of soybeans (not covered by the agreement).

On October 1, 1975, before the agreement went into effect, the Russians had purchased 451,000 tons of wheat from the 1976 US crop.

Last year total Soviet purchases from our 1975 grain crop were 16.5 million metric tons, including 4.4 million tons of wheat and 12.1 million tons of corn. Of this total, 9.8 million tons were sold before the temporary withholding and 6.7 million tons after.

PCL/10/1/76

(New York)

OCS LEASING IN MID-ATLANTIC AREA

- Q. What is the status of leasing for oil and gas in the Mid-Atlantic OCS area? If we go ahead with drilling, how are we going to protect our environment?
- A. Oil from our frontier OCS areas can assist greatly in our effort to reduce our dependence on foreign sources of energy. In the August sale of oil and gas leases in the Mid-Atlantic area, the Interior Department accepted bonus bids of \$1.1 billion for 94 tracts.

As to the question of environmental protection, current offshore oil-drilling technology is such that these rigs contain more fail-safe devices to make them environmentally sound than do most other industrial facilities in this country. Many millions of dollars have been spent in R & D to make certain that something like the Santa Barbara oil blowout does not recur.

Background

On August 10, a three-judge panel of the New York State Court of Appeals let the sale proceed, lifting an injunction issued by US District Judge Jack B. Weinstein.

The State Court of Appeals heard arguments September 27 on the suit by New York State, two Long Island counties, and three counties from New Jersey to cancel the leases awarded in August. The court reserved decision on the suit.

A call for nominations for a second sale in the Mid-Atlantic area is being delayed until the court rules on the suit. The area under consideration lies off the shores of Long Island, New Jersey, Delaware, Maryland, Virginia and North Carolina. It includes some of the tracts offered in the August Mid-Atlantic sale but generally ranges further north and south and more seaward.

The Murphy bill to amend the Outer Continental Shelf Lands Act died on September 28, when it was sent back to conference because of Congressional concerns about provisions providing for a Federal exploratory drilling program. Secretary Kleppe had announced on September 22 that if the bill were passed in its form at that time, he would recommend a veto.

GWH/10/8/76

DO YOU REALLY HAVE AN ENERGY PROGRAM?

- Q. Jimmy Carter charges that you have no energy plan, that you have exhibited no leadership on this issue. How do you respond to this charge?
- A. When I assumed office, the Nation had no energy program -- it had only a succession of energy advisors. At that time imports were estimated to reach 13 million barrels per day by 1985, or more than half of our petroleum consumption. Our vulnerability was getting worse daily.

Within five months -- specifically, in my first State of the Union Address -- I proposed the Nation's first comprehensive energy program. This program was designed to give us energy independence by 1985, and to retrieve our position of world leadership in energy.

The initial Congressional response was hostile. Congress was afraid to take the tough steps recommended in my program. It was also disorganized: In the first fifteen months after my State of the Union Address 28 committees and 79 subcommittees held hearings on my program, and Administration officials testified nearly 500 times.

After two years of debate and Congresssional disarray, we have finally made some progress. Let's look at what has been achieved.

- (1) Eight of my legislative proposals have been enacted.
- thermal standards for new homes and commercial buildings;
 - appliance efficiency targets, labeling of consumer appliances, consumers, and standard-setting authority;
 - assistance for low-income and elderly people to help them insulate their homes and reduce their energy costs;
 - production from the Naval Petroleum Reserves;
 - extension of coal conversion authorities for utilities;
 - the establishment of a strategic petroleum reserve;
 - emergency standby authorities to better deal with an embargo, both at home and with our consuming allies; and
 - energy development impact assistance in coastal zones.

(2) In addition:

-- I have reached agreement with the Congress on phased decontrol of oil.

-- I have reorganized and expanded our research and development effort.

-- I have worked with the Congress to separate nuclear development from nuclear regulation.

-- I have signed a bill setting energy efficiency standards for our autos.

-- I have developed oil-sharing agreements with our allies in Europe and Japan.

-- I have established dialogues with the producing nations to try to increase the security of the oil we do import.

Real progress has been made. In just two years we have reduced our estimated vulnerability in 1985 by almost one-half.

There is still much to be done -- such as my insulation tax credit for middle-income homeowners, decontrol of natural gas so as to increase supply, actions to expand our uranium enrichment capacity, and an overall program to achieve the proper balance between our objectives for energy, the environment, and economic growth.

GRS/10/2/76

GOVERNOR CARTER'S ENERGY PROGRAM

Q. What is your opinion of Mr. Carter's energy program?

A. What energy program? Mr. Carter has said nothing about goals, nothing about quantifiable targets, nothing about a date when the "program" is to be achieved.

Most of Mr. Carter's so-called proposals are generalizations and platitudes -- raising more questions than they answer. For example, what is his "clean coal" program? How would he "exercise the Federal government's obligation to protect the Nation against an oil embargo?" What does he mean when he says that the government should negotiate with OPEC? What do these assertions mean in terms of real programs? Will he use military force to prevent another embargo? Will he back down on our support of Israel? Does negotiation with OPEC mean nationalization of oil imports?

The only time when Mr. Carter's remarks about energy get relatively specific is when he refers -- apparently without knowing it -- to steps the government has already taken or is the process of taking. He proposes "performance standards" for energy conservation, but these have already been enacted for autos, new houses and commercial buildings, and appliances. The expanded R&D programs he proposes are already in the works.

His scheme for a Cabinet-level Department of Energy is not only deficient, but is reminiscent of my predecessor's proposal several years ago to establish a Department of Energy and Natural Resources. That proposal didn't succeed. My Administration is currently working with Congress to examine various alternatives; the President owes the Congress a report on energy organization in December.

If Mr. Carter would like to spend a few days in Washington, we would be happy to bring him up to date on the progress this country is making on energy and on our plans for the future.

FZ/GS/9/28/76

OIL IMPORTS -- PROGRESS IN SOLVING ENERGY PROBLEMS

- Q. Figures released recently indicate that petroleum imports are up 16% in the first half of 1976 compared to the same period in 1975. Given this figure, how can you say that we are making progress in improving our energy situation?
- A. We have indeed had an increase in imports this year, and it was one that we expected because our economy was emerging from a recession and our demands were growing. It is also true that our level of oil imports today is higher than it was before the oil embargo.

