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THE WHITE HOUSE

WASHINGTON

September 18, 1975

THE PRESIDENT'S BRIEFING BOOK

Key Questions

OKLAHOMA AND CALIFORNIA

TAB A	OKLAHOMA
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OKLAHOMA

Question:

There is considerable concern in the State of Oklahoma that the Federal government is making unreasonable demands on doctors and small medical facilities in operating the Medicare and Medicaid programs. Should not there be more flexibility in the laws to take into consideration rural one and two doctor hospitals, and not require them to conduct a multiplicity of form filling and other bureaucratic demands?

Answer:

It is my understanding that HEW Secretary Mathews is endeavoring to meet this very kind of problem in a number of ways -- one of which would address the issue you cite here in Oklahoma. The problem really centers on how much latitude the executive agency has to work under mandates of the Congress in laws which congress passes to assure that federal spending has suitable controls.

Background:

Oklahoma, like many other rural areas in the country, has been quite vocal over the past months about requirements of reviewing patients being treated under the Medicare and Medicaid programs. Particularly irksome has been the regulation that all patients be screened and certified within 24 hours after admission to a hospital or nursing home. The small one and two doctor hospitals do not have the manpower to meet this requirement, known as utilization review. Recognizing the problem, HEW Secretary Mathews put a halt on this regulation in the hope of working out alternative measure that will satisfy the Federal role of control over spending, but still be reasonable for the smaller medical facilities. The Oklahoma State Medical Society is in the act, trying to come up with some other way of reviewing these patients, possibly a "circuit riding" team of doctors going around the State. The American Medical Association became so concerned that it filed suit against HEW on the issue, but has since dropped the suit pending negotiations with Secretary Mathews on other ways of approaching the problem.

FOOD PRICES

Question:

What are food prices likely to do during the rest of the year?

Answer:

Retail food prices may average near their present level through the remainder of this year. For all of 1975, food prices are still expected to average around 9 percent above a year earlier, compared with rises of more than 14 percent in both 1973 and 1974.

Background:

Larger supplies of beef and poultry this fall will counteract continued tight pork supplies and rising consumer demand, possibly resulting in some modest price declines at the meat counter. But rising prices for dairy products, eggs, and fishery items may be nearly offsetting.

Fresh fruit prices likely will decline seasonally this fall as the expected large apple and citrus crops begin moving to market in volume. However, weather problems in some major production areas may preclude the usual fall price decline for potatoes. Other fresh vegetable prices will advance moderately in a seasonal fashion. Supplies of most processed fruit and vegetable items are larger than a year ago, but higher processing and marketing costs may keep prices generally firm.

STATUS OF LOANS FOR 1972-1973 SOVIET GRAIN DEAL

Question:

Is the Soviet Union making payments on the grain loans it got from the U.S.?

Answer:

Yes. As of August 28, 1975 they had paid \$344.0 million on principal and \$54.3 million on interest.

Background:

The Soviet Union was granted a \$750 million line of Commodity Credit Corporation (CCC) credit in July 1972 under regular terms of the CCC credit program. It provides 3-year credit at rates in line with going commercial rates. (Current CCC rate is 8 percent on letters of credit confirmed or issued by U.S. banks and 9 percent for foreign bank obligations.)

The credit agreement provided that no more than \$500 million in credit could be outstanding at one time.

\$550 million worth of corn and wheat were financed for export to the USSR under the program over a 2-year period.

The Soviets used \$460 million of the credit in fiscal year 1973 and \$89 million in fiscal 1974 (figures don't add due to rounding). The USSR has made all payments promptly when due.

COST OF WHEAT IN LOAF OF BREAD

Question:

Do you know what portions out of the cost of a loaf of ordinary bread go to the farmer, the laborer, and the various middle men in the form of profits, and so on?

Answer:

A special Agriculture Department study in 1973 showed that out of the average cost for a one-pound loaf of bread about 15 percent was the net farm value of the wheat in that loaf. Another 39 percent went directly into labor costs after the wheat left the farm and about 5 percent went into profits of the various middle men that process, transport, and sell the bread.

Background:

A one-fourth increase in wheat prices would add less to the cost of a loaf of bread than a 4 percent increase in the processing and distribution costs in a loaf of bread.

