

EXECUTIVE

FY999-15

FD 11-1

CARR, Brayton

PERSON, L.L.

Center for
Zwick Charlie
Transportation

May 2, 1966

ew/gm
MEMO FOR Larry O'Brien
Mike Manatos
Henry Wilson

FROM Joe Califano

For your information. I am very
concerned about letting this Section 7
issue drag on too long.

Attachment

Memo to Mr. Califano
from Charlie Schultze re
Dept of Transportation, Apr 23, 1966

x
American Waterways Operators, Inc.
x
Natl Rivers & Harbors Congress.

Nothing else sent to
Central Files as of *9/17/66*
L.B.

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EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

OFFICE OF
THE DIRECTOR

April 23, 1966
Center for
Transportation

MEMORANDUM FOR MR. CALIFANO

Subject: Department of Transportation

Charlie Zwick and I met Friday with:

Braxton Carr
President, American Waterways Operators, Inc.

Brig. Gen. J. L. Person
National Rivers and Harbors Congress

Neither Carr's nor Persons's organization will oppose the bill. They will, however, suggest modifications of Section 7 (the standards and criteria section.) Both of them wanted the Water Resources Council to approve the standards insofar as they relate to navigation projects.

We agreed to change the language in Section 7 to provide that the standards developed by the Secretary of Transportation would be applicable to navigation only after the approval of the Water Resources Council.

This satisfied Carr. Persons said his Board had already voted to have the standards issued by the Water Resources Council, with the Secretary of Transportation participating. I told him we couldn't do that because the standards would apply to all transportation -- including highway, air, mass transit, etc. -- and couldn't, therefore, be issued by the Water Resources Council. He agreed that our change met the major substance of his objectives, but he was going ahead in testimony with his own suggestion.

However, he said his organization wouldn't oppose the bill if our changes were made.

We also talked to Senator Monroney and showed him the suggested change. He agreed that the change made a major improvement. While he didn't make any final commitments, he seemed to be satisfied on this point.

He also raised the following points:

1. The head of the Aviation Administration ought to be a Presidential appointee.
 - We agreed that all Executive level jobs could be Presidential appointees.
2. He was worried about layering the head of Aviation way down in the Department.
 - We assured him that this would not be the case -- that the Aviation agency head would report directly to the Secretary, and would outrank the Assistant Secretaries.
3. He was disturbed over moving the accident investigation functions of CAB's Bureau of Safety to the Department, where it might lose its independence of judgment.
 - We told him that the accident investigation unit would be independent of the operating Aviation agency.

However, he seemed to be quite adamant that the Bureau of Safety ought to stay in CAB.

I think we satisfied most of his specific objections, except on the Bureau of Safety. Quite apart from specifics, however, the Senator is generally reluctant on general principles to approve a Department which might conceivably reduce the independent status of the FAA.

On the Section 7 matter, I plan to give both Committees our suggested changes on Monday. I will tell Senator McClellan that we have discussed them with Person and Carr, and that in substance they approve.

Charles L. Schultze

Charles L. Schultze
Director

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EIGHTY-NINTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON GOVERNMENT OPERATIONS

2157 Rayburn House Office Building

Washington, D.C.

May 25, 1966

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CHRISTINE RAY DAVIS,
STAFF DIRECTOR

CAPITOL 4-3121
MAJORITY—EXTENSION 5051
MINORITY—EXTENSION 5074

Center for
Transportation

MEMORANDUM

TO: Honorable Chet Holifield

FROM: James A. Lanigan, General Counsel

SUBJECT: Possible Amendments to H. R. 13200

The following amendments to H.R. 13200, with their explanations, are advanced for your consideration:

1. Proposed amendment -- Delete the comma after the word "Counsel" on line 16, page 3, and add the words, "and four Commissioners,".
- Explanation -- This would provide for the appointment of four Commissioners in the Department by the President with the approval of the Senate. The Committee report would state that the purpose of the four Commissioners is to provide a Presidential appointee, responsible directly to the Secretary, to head up the operational and promotional functions of the Department on the basis of modes of transportation. The report would further state, for example, that it is contemplated that all of the operational and promotional functions of the FAA would be transferred as a unit to the supervisory jurisdiction of one of the Commissioners. The principal modes of transportation would be air, highway, rail, and water. Oil pipelines, with which the new Department would have a relatively limited concern, would be placed under one of the four Commissioners.