These short-term developments, however, should not be allowed to obscure the progress we are making to meet our long-term needs. Two examples:

-- Production in Alaska should begin in about a year, and that will give us a considerable boost.

-- Congress has now passed a number of my energy proposals, which will permit us to achieve about one-half of my goals for energy independence. We have now started the process of removing government regulations which have impeded domestic oil production. That means that the incentives for producing oil here at home are increasing, and in turn we will begin to have more domestic oil available for consumers.

No one ever suggested that the achievement of energy independence was going to be a quick process. In the 1960s, we allowed this country to drift too far in the wrong direction. I'm also far from satisfied with the pace of legislation on Capitol Hill. But we're finally moving in the right direction, and the goal of energy independence is certainly closer now than it was two years ago. At last the nation has a comprehensive energy plan, and we're working hard to carry it out.

DG/GRS/10/3/76

SOLAR ENERGY RESEARCH INSTITUTE (SERI)

- Q. What are the chances of our getting the Solar Energy Research Institute that ERDA is setting up?
- A. I wish that it would be possible to put a Solar Energy Research Institute in each state that wants one, but that would be unrealistic.

I am told by Bob Seamans, Administrator of the Energy Research and Development Administration (ERDA), that he has received 20 proposals from organizations wanting to serve as the manager-operator for the proposed new SERI, including the one that is undoubtedly of interest to you.

We all recognize that there is a great deal of expertise in this area -- both in the universities and in private industry -- that could help in achieving our goal of developing economical solar energy. But the responsibility for making the selection from among the 20 proposals rests with Dr. Seamans and ERDA. I understand that a selection will be announced sometime in December.

Background

Proposals have been received by ERDA for locating SERI in:

Arizona	Colorado
California	Michigan
Georgia	Washington, D.C.
New Mexico (2)	Minnesota
Pennsylvania (2)	New Jersey
Utah	Nebraska
Indiana	New England States
Florida	Texas (2)
Alabama	

NATURAL GAS DEREGULATION

- Q. What is the likelihood that the prices of natural gas will be deregulated soon?
- A. That is up to Congress. I have repeatedly urged the Congress, since January 1975, to deregulate the wellhead price of new natural gas. The Congress has failed to act on my legislation.

Natural gas prices must be allowed to rise to a level that provides an incentive for increased exploration and recovery in order to expand our supplies.

The Federal Power Commission has recently proposed an increase in the price for new interstate natural gas from \$0.52 to \$1.42 per Mcf. That proposal is a step in the right direction, but it is not as good a solution as decontrol.

I might also point out that Mr. Carter has proposed the deregulation of new natural gas for a period of five years. I am glad that he at least supports that much progress, and I hope he is eventually convinced to give total support to deregulation.

GRS/9/28/76

CONSUMER IMPACT OF NATURAL GAS PRICE DEREGULATION

- Q. Why do you keep pushing for natural gas price deregulation when we are already suffering from price increases over the past few years?
- A. Natural gas production in the US has been declining steadily because, under Federal price controls, there has not been enough incentive for natural gas exploration, drilling and production.

We simply must allow price increases or production will continue to decline.

This means, of course, that the prices consumers pay for natural gas will have to increase. But these prices will still be lower than the fuel prices consumers would have to pay if they had to give up the use of natural gas and switch to other fuels.

GRS/10/10/76

NATURAL GAS SHORTAGES

- Q. Do you anticipate any natural gas shortages this winter?
- A. I understand that projected curtailments for this coming winter are greater than last year's projections. However, FEA & FPC have indicated that, barring an abnormally cold winter, no major natural gas problems are foreseen.

Supplies of alternate fuels are at record high levels and if people plan early for curtailments, they can avoid serious economic disruptions.

ENERGY POLICY CONSERVATION ACT

Q. Why did you sign the Energy Policy Conservation Act last December after contending for so long that you really favored ending oil price controls? That legislation is continuing to have a major adverse impact on oil production.

A. When I signed the Energy Policy Conservation Act, I stated that the bill was by no means perfect. I signed it because:

-- It did provide some of the authority we needed, e.g., authority to set up a strategic petroleum storage program.

-- The oil-producing provisions did permit the phasing out of crude oil price controls over time (40 months).

-- It also permitted the phasing out of pricing provisions for petroleum products.

-- It was the best bill we could get from Congress.

I also stated that I intended to fully utilize the authority granted to me under the Act (1) to implement the pricing provisions in a way that would increase prices and stimulate added production and (2) to get the government out of the price-control business at the earliest possible time.

I believe we are making good progress towards achieving those goals.

The bill was a step in the right direction, but not as large a one as I would have liked. We still have a long way to go.

GRS/9/24/76

REMOVING PETROLEUM CONTROLS

- Q. When you signed the energy bill in December 1975, you said that you were going to dismantle the controls on petroleum products. Has this been done?
- A. In the case of petroleum products, we are making good progress in removing price and allocation controls.

Under the law, it takes longer to do this than I would like. A decontrol plan must be submitted to the Congress for each class of petroleum products and the Congress then has 15 days in which to disapprove it. Following this procedure, we have succeeded in removing controls from residual oil, middle distillates (i.e., kerosene, diesel fuel, and fuel oil) and other products -- accounting for nearly half of each barrel of crude oil. We will propose plans to decontrol additional products shortly after Congress returns in January.

In the case of crude oil, I sought Congressional approval for immediate decontrol in January 1975. The Congress refused to go along and, finally, in December, 1975, it approved gradual decontrol over a 40-month period. FEA is allowing crude oil prices to increase to the extent possible under that law.

GRS/10/2/76

OIL COMPANY DIVESTITURE

- Q. Why did you oppose divestiture of major oil companies?
- A. Advocates of divestiture assume that, by breaking up a major segment of the oil industry, we can lower the prices of oil and increase the volume of secure supplies. I have not seen any evidence to indicate that this would happen.

There is a good chance that divestiture would retard rather than expand domestic production and that it would actually increase our dependence on high-priced foreign oil and our vulnerability to disruption from an embargo.

Until it can be conclusively demonstrated that divestiture would improve rather than worsen our energy situation, I must oppose such proposals.