Farm wheat prices would have to more than double to add as much to the cost of a loaf of bread as last year's increase in processing and distribution costs added to bread prices in 1974. Processing and distribution costs went up 24 percent in 1974.

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CALIFORNIA--Los Angeles

FORT MACARTHUR CLOSING

Question:

What is being done about the loss of jobs resulting from the closing of Fort MacArthur here in Los Angeles?

Answer:

The Economic Development Administration in the Department of Commerce has provided the city with a \$99,000 grant to develop a reutilization plan for this facility. It is anticipated that when the plan is completed a multi-million dollar grant will be provided for implementation. It is up to the city of Los Angeles now to develop this plan.

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9/17/75

SST

- Q. Recent events indicate that the Department of Transportation may be moving toward a decision to allow the French Concorde-SST to utilize U.S. airports. How do you reconcile such a decision with the apparent detrimental environmental effects of the SST and the already apparent environmental problems at airports like Los Angeles?
- A. I can understand your concern over this issue, given the current noise problem you are experiencing at the Los Angeles airport.

First, let me clarify the status of the Concorde decision. No decision has been made pending the completion of the environmental impact analysis which should be completed later this month. Secondly, the request currently under consideration affects only New York's Kennedy and Washington's Dulles airports. I am confident that the Department of Transportation is taking full account of the environmental factors related to this issue.

AIRCRAFT NOISE AT LOS ANGELES AIRPORT

Q. The intensive traffic at the Los Angeles airport and the proximity of residential areas have resulted in a severe noise problem. I understand that the Department of Transportation may recommend a proposal to reduce noise levels by retrofitting old jet aircraft with new engines. Would you support such a proposal and recommend it to the Congress?

A. I am aware of the problem of aircraft noise here in Los Angeles and elsewhere. It is a problem we must address and I do anticipate recommendations from Secretary Coleman. However, given the potential cost of retrofitting (originally estimated at \$1 billion) and the uncertain financial condition of several airlines, we must weigh the benefits of such action against the total cost, the impact on Federal spending and the need to maintain an operating and viable airline system.

LOS ANGELES PUBLIC TRANSIT

- Q. Recently Secretary of Transportation Coleman indicated in a letter to Mayor Bradley his department's interest in helping to resolve the public transportation problems of Los Angeles. Do you support a major transit initiative for Los Angeles and do you anticipate Federal funds to be forthcoming?
- A. I have stated often my support for creating efficient transportation systems for the urban centers of this country. Toward this end, I signed into law last November the National Mass Transportation Assistance Act of 1974. As a result of that action, the Los Angeles area will be eligible for \$317 million dollars for operating and capital assistance over the next six years. Any proposal for capital investment beyond this amount must reflect a prudent local assessment of costs and benefits as well as strong regional cooperation and support. As these requirements are met by the Los Angeles area, the Department of Transportation would give consideration to a specific proposal.

SAN FRANCISCO'S BART

- Q. What is your assessment of the BART system and its impact on future Federally-supported transit systems throughout the country?
- A. BART represents a major step toward developing new concepts in public transit as alternatives to the automobile in urbanized areas. While certain problems have occurred, they are to be expected in such a major transit innovation. In terms of BART's impact, a joint HUD - DOT study will provide some answers. However, it is clear from the rapidly rising capital and operating costs of subway systems throughout the country, that localities must carefully assess the costs and benefits of transit alternatives before Federal support can be committed.

CALIFORNIA

FEDERAL HIGHWAY PROGRAM - IMPACT ON CALIFORNIA

- Q. California is highly dependent on an extensive highway system and continuing Federal highway assistance to expand and upgrade the system. How will your proposed changes to the Federal highway program affect California?
- A. I have submitted to the Congress highway proposals that will focus the Federal Aid Highway program on the completion of the Interstate system and on providing States and localities with greater flexibility in determining and funding their highway and transportation needs. One part of these proposals allows States to preempt one cent of the Federal gasoline tax as an additional source of State funding. I believe these proposals will bring our Federal program more in line with the changing highway and transportation needs of California and other States.

ENERGY

Question

Would you support the statewide initiative which would be voted on by the people of California, to declare a moratorium on nuclear development in this State?