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May 25, 1966

2. Proposed amendment -- Add the following language after the word "duties." on line 24, page 7: "Any statutory requirements for notice, hearings, or action upon the record that apply to any function transferred by this Act shall apply to the exercise of such functions by the Secretary or the National Transportation Safety Board."

Explanation -- The Committee report would explain that the purpose of this amendment is to make it clear that the provisions of the Administrative Procedure Act and any other statutory provisions which may require notice, hearings, or action upon the basis of the record would apply when those functions are exercised in the new Department.

3. Proposed amendment -- Following line 17, page 8, add a new subsection to Section 4 to read as follows:

"(m) Nothing in this Act shall be construed to authorize, without appropriate action by Congress, the adoption, revision, or implementation of any transportation policy, or investment standards and criteria contrary to or inconsistent with any act of Congress."

Explanation -- The purpose of this new subsection is to make it clear that transportation policies and investment standards and criteria adopted by Congress cannot be changed without further Congressional action.

4. Proposed amendment -- On page 12, line 1, delete the comma and add "and investigators,".

May 25, 1966

Explanation -- The report will state that the purpose of this amendment is to make it clear that the National Transportation Safety Board shall be empowered to employ the investigative staff which it deems necessary to carry out its functions under the Act.

5. Proposed amendment -- On line 2, page 20, delete the period and add the following: "Provided, That, except in the case of emergency found by the President, the Secretary shall, at a time selected by him prior to the presentation of standards and criteria to the President for approval, publish a notice of proposed standards and criteria in the Federal Register and provide an opportunity for interested persons to present their views thereon."

Explanation -- The report would explain that the purpose of this amendment is to provide for a notice and presentation of views before proposed standards and criteria are presented to the President for approval, except in situations where the President finds that an emergency exists requiring the omission of this procedure. Since the President has to approve the standards and criteria anyway, it would be appropriate for him to pass upon the existence of an emergency.

It should be noted that the above discussion does not include the Bureau of the Budget amendments to Section 7. It is not meant to rule them out, but they should be considered separately on the basis of Budget's explanation.

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

OFFICE OF
THE DIRECTOR

May 27, 1966



MEMORANDUM FOR MR. CALIFANO
The White House

Subject: Status Report -- Department of Transportation

1. Senate

I talked with Jim Calloway yesterday. He indicates that by next Tuesday they will have drafted specific word changes to the bill. We agreed to exchange drafts early next week. He does not want to get together before then.

By the end of next week the staff intends to distribute proposed changes to the Committee members. As Senator McClellan will not be back until the beginning of the following week, no firm decisions will be made before then. If you have any information on the Larry O'Brien/Senator Monroney discussions, it would be useful in our work with Committee staff.

2. House

Charlie Schultze talked with Congressman Holifield today. The Congressman did not want to talk with Alan Boyd and me until he has a chance to discuss this matter with his staff. Charlie pressed him to have a meeting. He agreed to set one up early next week. Such a meeting could provide decisions which would allow his staff to continue work during the June 3-13 period, when Holifield will be in California for the primary. We will continue to press him on this.

Charlie
Charles J. Zwick
Assistant Director

Nothing else sent to
Central Files as of 2/15/67

L.B.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 31, 1966
1:00 p.m. - Tuesday

FOR: Henry H. Wilson

FROM: Charles D. Roche

Preliminary report pending legislation Department of Transportation:

Garmatz - Objections have been lodged by ship owners and labor. He plans to hold hearings of Merchant Marine and Fisheries Committee "if and when time is available."