Note: The Senate Judiciary Committee reported out a divestiture bill in early summer, but it has now lapsed. Carter supports partial divestiture.

GRS 10/2/76

\$1.3 BILLION "WINDFALL" FOR THE OIL COMPANIES

- Q. The recent revelation of a \$1.3 billion regulatory mix-up -- and of FEA's proposal to allow refiners to keep the associated windfall benefit -- seems to confirm the administrative incompetence of the FEA and a pattern of excessive regulatory friendliness toward the US oil companies at the expense of consumers. What is your position on this?
- A. The discussion of this issue that has occurred so far indicates a clear misunderstanding of the facts, which are as follows:
- No "windfall" has been granted to the oil companies by FEA. The case is open. FEA is considering a variety of alternatives to deal with the problem -- some of which could result in penalties for the refiners involved.
 - FEA has scheduled public hearings on this matter for October 13, 1976. At these hearings, the alternatives for dealing with the problem will be fully aired, and all parties at interest, including consumers, will be heard.

When all the facts are in, I am confident that FEA Administrator Frank Zarb will decide in a way that is correct and fair for consumers and others involved.

Background

The \$1.35 billion "windfall" issue has arisen because of an interpretation by some refiners of complex FEA and Cost of Living Council oil price regulations governing the pass-through of "product" (crude oil) and "non-product" (operating) costs.

FEA intended its regulations to be read in one way; the issue was sufficiently confusing that some refiners read it another way. On August 3, FEA called for hearings. These were initially scheduled for September but were postponed to October 13, 1976.

GRS/9/28/76

ALASKA OIL PIPELINE WELDS

- Q. How can we be sure that the welds on the Alaskan oil pipeline are safe in light of the reports of weld failures and inaccurate records of the contractor?
- A. I have given orders to the Secretaries of Interior and Transportation not to allow oil to flow in the pipeline until they are certain the line is safe.

As of mid-September, less than 10 percent of the suspect welds remained to be inspected and, if necessary, corrected. Responsibility for doing this rests with Alyeska, the private consortium of eight major oil companies that is building the pipeline. Alyeska's correction program is being monitored by the Department of the Interior and the Department of Transportation.

In addition, on the basis of a report by an independent CPA firm, Interior Secretary Kleppe required Alyeska to bring all of its records up to an acceptable level and to adopt new procedures to ensure that the integrity of existing and future pipeline welds can be verified.

FOLLOW-UP QUESTION

How much delay and extra cost will correction of the problem entail? Will these costs be passed on to the consumers?

- A. Interior Secretary Kleppe tells me there is still an excellent chance that the pipeline will begin operating in late 1977, with 1,200,000 barrels of oil per day expected by 1978. Alyeska says there will be no delay in this schedule.

Alyeska will bear the costs for providing adequate records and correcting any faults. These costs, should be small in comparison with the estimated \$9 billion cost of building the pipeline.

We do not know yet how the costs of correcting the pipeline problems will be handled, or what the price of Alaskan oil will be. Federal agencies are now reviewing this problem. FEA is proceeding as required by current law to come up with pricing alternatives, which then must be reviewed by the Congress.

GRS/10/9/76

FEDERAL FUNDING FOR RESEARCH AND DEVELOPMENT

- Q. Mr. Carter has been stressing his intention of giving high priority to research and development. What is your position on this?
- A. My 1977 budget includes requests for \$24.7 billion in Federal funding for research and development -- an increase of 11% over 1976. This increase compares to an overall increase in my proposed budget of 5.5%.

This is concrete evidence of what I have been saying for two years: I believe that a strong R&D effort, sponsored by both government and industry, is critically important to the strength of the economy, to our defense, and to enhanced quality of life for all.

GRS/10/2/76

NEW YORK ISSUES

BACKGROUND FACTS ON
NEW YORK CITY'S FINANCIAL SITUATION

To date, New York City has generally adhered to the three-year financial plan to balance its budget by June 30, 1978. During fiscal 1976, the City reduced payrolls by nearly 50,000 persons, successfully implemented \$200 million in deficit reduction measures, and improved its financial controls and management. The final operating deficit for the fiscal year was \$968 million, \$83 million less than anticipated.

During the current fiscal year (which began July 1), New York City has implemented nearly \$400 million in new deficit reduction measures and prepared \$85 million in standby cuts. Its cash position at this time is much stronger than had been anticipated, and therefore it is borrowing from the Treasury at a much slower pace.

New York City has fully complied with the terms of the Federal loan agreement. In fiscal 1976, the City borrowed \$1.26 billion and repaid these loans ahead of schedule with \$27 million interest. For the current fiscal year, it has borrowed \$1.075 billion to date and is scheduled to request an additional \$1 billion. The Treasury expects these loans to be repaid on time.

The main threat to the City's recovery at this point is that it may lose the willpower to implement the remaining \$450-\$500 million in cuts required prior to June 30, 1978. In a recent interview, Mr. Carter said he would be inclined to support some new Federal assistance program: either one specifically designed to bail-out New York City or a general program of Federal guarantees for state and local debt. Either approach would be extremely unsound as a matter of national fiscal policy. And either would destroy any incentive for New York City's officials to follow up the tremendous accomplishments that have already been made.

The New York Times reported on October 10 that some House members who voted for aid to New York City are being attacked by their Republican opponents. Congressman Lud Ashley told the Times it was a major issue in his campaign. Also under attack are Gillis Long, Edward Mazvinsky, and Paul Simon. In a comment John McFall said: "It's an issue everywhere that they bring up the spending issue -- Congress throwing billions of dollars away."

NEW YORK CITY'S FINANCIAL SITUATION

- Q. Has New York City really made progress?
- A. Definitely. Before the Financial Plan was implemented last October, New York City was headed toward a multi-billion dollar deficit. That deficit has now been pared to an anticipated \$700 million this year and can be eliminated next year, as planned. Moreover, the City has eliminated its short-term debt and taken steps to develop a first-rate accounting system. With the right incentives and the right constraints, the City's leaders have shown that the job can be done and they have justified our continuing confidence in them.
- Q. A Congressional subcommittee recently concluded that the Administration's handling of the New York City situation cost the other municipalities of this country \$1.4 billion in increased borrowing costs. Do you agree?
- A. No. There was indeed an increase in municipal borrowing costs during 1975, but this increase reflected greater investor concern with the risks inherent in municipal securities in general. Nothing the Administration could have done with respect to New York City would have changed the market's attitude regarding municipal bond risk.