Answer

I think we need to face the nuclear issue squarely and honestly. We do not have all the answers concerning nuclear development, especially concerning the fuel cycle problem which involves transportation safely of these radioactive materials and disposal of the waste materials. The fact of the matter is, however, that current procedures permit us to handle these radioactive materials safely and in an environmentally acceptable way.

There is no doubt that additional research must be accomplished to provide better disposal and security methods. This is being worked on intensely by the Nuclear Regulatory Commission, a new agency devoted to this kind of problem, and the Energy Research and Development Administration.

By recognizing that we have problems which we are capable of solving, we must nevertheless move forward vigorously to develop our nuclear capability; otherwise, the Nation cannot hope to reach its goal of energy independence. Nuclear will play an increasingly important role in providing the energy our homes and factories need. If it is not developed, then we will begin to run out of the energy we need, which means increasing reliance on the high priced foreign oil and loss of jobs here at home. This is unacceptable; therefore, we have to move forward with nuclear development and, at the same time, undertake the intensive research and development required to solve these problems.

I am certain that the people of California recognize that this is a national problem and that all the States and all Americans are going to have to join in the solution.

CALIFORNIA

ENERGY

Question

Will you support Mayor Bradley's request for a delay in the beginning of drilling for oil and gas on the Outer Continental Shelf off the Southern California coast?

Answer

If the Nation is to become energy independent, we must have access to the oil and gas from the Outer Continental Shelf. I have repeatedly stated that this must be done in an environmentally acceptable manner.

We have developed procedures for leasing OCS which will ensure full and adequate protection for the environmental concerns and, at the same time, permit us to go forth on a timetable leading to energy independence by 1985.

I have instructed the Interior Department to continue to work closely with Governor Brown, Mayor Bradley and other California officials, to work out an acceptable program for the OCS leasing. I am confident that, if the parties continue to work with one another in a constructive fashion, an agreement can be reached.

CALIFORNIA

Question:

Under the Federal government's re-settlement program for Vietnamese refugees, California is getting about one fourth of all of the refugees. Isn't this an unfair burden on the State's resources, and wouldn't a more equitable distribution around the country be possible?

Answer:

We recognize that California is receiving about 25 percent of the refugees so far. But, Congress also appropriated funds to ease the financial burden on State and local government -- 100 percent of welfare assistance, and educational money for schools attended by Vietnamese children. These refugees need our help; it is a national commitment of the administration, and there is every reason to believe that over the long-run the families will be productive citizens with much to contribute to American society.

Background:

Climate and proximity have contributed most to the heavy percentage of Vietnamese refugees locating in California. But these people go where the sponsors surface, and Californians have been very generous in opening their hearts and their homes to people in need. Traditionally, Orientals shun long periods of welfare dependency, so that it is not anticipated that there will be prolonged need for assistance. However, need is still need, and given no other alternative, welfare assistance may have to be provided in some cases. But it should not be disproportionate to the general population on welfare assistance. So far, in educational funding to school districts we have provided \$27.5 million nationwide of which about \$12 million has gone to California for various educational needs.

CALIFORNIA

Question:

California and the Secretary of HEW, Dr. David Mathews, recently reached an agreement that, in effect, saved the State from spending thousands of dollars to satisfy a technicality in Federal regulations. Does the Administration intend to look closely at all of its bureaucratic rules to be sure that unreasonable demands are not placed on State and local government for minor, technical errors?

Answer:

The case you cite in California is a classic example of where Federal rules do not always take into consideration the impact on the other end -- namely State and local government. HEW Secretary Mathews took proper action in cooperating with your Governor, and I understand that he intends to give a close look at many other areas under his jurisdiction to see if other technicalities are not hampering rather than helping deliver the services and programs to the people in need.

Background:

California had objected to HEW requiring the State to undergo the expense of re-advertising its Title XX social services program. Originally, the program was advertised, but a technical requirement had been missed. Secretary Mathews took the position that California had operated in good faith and could satisfy the requirement without added expense. This is a first step in Secretary Mathews policy of reviewing all HEW rules and regulations to assure that States are not penalized excessively for technical errors.