Dow - Not on the subcommittee and generally not close to the subject, but favorably inclined.

Roush - Same as above.

Monagan - Same as above.

Macdonald - Due in Wednesday.

Moorhead - Here - will call back.

Gallagher - Here - will call back.

Rosenthal - Here - will call back.

St Germain - Here - will call back.

Helstoski - Here - will call back.

Traffic Safety and Truth in Packaging:

Friedel - Here - will call back.

Macdonald - Due in Wednesday.

O'Brien - Due in Wednesday.

Dingell - Here - will call back.

Rooney - Here - will call back.

Ronan - Here - will call back.

Huot - Here - will call back.

Gilligan - Due in Wednesday.

File: Transportation

Eno

Center for
Transportation

David A. Bunn

May 31, 1966

- DANTE FACELL - Had no pressure one way or another on Dept of Transportation. The only contact was from the State of Florida conservation people and water people concerning the cost benefit ratio. Fascell says he is for the bill but does not know much about it.
- JACK BROOKS- Has heard nothing on Dept of Transportation. He will do all he can to help Chet Holifield.
- DAVID KING- Cannot reach Congressman but AA says that they have received no pressures whatsoever on Dept. of Transportation. As far as he knows, King is o.k.
- VAN DEERLIN- On Commerce Committee. Completely o.k. on Truth in Packaging and Traffic Safety.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 31, 1966

3:40 p.m. - Tuesday

File: Transportation

Eno

Center for
Transportation

FOR: Henry H. Wilson

FROM: Charles D. Roche

SUBJECT: Further report on pending legislation.

Department of Transportation:

Moorhead - Not on subcommittee, but feels the matter is being unnecessarily drawn out. Will be helpful in the full committee.

Helstoski - Not on subcommittee, but has filed companion legislation and is favorable.

Traffic Safety and Truth in Packaging:

Friedel - Says committee will take up traffic safety next week after completion of CATV this week. Says Truth in Packaging is not yet off the ground.

Ronan - Will cooperate, but is not presently involved in either piece.

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

OFFICE OF
THE DIRECTOR

June 1, 1966

Eno
Center for
Transportation

MEMORANDUM FOR MR. CALIFANO
The White House

Subject: Discussions with Congressman ^{Chet}Holifield and with
Jim^XCalloway of the Senate Committee staff

This is to confirm our telephone conversation and report a
telephone call from Jim Calloway.

In yesterday's meeting with Congressman Holifield, Alan Boyd
and I agreed to the following changes in the bill.

1. Designating four modal Administrations -- Aviation,
Highway, Maritime, and Rail. Each of these will be headed
by an Administrator, appointed by the President with the con-
sent of the Senate. Attachment A is a copy of our specific
wording for this change.

2. Congressman Holifield wants the Great Lakes Develop-
ment Corporation deleted from the organizational chart that
will be in the Committee report. He feels that our chart
gives it too much importance and therefore tends to downgrade
the four operating Administrations and the Coast Guard.
Since the bill does not cover the Corporation, we concurred
in this change. The President is on record that he intends
to transfer the Corporation to the Department.

3. Move the Office of Accident Investigation to the
National Transportation Safety Board. Holifield feels that
in selling the bill on the floor he is going to have to make
a big pitch for safety, and therefore wants to strengthen the
National Transportation Safety Board. We told him that we
had no objection in concept to this change but that a number
of details would have to be worked out -- e.g., to protect
the current mode of operation in the Coast Guard and also
be sure that there is a proper allocation of ICC safety func-
tions between the National Transportation Safety Board and
the Highway and Rail Administrations.

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It was agreed that we would work with his staff on this matter. I believe we can work this one out, but it is not certain. They had proposed that the National Transportation Safety Board submit an independent budget. I believe we talked them out of it. If we are not careful we could be creating a completely independent and powerful agency here. We will work with the staff to be sure that a reasonable division of labor occurs.