At best, the subcommittee report is a belated suggestion that a full Federal bail-out should have been provided. We viewed that course as wrong a year ago and I am more and more convinced of the wisdom of our original position.

- Q. Why does the Treasury Department disagree with Felix Rohatyn's proposal to stretch out the City's debt and thereby alleviate the immediate strain on the city's budget?
- A. This proposal would mortgage the City's future. A stretch-out would alleviate some of the City's immediate cash needs, but Treasury studies indicate it will increase total debt service by several billion dollars over later years.

This is too high a financial price to pay. The City is currently meeting its Plan to eliminate its

deficit by 1978. A stretch-out is both costly and unnecessary. Moreover, since a stretch-out would require more Federal money, it would mean that Federal controls would continue as well. Having come so far so fast, I don't think the people of New York want to remain wards of Washington for decades to come.

- Q. Numerous members of the financial community -- in particular MAC Chairman, Felix Rohatyn -- have expressed doubts as to whether New York City will be able to reenter the capital markets in fiscal year 1979. What is your view?
- A. Obviously no one can predict with certainty whether New York City will have access to credit in fiscal year 1979. However, if the City completes the tasks it has so admirably begun -- if it balances its budget and fully implements the new accounting and controls systems -- I believe it will be perceived entirely differently in the markets at that time.

Let me add that it is vitally important that all participants remain committed to this goal. Access to the market is in large part a question of confidence and if we begin now to impair that confidence by dire predictions and doomsaying, achieving market access will be all the more difficult.

- Q. Do you think that the City will repay the Federal loans on time this year?
- A. Yes, the City repaid them on time last year and we have no reason to believe that it will not do the same this year. As in the past, however, we shall continue to closely monitor the City's compliance with its Financial Plan.

- Q. Isn't it true, as Senator Mondale recently said, that "If other cities took in as many poor as New York, they would be broke too."
- A. It is a real disservice to the poor and minorities in New York City to blame the City's fiscal problems on them. New York ranks only ninth among the major cities in the percentage of its population on welfare and the proportion of poverty families is also well below the average. These data show that the poor come to New York City to work, not to go on welfare. The principal cause of the fiscal crisis is the salaries and benefits paid to municipal workers, not assistance to the poor.
- Q. In a recent interview, Mr. Carter indicated he would be amenable to a Federally-funded stretch-out of the current Three Year Plan. What is your opinion?
- A. Let me make two points. First, that approach was presented to Congress last year and squarely rejected. Thus, in evaluating the idea, a key question is what Congress would do. I see no indication that the next Congress will be any more prepared than the last Congress to accept such a plan.

Second, turning to the merits, any stretch-out plan must be looked at in light of what New York City has accomplished in the past year. The most difficult tasks are already behind it and the job can be completed on schedule. Why should it give up now?

N.B. The New York Times reported the following comment from Stephen Berger, Executive Director of The Emergency Financial Control Board: "The City's biggest problem is that its deepest cuts, which should have been made in the first year, were not scheduled until the third year....People assumed the worst is behind us, when the worst is still ahead." (10/11/76)

COUNCIL FOR NORTHEAST ECONOMIC ACTION

- Q. Secretary of Commerce Elliot Richardson recently pledged support for a newly organized Council for Northeast Economic Action. Isn't this a politically inspired action, and a program of questionable value?
- A. By no means. The Council, which will be chaired by Dr. James M. Howell, a prominent economist who is also an officer of Boston's First National Bank, was formed for the purpose of relieving the mounting job and income problems of the northeast region of our Nation. It has the active participation of labor, industry, and the financial community, as well as of government. Close to \$1 million for grants, research and other support is earmarked from the Department of Commerce (EDA) to ensure the program's success.

This critically important undertaking specifically addresses the major problem of the northeast -- economic growth. It is evidence of my commitment to provide help to all parts of our country so that all may share in our growing abundance.

Note: Senator Case has expressed concern that the problems of the older areas of the country, specifically the Northeast, have not been adequately dealt with.

PCL/10/8/76

PUBLIC WORKS IN NEW YORK

- Q. How much money will be earmarked to be spent in New York State under the Public Works Employment Act of 1976?
- A. The latest estimate is that about \$235 million will be reserved for projects throughout New York State. The Economic Development Administration is now preparing funding schedules for the individual states, and I understand that they range from a minimum of \$10 million to a maximum of \$250 million. The \$235 million estimate for New York is based on current calculations of average unemployment rates and actual numbers of unemployed workers.

PCL/10/8/76

(New York)

WELFARE MANAGEMENT

Q. Has there been any recent improvement in the welfare situation in New York and can any improvement be expected?

A. Yes, the situation has been improved by applying the only technique that works -- vigorous attention to ineligibility and payment error. Over the past three years, the number of ineligible AFDC recipients has been reduced by one-half and the number receiving overpayments has been reduced by a third. Furthermore, efforts are underway to develop a computerized welfare management system.

Background

In 1973 HEW strengthened the AFDC Quality Control process by setting maximum error levels which would be accepted in the administration of the AFDC program.

Error has been significantly reduced. In 1973 New York State's AFDC caseload was 16.7% ineligible, 31.4% overpaid, and 11.9% underpaid. Our latest figures (a review from January-June 1976) indicate the case load is only 8.3% ineligible and 21.6% overpaid, but underpayment has increased to 14.1%.

On a nationwide basis, case errors have declined from 41.1% to 26.7%, payment errors have dropped from 16% to 10.2%, and cost avoidance savings of \$717 million have been achieved.

Welfare management in New York state and City continues to suffer from inadequate management controls. For instance, the lack of a computerized data system results in duplicate payments and client eligibility errors. To correct the situation, the State and City are jointly developing a computerized management system, reviewing selected welfare center operations, and conducting semi-annual mail-out eligibility surveys in addition to semi-annual face-to-face recertifications.