CALIFORNIA

STRIP MINING IN DEATH VALLEY

Question

Death Valley National Monument is one of the few units of the National Park Service still open to mining. Widespread strip mining for talc and borate minerals is set to begin soon in some of its most scenic parts. The 1872 Mining Act, however, gives the Federal Government little authority to stop it. Do you have any plans to request Congress to change that law?

Answer

I have ordered an interagency review of the 1872 Mining Law which addresses the problem of mining in Death Valley National Monument and similar areas. I do believe we need to have a better Federal handle on potential mining in those areas. This review project is currently going on.

CALIFORNIA

OFF-SHORE DRILLING

Question

What is your position on off-shore drilling of oil and natural gas?

Answer

Considering our energy needs and requirements, I am convinced of the necessity to develop the Outer Continental Shelf, and I am equally convinced that it must and can be done with the proper environmental safeguards.

Background

The final Environmental Impact Statement from the Department of the Interior for lease sales off San Pedro, Santa Monica and the Channel Island is due in November. It will clear the way for a final decision on leases in December. The State of California opposes the leases on both environmental and revenue-sharing grounds.

CALIFORNIA

MEDICAL MALPRACTICE

- Q. The high cost of insurance to protect doctors against medical malpractice suits has led to an increase in cost of medical care, and even to strikes by doctors. Do you believe the federal government should step in to provide some sort of low cost insurance so that doctors do not have to pay such high insurance costs?
- A. It is our feeling that the solution to the malpractice insurance problem for doctors and hospitals should come from the industry and the States. So far, over 30 States have passed legislation to help deal with the problem. It is our hope and belief that such steps will alleviate the crisis and make direct Federal involvement unnecessary.

The Administration's policy has been to encourage such activity. Many conferences and meetings with physicians, hospital administrators, insurance company executives and State insurance commissioners have been held in an effort to resolve this issue. The Department of Health, Education and Welfare is also conducting research to seek better understanding of the problem.

Currently, no State is threatened with the immediate loss of malpractice insurance coverage, although in many areas the premium rates are quite high. There are several States that we are watching closely. One of these is California, where physicians have again threatened to "go on strike" if the situation does not improve.

BACKGROUND

A two-track effort is underway:

1. We have encouraged States to pass legislation providing for the immediate availability of medical malpractice insurance; and
2. We are looking at long term solutions to the problem such as possible changes in legal practices involving medical malpractice, necessary medical practice reforms, better insurance data, etc.

CALIFORNIA

200-Mile Economic Zone

Question:

What is the Administration's position on establishing a 200-mile exclusive economic zone for fisheries?

Answer:

The Administration believes it is in the best interests of the Nation to seek international agreement on the establishment of a 200-mile exclusive fisheries zone, and it will pursue this vigorously in the continuing Law of the Sea Conference. Meanwhile, several government agencies are developing plans for the action which will be necessary if the 200-mile zone is established. Alternative actions are being developed if a Law of the Sea treaty is not signed, or is unduly delayed.

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9/17/75

CALIFORNIA

TUNA FISHERMEN

Question:

What is done to help solve the problems of our tuna fishermen in their efforts to comply with U.S. laws which place them at an unfair disadvantage with the foreign fleets?

Answer:

We recognize that other countries fishing for tuna have not followed all of the rules agreed to the Inter-American Tropical Tuna Commission and which are essential for the continuing success of the fishery. As a first step in bringing these countries into compliance, the National Marine Fisheries Service of the Department of Commerce has announced its intent to embargo all imports of yellowfin tuna from nations whose boats have taken them contrary to the conservation recommendations of the Tuna Commission. Additionally, we have publically announced that we will be raising this issue at the October meeting of the Commission in Paris, and we will make our intent to obtain equal compliance with the regulations a major issue.

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9/17/75

CALIFORNIA

OFFSHORE LEASING

Question:

Would you look favorably upon holding up offshore leasing in California until the state's Coastal Zone program is in place?

Answer:

No, because the leasing is necessary at this time for exploration purposes. We have to know what resources are out there and where they are. Actually, this knowledge would help the designers of the state's coastal plan to formulate a better program based upon a more accurate assessment. Exploration precedes development. When the development phase arrives, the states will have their coastal programs in place and will be able to properly influence the type and scope of onshore developments. The time gap between leasing and development is from 3 to 5 years. This country cannot afford the luxury of waiting any longer to determine the nature and extent of its energy resources. However, I am prepared to examine the specific problems here in California in greater detail.