4. Section 7. Holifield is prepared to go ahead with Section 7 as originally drafted, with the following changes.

At the end of Sec. 7(a), add: "; Provided, That the Secretary shall, at a time selected by him prior to the presentation of standards and criteria to the President for approval, publish a notice of proposed standards and criteria in the Federal Register and provide an opportunity for interested persons to present their views thereon."

Also, at the end of Sec. 4 he proposes to add the following: "(m) Nothing in this Act shall be construed to authorize, without appropriate action by Congress, the adoption, revision, or implementation of any transportation policy, or investment standards or criteria contrary to or inconsistent with any act of Congress."

He feels that these changes will put him in a position to answer criticisms of Section 7. In short, he proposes to go ahead with a strong Section 7.

Holifield's schedule is for the staff to develop a clean bill while he is in California for the primary. He promises to push hard on it as soon as he returns from the primary, and forecasts that the bill could be reported out of the Committee by the Fourth of July. He sees utility in going ahead with the House bill to help us negotiate with the Senate.

He had one conversation with Congressmen Brown and Erlenborn, in which he asked them if they were against a Transportation Department per se. They said they were not against a Department of Transportation. He plans to get together with Congressman Erlenborn today and see if he can work with them or whether

he will have to go ahead without their support. In short, Congressman Holifield is prepared to move ahead with a strong bill, with the possible exception of the National Transportation Safety Board changes.

On our part, I believe it is important that Congressman Holifield understands and is informed of any changes to Section 7 that we agree to with Senator McClellan.

Jim Calloway called this morning and asked to see our revisions to Sec. 7. I told him that the Administration had not yet agreed on any specific word changes to Section 7; as soon as I was in a position to do so, I would get in touch with him on specific wording.

Since he promised last Thursday to provide me with their proposed changes by yesterday, I asked about the status of their changes. He said that he could not give them to us until they are cleared by Senator McClellan. I have the strong impression that Jim is taking all the changes we are willing to offer up, and will then take us one step further in their staff recommendations.

We need to develop a set of tactics which protect Congressman Holifield and at the same time get us the best Section 7 language possible in the Senate. On this point, it was interesting to note that Calloway stated that he assumed we wanted to change Section 7 rather than eliminate it. I told him that this was the case and furthermore I thought we were pretty close on Section 7 and could work out the details as soon as both of us had clearance to do this. He agreed. I therefore conclude that we should be able to salvage parts of Section 7 in the Senate.

Charlie
Charles J. Zwick
Assistant Director

Attachment

Specification in law of major subordinate organizations

There shall be in the Department four agencies to be known as (1) the Federal Highway Administration, (2) the Federal Railroad Administration, (3) the Federal Maritime Administration, and (4) the Federal Aviation Administration. The agencies shall each be headed by an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

5:00 p.m., Thursday
June 9, 1966



FOR THE PRESIDENT

FROM Joe Califano *gaf*

I am increasingly suspicious that the real problem with the Senate on the Transportation Bill is the 1964 criteria for Corps of Engineers navigation projects. This might come up tonight with the Senate Chairmen.

Prior to 1964, a comparison was made between rail rates at the time the project was being considered and water rates that would be in effect if the project were built, to determine the savings to the shipper as part of the cost benefit ratio used to decide whether navigation projects should go forward.

Under the 1964 criteria, the comparison is made between future rail rates that experts anticipate will be in effect if a waterway were built and water rates that would be in effect if the project were built.