MINORITY BUSINESS IN NEW YORK STATE

- Q. Hasn't there been a decrease in minority business in New York State since 1969, the first year that a minority business census was taken?
- A. No, between 1969 and 1972, the last year for which figures are available, there has been a very healthy increase. In 1972 there were 23,844 minority-owned businesses in the State of New York, and they had total gross receipts of \$882.6 million. This represents increases over the 1969 figures of 35% in the number of firms and 73% in gross receipts.

I think we can conclude that minority businesses and the Office of Minority Business Enterprise, which was established in 1969, have done quite a job.

PCL/10/8/76

MINORITY ENTERPRISE IN NEW YORK CITY

- Q. What is the Minority Business Enterprise program accomplishing in New York City?
- A. The Office of Minority Business Enterprise at the Commerce Department funds 18 local business assistance agencies in New York City. During fiscal year 1976 these organizations:
- Provided management and technical assistance to 2,286 minority business owners.
 - Put together 247 approved financial packages having a total value of \$18.8 million.
 - Assisted clients in obtaining 135 procurement contracts valued at \$7.4 million.

PCL/10/8/76

(New York - Westchester County)

PCBs

- Q. Will the Federal Government take any further action about the PCBs in the Hudson which have destroyed the local fishing industry?
- A. The recent settlement between the General Electric Company and New York State provides a total of \$7 million to finance cleanup activities and provide remedies in connection with the PCB problem. My Administration is also taking action.

For one thing, the Toxic Substance Bill which I signed into law just last week will do much to protect public health and the environment against the hazards that chemicals of this kind can pose.

In addition, EPA has recommended procedures for the disposal of PCB-containing wastes and has proposed regulations on discharge into waterways. It has also evaluated substitutes, inspected facilities which use or handle PCBs, and analyzed problems associated with phasing PCBs use out entirely.

GWH/10/8/76

OCEAN DUMPING

- Q. When will the Federal Government force a halt to the dumping of sewage sludge and other materials in the ocean off New York?
- A. There are four different kinds of materials dumped legally into the ocean off New York and New Jersey under EPA permits -- sewage sludge, dredge spoils, acid wastes, and other chemical wastes. It has been alleged that this dumping was a major factor in the wash-ups of "tar balls", "floatables", and other materials on area beaches this past summer. However, EPA, NOAA, and other agencies are confident the dumping was only a minor contributor, the major ones being untreated sewage from New York City and New Jersey, oil spills and garbage from passing ships, and debris from pier fires.

Nevertheless, EPA is phasing out ocean dumping. Industrial dumping permits have been reduced from 150 in 1973 to only 25 today. Fifteen of these will not be renewed when they expire in November. EPA also has placed the 14 municipal-sludge dumpers, the largest of which is New York City, on a specific timetable for finding and implementing alternate means of disposal by the end of 1981. As for dredge spoil, EPA and the US Army Corps of Engineers are working together to determine the actual environmental impact of this material and the best future course to take.

Background

For over 50 years sewage sludge has been dumped into the New York Bight at a site 12 miles equidistant from New York and New Jersey. (The City also dumped its garbage at sea until the mid '30s, at which time the Supreme Court put an end to this practice.) In 1974, there was great concern that the sludge was moving toward the Long Island beaches. EPA announced the site would be moved farther out to sea, if warranted, but subsequent investigation showed no significant risk to the beaches. The environmental impact statement recommended against moving the dumping to a yet-unsullied site on the assumption that dumping would be phased out altogether in good time.

The reason for future concern is that the volume of sludge for disposal is increasing as new area sewage treatment plants are built.

FINANCING NEW YORK CITY SEWAGE TREATMENT PLANTS

Q. How can New York City complete the construction of its sewage treatment plants in light of its current fiscal crisis.

A. Just last week, the Federal Environmental Protection Agency worked out a new financing plan that will, in essence, reduce the city's share of the cost of the huge North River plant by approximately \$200 million. This amount will be picked up by the Federal government.

This arrangement, along with accelerated Federal reimbursements of other costs, will allow work to continue on both the North River plant and on two other much needed treatment plants in the City.

We also estimate that this construction program could produce upwards of 20,000 jobs in the area and that is a real impact that shouldn't be overlooked.

Background

The North River plant -- with a current estimated cost of \$1 billion -- was authorized under the "old law" that offered a maximum of 55% Federal funding. EPA, the State, and the City recently worked out a shift to put the plant under the new law -- PL 92-500 -- thus raising eligibility to 75% Federal funding.

This savings, plus accelerated Federal reimbursements to localities amounting to \$70 million Statewide, will allow construction to resume at North River as well as at two new projects -- Red Hook in Brooklyn and Oakwood Beach in Staten Island.

Note: Part of the new financing agreement involves an alternative that would allow New York City bonds to be purchased by the Federal Financing Bank under a new bill passed the last day of the session. Senator Buckley was a strong supporter of this legislation, which the President has not yet signed.

GH/10/11/76

(New York)

CONCORDE DECISION
(Kennedy Airport)

- Q. Many people are unhappy with Secretary Coleman's decision on the Concorde. Could you explain why you support it?
- A. Strong views have been expressed on both sides of the Concorde issue. I believe Secretary Coleman's decision to permit a 16-month trial test of Concorde at two United States airports was a reasonable one. It will enable us to assess the benefits as well as the environmental consequences of the SST through actual experience.

Specifically with respect to Kennedy Airport, that airport is owned by the New York-New Jersey Port Authority. The Authority decided it did not want the SST to land at Kennedy and the issue is now in litigation. The Federal Government has not intervened, directly or indirectly, in this litigation.

Background

The proposed operation of the Concorde SST at Kennedy Airport continues to be a sensitive public issue. British Airways and Air France have brought suit against the Port Authority ban, and hearings are to commence in early January.

In anticipation of a favorable decision, the FAA has initiated planning for the placement of a noise monitoring system in strategic locations surrounding the airport. This is in accordance with the provisions as set forth in Secretary Coleman's decision.

The Concorde matter has coalesced public opinion regarding aircraft noise. Various civic and community groups in the vicinity of Kennedy Airport have formed a coalition to ban the SST.

JRH/10/9/76

KENNEDY, LAGUARDIA AND NEWARK AIRPORTS
(Aircraft Noise)

- Q. What is the Federal Government going to do about the noise from aircraft operations at Kennedy, LaGuardia and Newark airports?
- A. I am well aware of the serious problem of aircraft noise at Kennedy, LaGuardia and Newark airports, as well as at a number of other airports around the country.