Question:

Once California has an approved coastal zone management program, will the Federal Government be required to conform its activities, particularly offshore leasing, to the state's program?

Answer:

It is my understanding that once a state's coastal zone management program has been adopted by the state and approved by the Secretary of Commerce, then Federal actions affecting the coastline generally must be consistent with the terms of that approved program. The leasing of offshore lands by the Department of Interior will occur beyond the 3-mile limit and hence, outside of the area subject to state jurisdiction. Nevertheless, where it is established that an impact resulting from offshore oil development will occur onshore, then Federal actions will be consistent with the terms of that program.

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9/17/75

CALIFORNIA

FOREIGN INVESTMENT

Question:

How does foreign investment affect U.S. employment?

Answer:

American companies that have expanded their foreign investments have increased jobs at home above average rates. A Department of Commerce survey shows that in the period 1966-1970, U.S. employment of 298 multinational corporations expanded 1 1/2 times faster than did total U.S. domestic employment for all U.S. private industries. Moreover, an analysis of comprehensive Commerce data for 19 manufacturing industries concludes that industries with the highest rate of expanding investment abroad tended to have the most rapid growth in domestic output and employment. Those with the slowest growth abroad tended to experience the least expansion in home output and employment.

Question:

Should foreign investment be curbed to increase jobs at home?

Answer:

Curbing foreign investment would not increase jobs at home. Foreign markets cannot always be supplied on competitive terms through exports. Foreign investment is necessary to enter markets that would otherwise be foreclosed and to preserve market positions that would otherwise be lost because of competition from other foreign investors. The choice for the U.S. firm is most often not between U.S. or foreign operations but between foreign operations or no access at all to foreign markets. The realistic question is not whether foreign investment is to occur, because it will in any event but whether its advantages accrue to the United States or to other countries.

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PCLEACH
9/17/75

PUBLIC'S NEED TO KNOW

Question:

Legislation before Congress would restrict access to law enforcement records. Its purpose is to keep information about arrests and convictions from would-be-employers so that individuals will not suffer discrimination in seeking employment. Do you share the concern of the press that these laws are ill-conceived and threatened to put the "right of privacy" ahead of the public's need to know?

Answer:

The questioning of balancing the rights of the individuals for privacy with the public's need to know is not easy to resolve. I don't believe, however, that the right of privacy is incompatible with the free flow of information essential to our society.

Background:

Your Administration has not taken a position on the bills in question, apart from submitting a bill last year which called for reasonable access of law enforcement authorities to employee information. It did not deal with access by the press or other employers.

FLM
9/16/75

EDUCATION

Q. The Department of Health Education and Welfare through its office of education and civil rights has started to crack down on public schools and universities, threatening to withhold federal funds, for violations of HEW regulations. Do you see the federal government taking even firmer stands in areas such as affirmative action and racial education equality? And how can local school boards be freed from bureaucratic pressures?

A. I am deeply and personally committed to the goal of eliminating discrimination -- of whatever nature -- in both the public and private sectors. I believe that the concept of affirmative action is a moral imperative at the Federal level. In this regard I have directed Secretaries Dunlop, Coleman and Mathews and Attorney General Levi to review existing Federal affirmative action programs and to make recommendations as to how they can be made to work more effectively.

As many of you know, the Congress, in enacting Title IX of the Education Amendments of 1972, established a broad statutory prohibition against sex discrimination in any education program or activity receiving Federal financial assistance. The Department of Health, Education, and Welfare worked almost three years in developing this Regulation. I personally reviewed it with then Secretary Weinberger and received advice from the Department of Justice before approving it, as required by law. The Department transmitted the Regulation to the Congress 45 days prior to its effective date, affording the Congress the opportunity to consider whether it was consistent with Congressional enactments. Congress acquiesced in the Regulation as submitted, and it became effective on July 21 of this year.

[Because I was concerned with allegations that the Title IX Regulation would destroy intercollegiate activities, I directed the Secretary of Health, Education, and Welfare to prepare guidelines with respect to athletic programs. Those guidelines, clarifying the two issues of particular concern to athletic program directors, have now been developed and are ready for Congressional Review.]