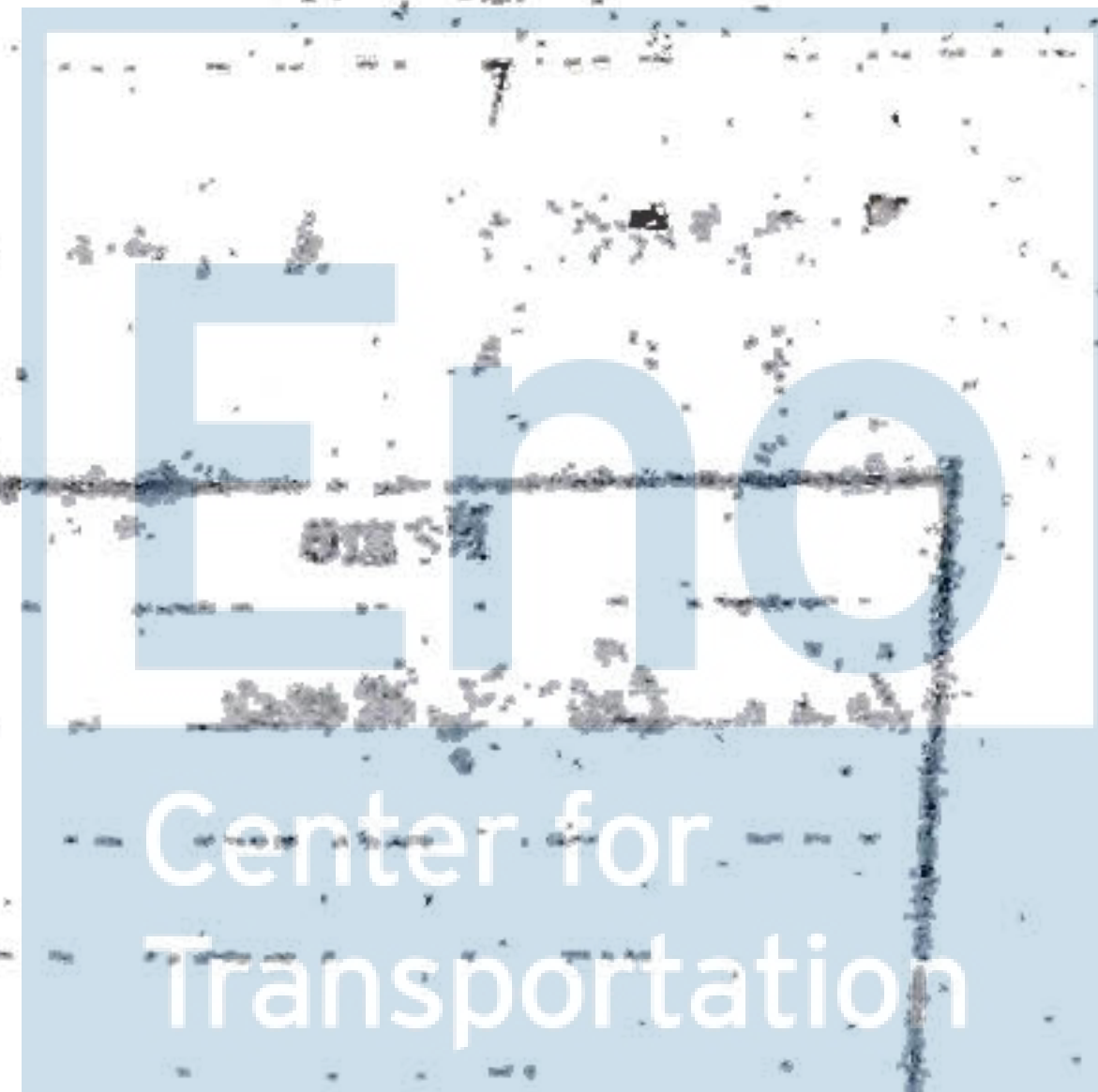
The Budget Bureau is now exploring new criteria which would compare the cost, as distinguished from the rate, of shipping by rail at the time the project is considered and the cost of shipping by barge if the project were built. As a general rule, this will result in a savings of somewhere between the pre-1964 criteria and the 1964 criteria.