The Federal Government has taken important first steps in helping to solve this problem. The Airport Development and Assistance Program Amendments, which I signed in July 1976, make additional Federal funds available to purchase land for airport noise barriers. In addition my Secretary of Transportation has recently submitted a proposal to me on an approach to handling the aircraft noise problem. I am now reviewing this proposal and have had several recent meetings with Secretary Coleman and other top advisors on it. I hope we can reach a decision soon.

Background

Concern about aircraft noise continues. Individuals, community groups, and local Congressmen are calling for solutions to the problem. Civil associations neighboring the airports are demanding Federal support for the engine retrofit program. FAA and the aviation industry are making every effort to reduce airport noise. The major accomplishments in the New York/Newark area include:

- (1) Special noise abatement procedures are in effect at Kennedy, LaGuardia, and Newark. They are constantly reviewed to ensure the use of techniques and flight paths that take best advantage, consistent with safety, of open space, water, and recreational and industrial lands.
- (2) The computerized runway selection process used at Kennedy Airport (Dynamic Preferential Runway System) stores runway, operational, and meteorological information and makes a forecast every six hours -- the goal being to minimize "dwell factor" (excessive community overflight).
- (3) The lead-in light system used at at Kennedy enables aircraft to follow the periphery of Jamaica Bay when making landings on Runways 13L/R. New high conspicuity bulbs were recently installed at a cost of \$90,000. FAA is presently reviewing suggestions for further improving this system.

JRH/10/9/76

(New York)

WITHDRAWAL FROM SOCIAL SECURITY SYSTEM

- Q. What is the current status of New York City's withdrawal from social security coverage?
- A. New York City, along with its independent agencies, filed notice of intent to withdraw from social security participation. Unless the City withdraws this notice, City employees will not be covered by social security after March 31, 1978. The Mayor has stated that the City will use the two-year period for a "rigorous and thorough analysis of the matter."

I hope that all aspects of this decision will be weighed. While I am concerned about the fiscal impact of the withdrawal on the social security trust fund, I am even more concerned about the potential impact on City employees who will lose the valuable protection afforded by social security. A withdrawal will mean lower benefit payments to the workers as a group and, in many cases, loss of benefits in the event of the disability or death of the worker.

Background:

Mayor Beame has estimated savings to the City of \$200 million a year starting in 1978. Several panels and commissions studying New York City's financial condition have recommended the continuation of social security coverage. The New York State Commission on Public Employee Pension Systems recommended integration of social security with the pension systems throughout the State, as did a report to the Mayor's Management Advisory Board (commissioned by the City to prepare a pension analysis). The statewide public employee's pension plan has been revised to provide a social security offset against pension for employees hired after January 1, 1977.

(New York)

SSI PASS-THROUGH

- Q. When the Federal SSI payment was increased 6.4% in July 1976, SSI checks in New York State were reduced by the same amount. This reduction was supposed to be restored on October 1, 1976. We understand that the increase was not restored for 70,000 of the 400,000 SSI recipients in the State. Why not?
- A. When that Federal cost-of-living increase was made, the decision whether to pass this increase along to SSI recipients was left to the States, including New York, that supplement the basic Federal payment. New York State officials decided to delay the increase until October 1, 1976 and not to make it available to all recipients. I suggest that you take this matter up with the appropriate State officials.

Background

In creating the SSI program, the Congress established a basic Federal payment on a national basis and permitted the States to supplement the basic payment. The States could also elect to have the Social Security Administration include their supplement payments in its check, thereby saving the States administrative costs.

There have been four cost-of-living increases in the Federal payment since the inception of the program. New York State elected not to pass either of the first two increases along to recipients. The third increase, effective July 1, 1975, was passed along. The July 1, 1976 increase was delayed at the State's request until October 1, 1976 and then only passed along to certain categories of SSI recipients. Of the 70,000 recipients who did not receive the increase, 40,000 already were above the new maximum monthly grant level of \$228.65 set by the States. Also 20,000 people in congregate care facilities and 10,000 in nursing homes reimbursed by the Medicaid program did not receive the increase.

(New York)

MEDICAL MALPRACTICE

- Q. What is the Federal government going to do about the medical malpractice situation?
- A. The major governmental responsibility for alleviating the current malpractice insurance crisis lies at the State level, because it is the States that license institutions and physicians and regulate the insurance industry.

I have been encouraged by the fact that the States have shown a high level of concern and interest in malpractice insurance problems and are now seeking solutions. Thus far, over 30 States, including New York, have passed innovative proposals dealing with malpractice. A particularly important new provision in New York's law establishes a pre-trial panel to screen all medical malpractice insurance cases.

SCM/10/8/76

(New York)

NEW YORK'S MEDICAID FRAUD PROBLEM

Q. In August, the Moss Subcommittee's report on Medicaid fraud singled out New York because its Medicaid program is the largest in the country, accounting for almost 25% of Medicaid expenditures. The major focus was on "Medicaid mills." What is the Federal government doing to combat fraud and abuse in the New York Medicaid program?

A. Several steps have been taken:

HEW has issued final regulations prohibiting the reassignment of claims, an arrangement used by most of the providers in the "Medicaid mills."

HEW's Regional Office staff has identified problems in the New York State program, and the State has submitted a plan to remedy them. It will add approximately 70 people to its new fraud and abuse staff and has begun conducting audits of providers in New York City.

New York's legislature approved \$3.8 million for the development of a better management system for both Medicaid and welfare.

Next year Federal Medicaid examiners will look at pharmacies, physicians and laboratories to detect potential fraud and abuse. HEW has committed over ten man years of effort to the U.S. Attorney's office in New York to aid in Medicaid fraud prosecutions.

Background

New York's Medicaid program has no centralized, state-wide system for cross-checking eligibility files, for processing and disbursing claims correctly and rapidly, and for monitoring program operations on a continuous basis. HEW and the State are trying to get a computerized welfare and Medicaid system into operation within two years.