Everyone agrees that the existing 1964 criteria are difficult to administer. Most interested Congressmen -- including Monroney and McClellan -- want to go back to the pre-1964 criteria. There is possibly as much as 3 or 4 billion dollars in projects held up as a result of the 1964 criteria (including a big one for Monroney). To switch to the new criteria being explored by the Budget Bureau will take extended study.

A.S. Mike

John L.

Cohen



The Executive Branch is split wide open on this one and it will take a little time to resolve it. I have asked Barefoot to get into it in some depth with the Budget Bureau, the Corps and other interested agencies. He and I will attempt to make an analysis of the substance, the political situation and the relation to the Department of Transportation and prepare some recommendations for you in a few days.

Handwritten signature

The attached report is for your information.
Respectfully,
The President

John F. Kennedy
The White House
Washington, D. C.

RECEIVED
JAN 10 1961
U.S. DEPT. OF TRANSPORTATION

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

10:15 p.m., Friday
June 10, 1966

EXECUTIVE

FG999-15

FG11-1

NR7-1

FG120-5

Center for
Transportation

FOR THE PRESIDENT

FROM Joe Califano *jc*

Wm. F.
Attached is a memorandum from General Cassidy, Chief of Engineers, laying out his problems on the Hill.

My personal belief is that General Cassidy has sincerely supported the Department of Transportation. He has made several speeches for it (to the point where Senator McClellan asked him to stop speaking out on behalf of it) and has visited every Congressman I have asked him to talk to on the Hill. He dropped by to see me today and said he would do anything he could to help you get the Department.

Cassidy's key recommendation in the attached memo is that we return to the pre-1964 basis for comparing rates on Corps of Engineer projects. Barefoot is still working on this, and we will have a recommendation for you by Monday.

Attachment



DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF ENGINEERS
WASHINGTON, D.C. 20315

IN REPLY REFER TO
ENGCE

10 June 1966

Eno

Center for
Transportation

MEMORANDUM FOR: THE PRESIDENT

SUBJECT: Department of Transportation

I have just concluded a meeting with Secretary McNamara concerning the Corps of Engineers and its position with respect to the Bill to create a new Department of Transportation. Since the initial meetings concerned with the drafting of this Bill, and the presentations to the heads of Federal Agencies, I have been consistently and wholeheartedly in support of the Bill. Following your instructions to me at a meeting in the White House, and a discussion with Mr. Califano, I called together key members of my staff to make completely clear to them that the Corps is in complete support of the Transportation Bill. I also sent a wire to the Division Engineers in the United States to make this position completely clear. With the concurrence of Mr. Califano I had a discussion with Senator McClellan to convince him that the Corps favored the Transportation Bill. So far as influencing him is concerned, I would say that I got nowhere.

Within an organization as large as mine there is a possibility that some individuals may be talking against the Bill; however, this is without my knowledge. If I can determine any place where this is happening, I will take positive corrective action.

Brigadier General J. L. Person, USA Retired, was a Director of Civil Works in this office and is well known on the Hill; he is now Executive Secretary of the National Rivers and Harbors Congress. His Board of Directors is in opposition to Section 7 of the Transportation Bill. Therefore, General Person is quite active in his opposition to the Bill. I have discussed this with General Person to include pointing out that the modification proposed in Senator McClellan's Committee should satisfy the objectives of the waterways operators. General Person felt that as long as his Board of Directors is in opposition, he would have to work actively against the Bill.