Fraud and abuse prosecutions in New York are as follows:

- 20 guilty pleas by providers;
- 25 convictions;
- charges ranging from false claims, conspiracy, false statements and mail fraud to income tax evasion;
- most recent conviction on charges listed above: chiropractors Joseph Inger and Sheldon Styles each received 5 years confinement, and will be eligible for parole in 1½ years (both testified before the Moss committee);
- \$46,000 recovered through the false claims act; and
- Federal fines ranging from \$3,500 to \$109,000.

(New York)

EPSDT PROGRAM

- Q. A report from a Congressional subcommittee alleges that HEW's mismanagement of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program has allowed the "crippling, retardation, and death of thousands of poor children." What about it?
- A. The charge is a politically motivated distortion of a report that is over a year old. It is based upon highly unreliable findings which the subcommittee itself stated should be read "with caution".

Here are the facts: Despite some lags from 1969-1972 in getting the program started, EPSDT is a rapidly growing preventive health program administered by States. To date it has screened approximately 5 million children, 2 million of them in the last year alone. This is in addition to other Medicaid services being provided to approximately 3.5 million children each month.

Background

The Moss Subcommittee held hearings on October 7-8, 1975 and presented a "preliminary study" of EPSDT based on a mail survey of States. Distortions and biases in the study were pointed out to Committee staff at that time. The Department of HEW has conceded early ('69-'72) problems, but has committed significant resources to implementing the program since 1972. The program is now growing at 30 to 40% per year, and HEW is actively looking for ways to help States overcome remaining barriers.

- Q. One story seems to link the Senate Committee investigation of Charles Cubbler to this report. Is there a connection between the allegation about Mr. Cubbler and the EPSDT program?
- A. No. Until recently Mr. Cubbler worked in HEW and he may have dealt peripherally with the program. However, he has had no recent or direct connection with it.

(New York/New Jersey)

INVESTIGATIONS OF ALLEGED FBI BREAK-INS IN NEW YORK CITY

- Q. It has recently been alleged that the FBI engaged in a number of burglaries and break-ins in the New York area in the past few years. What are you doing about these allegations?
- A. I have instructed Attorney General Levi to thoroughly investigate all such allegations to determine if any improprieties have occurred. I am advised that the Department of Justice is looking into the situation you have raised.

Background

There has been a lot of press in New York and New Jersey concerning alleged FBI break-ins in the New York City area and the Justice Department's investigation of these allegations. The Department has confirmed that an investigation of these allegations is underway, but has not commented beyond that.

RDP/10/11/76

NEW YORK CITY POLICE SITUATION

- Q. I am sure you are aware of the current labor dispute between New York City police officers and the Mayor. The police officers believe they are entitled to pay raises at least equivalent to the increase in the cost of living. But the Mayor and many others argue that the City of New York simply cannot afford to meet this demand. What can the Federal government do to help ensure the protection of the safety and property of the citizens of New York?
- A. As you know, the authority and responsibility for law enforcement and criminal justice rests primarily with the State and local governments. This is what our Constitution requires. However, the Federal government has an important role to play in providing financial assistance to the State and local governments.

Just last week, for example, the Law Enforcement Assistance Administration awarded more than \$37 million in Federal bloc grant funds to the State of New York to help strengthen law enforcement and criminal justice in the State. Much of this amount will be passed on to the City of New York to help ease its situation. This is the proper role for the Federal government to play.

Background

In addition to the question of a cost-of-living pay increase, the dispute involves a city-imposed shortening of the work day by 15 minutes, which increases total days worked by 10 a year. There have been no work stoppages or slowdowns but off-duty policemen have staged disruptive demonstrations to attract attention.

The Federal government is not involved in this dispute at this time.

10/8/76

CITY UNIVERSITY OF NEW YORK

- Q. For the first time since its founding the City University of New York (CUNY) will have to charge New York City residents tuition. This could mean many needy students will not be able to attend. What can the Federal Government do to help out?
- A. The Federal Government has several programs to assist needy and disadvantaged students in financing their education. These programs include:
- Basic Educational Opportunity Grant
 - College Work-Study
 - Guaranteed Student Loan

Background

For 129 years City University of New York has been a tuition-free institution of higher education to residents of New York City. Due to the financial crisis in New York City and State, support for the University has been drastically cut for FY 77. As a result, the Board of Higher Education of CUNY has voted to charge the same tuition that the State University System charges: \$750 per year for the first two years and \$900 per year for the last two years.

WMD/10/8/76

CETA -- RICHLAND COUNTY, NEW YORK

- Q. Recently, the Richland County (New York) prime sponsor for CETA was given an unsatisfactory rating. Will CETA funds be discontinued?
- A. No. The Regional Office of the Department of Labor is working closely with the Richland County prime sponsor and expects acceptable levels of performance to be reached within the next three months.

WMD/10/8/76

"BAILOUT" OF THE BARNWELL (SOUTH CAROLINA) NUCLEAR FUEL
REPROCESSING PLANT

- Q. Are you going to propose assistance for the privately owned nuclear fuel reprocessing plant at Barnwell, South Carolina?
- A. In the near future I intend to announce a number of decisions concerning our nuclear policy, including our policy on exports, non-proliferation, reprocessing, and waste management.

I recognize that some in the press have been speculating that this new policy will include a so-called "bailout" for a privately-owned reprocessing facility at Barnwell, South Carolina.

I assure you now that there will be nothing in the program I announce that can properly be labeled a "bailout" for anyone.

Background

Leaks about your decision to announce some major changes in nuclear policy have led to stories that you plan to call for a demonstration of the safety and economics of reprocessing.

This in turn led to press speculation (Wall Street Journal, October 6) that the demonstration plan would, in effect, be a bailout for a privately-owned facility at Barnwell, South Carolina built by a consortium called AGNS (Allied-General Nuclear Services, which includes Allied Chemical, Gulf-General Atomics, Royal Dutch Shell), at a cost of about \$270 million.

The demonstration program may have to include use of the AGNS facility but the details of the program have not been worked out. They will be worked out in your 1978 Budget. In any case, such a program must avoid conditions that can be called a "bailout".

Note: Carter has talked of making Barnwell a multinational reprocessing center to share the products of the plant with other countries and discourage those nations from obtaining their own plants.

GS/10/10/76

(New York/New Jersey)

SWINE FLU

- Q. Under the swine flu program that you announced last March, vaccine was to have been ready in time for the inoculations to begin in late August or early September. It is now well into October and still no shots have been given in this area?
- A. The program began nationwide on October 1st with the inoculation of high-risk persons and, by mid-October, vaccine will be available to the total population. Nearly 30 million doses have already been shipped.

As you will recall, production was initially held up until Congress got around to providing proper liability protection for the pharmaceutical companies. The program is now moving ahead rapidly, and everyone should be able to be inoculated well before the peak flu season.

I understand that public clinics in New York City will start giving inoculations on October 12 and that clinics in suburban New York counties are scheduled to open later this month. Some 850,000 doses of vaccine have been shipped to New Jersey, where public clinics are to open on October 20 in Passaic, Morris, Sussex and Warren counties.

I am confident that the program is sound. The majority of the American people have indicated that they will receive immunization, so we have every reason to anticipate success.

Background

Newspapers have quoted New York City health officials as criticizing the delay in getting the inoculation program underway. Some officials have expressed fear that vaccine supplies are insufficient to cover all those who want inoculations.

SM/10/11/76

(New York)

REHABILITATION OF THE HANDICAPPED

- Q. What is the Administration doing for the handicapped in the New York area?
- A. My Administration supports efforts to help the handicapped become productive citizens. One example is the Helen Keller Center for Deaf Blind Youths and Adults in Sands Point, New York, which was dedicated on October 6. This center, authorized by the Rehabilitation Act of 1973, will provide meaningful services to blind and deaf people, as well as training and other support for those who work in helping them.

Last spring, I announced that a White House Conference on Handicapped Individuals would be held in the Spring of 1977. The purpose of the Conference is to stimulate a national assessment of problems facing individuals with handicaps and to develop recommendations to solve such problems.

I might add that my running mate has made me much more sensitive to the needs of our handicapped citizens, and I expect him to play a prominent role of leadership in this area in the next four years.

Background

You are being criticized in this area for your vetoes of HEW/Labor appropriations that included funds for vocational rehabilitation of the handicapped. On September 30, 1976, Congress overrode your veto of H.R. 14232, which provided \$837 million for vocational rehabilitation for FY '77. The Administration had requested \$776 million, or \$24.9 million less than the FY '76 funding level. During the first week of October, Columnist Sylvia Porter, in a series of articles in the New York Post praising rehabilitation, criticized not only your recent veto but President Nixon's veto of the Rehabilitation Act of 1972.

SCM/10/11/76

(New York City)

ELLIS ISLAND

- Q. What does your Administration plan to do, in this Bicentennial year, about making Ellis Island, the entry way for millions of immigrants, into a historical park and museum?
- A. We haven't been able to afford a major restoration the last several years, because of inflation and recession. Estimates of rebuilding the island's structures range up to \$70 million. Now that Congress has voted -- and I have signed -- some major increases in the Land and Water Conservation Fund, solid planning toward a partial restoration can begin. I am asking the National Park Service to work with local authorities and private groups to get it underway.

Background

Ellis Island, closed to immigration in 1954, is the place where an estimated 12 million immigrants first entered the United States. Its buildings are in an advanced state of decay. But it is believed that the main reception center can be restored, at least in part, so that visitors to the island can experience something of the story of those immigrants' first days in this country.

GWH/10/8/76

(New York)

GATEWAY NATIONAL RECREATION AREA

- Q. The New York Times recently carried word of a \$300 million development plan for a Gateway National Recreation Area in the New York City-Long Island-New Jersey region. What will the plan do for the people, and how soon will it come about?
- A. This is a preliminary plan of the National Park Service. It will not be adopted until after public hearings have been held throughout the affected region and, when approved, will take years -- perhaps 20 years -- to implement fully. But we're pleased with the reaction thus far. Essentially, the plan would develop each of the several pieces of territory that make up Gateway in a special way, appropriate to that particular area, and then tie the pieces to one another with a public transportation system so that all the people could enjoy the natural, recreational, and historical values of this unique urban park.

Background

Gateway was established in 1972. It contains several former Federal properties surrounding New York Bay -- among them, Sandy Hook in New Jersey, Breezy Point and Floyd Bennet Field on Long Island, and others. Funding for improvements has been delayed pending development of a master plan to make these beaches, wildlife areas, and historic forts and landmarks easier to reach for ordinary citizens and their families. Even now, about 10 million people visit these places each year.

GWH/10/8/76

(New York)

FORTS HAMILTON AND TOTTEN
(Brooklyn)

- Q. Is it likely that Fort Hamilton and Fort Totten will be closed and, if so, when?
- A. As you know we are reviewing all of our defense installations in an effort to cut overhead and improve combat capability. As part of this process Fort Hamilton, along with 18 other military posts, is being studied for possible closure. No decision has yet been made and none is expected until early next year.

Background

A fact-finding team from the Office of the Assistant Secretary of Defense (Installation and Logistics) will be visiting Fort Hamilton on October 13-14.

The possible closure of Fort Hamilton is a sensitive local issue. It would affect 410 military and 604 civilian positions. The New York Congressional delegation -- particular Congressman Leo Deferetti, in whose district the Fort is located -- has expressed considerable interest in the action.

AB/10/11/76

BROOKLYN NAVY YARD

- Q. What is the status of the Economic Development Administration's support of the Seatrain Shipbuilding Corporation in the former Brooklyn Navy Yard?
- A. EDA, an agency of the Department of Commerce, has made loans and loan guarantees to Seatrain amounting to about \$79 million. The firm is employing more than 1,900 persons in an area of high unemployment and is providing training to help the unskilled qualify for better paying jobs.

PCL/10/8/76

(New York)

NAVY RESALE SYSTEMS OFFICE
(Brooklyn)

- Q. Is there a decision yet on whether the Navy Resale Systems Office will be moved to Great Lakes, Illinois?
- A. No. The proposal to move this operation is still being studied. It is possible that the economies anticipated when the move was proposed will not be as large as expected.

Background

The move was proposed because of the possibility of economies from using DOD-owned space at Great Lakes instead of more expensive GSA-owned space in Brooklyn. Congresswoman Holtzman has suggested that GSA reduce its rental charge by 40%. GSA is now reviewing this suggestion.

The move would transfer 18 military and 734 civilian positions. The action has received considerable Congressional, State, and local attention.

AB/10/11/76