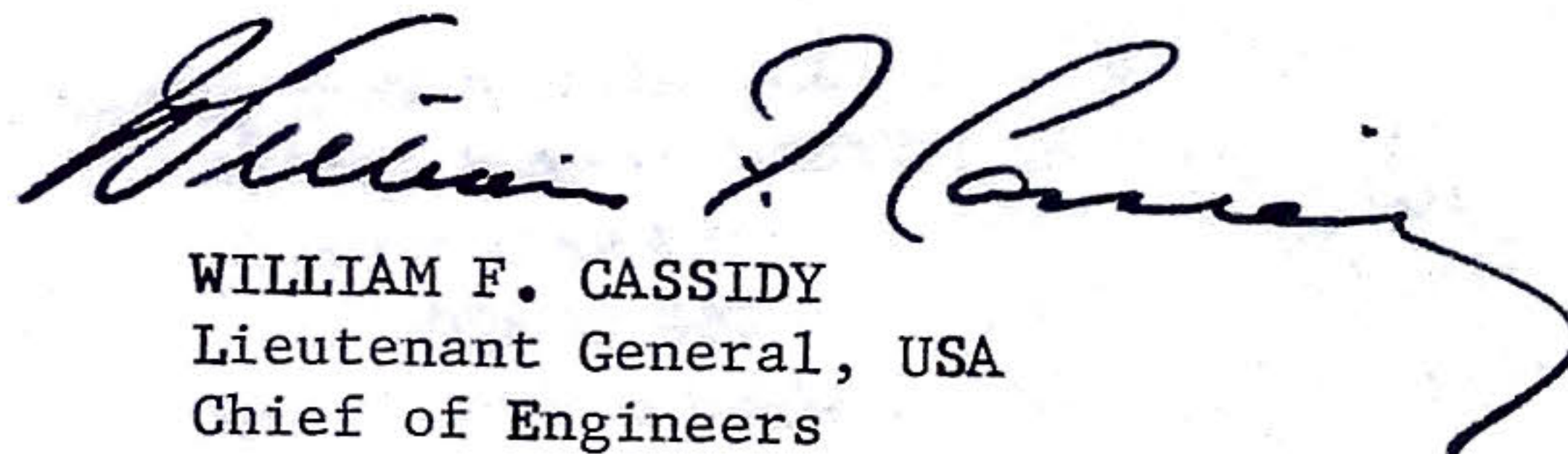
I believe that a part of the opposition to the Bill lies in the fear that the criteria and standards to be established by the new Secretary of Transportation under Section 7 might be so restrictive as to preclude further waterways development. This in turn is tied back to the objections of the waterways operators and certain Members of Congress to the projected rate basis under which the Corps determines the benefits of waterways projects. While the change was made by the Corps of Engineers

ENGCE

10 June 1966

in 1964 these people recognize that a change back to the old method or to any other method must have the sanction of the Bureau of the Budget. Hence the series of letters to you on this subject. As a result of those letters, with the guidance of the Bureau of the Budget, the Corps is preparing instructions which will determine benefits to waterways improvement on a cost basis. This is not being accepted as a solution to the problem by the individuals concerned. I have recommended to Mr. Schultze, Mr. Henry Wilson and Mr. Califano that you make the decision to return to the old or current rate basis while the Corps makes its studies and determines how to use a cost basis. This is a political decision and the full implications of such a decision are beyond my knowledge. However, I believe that it can be used to turn around some of the opposition to the Transportation Bill.

As I see the picture then, the current concern with the methods of determining benefits for waterways improvements has generated a strong opposition to the Transportation Bill. I would recommend that concessions be made in this area in order to gain support for the Bill.


WILLIAM F. CASSIDY
Lieutenant General, USA
Chief of Engineers

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

June 13, 1966

EXECUTIVE

76175

NR 7-1

Center for
Transportation

FOR THE PRESIDENT

FROM: Joe Califano and Barefoot Sanders

SUBJECT: Waterway Project Criteria and Transportation Bill

SITUATION

1. We have reviewed this situation with General Cassidy, Schultze and O'Brien. The three criteria in issue are:

Pre-1964 Criteria - Waterway transportation costs against current rail rates. This is the standard most likely to result in approval of a project.

1964 Criteria - Water transportation costs against projected rail rates after waterway is built.

Cost Criteria - Water transportation costs against rail costs (including a reasonable profit). This system now under study.

2. There may be a major attempt by Senator McClellan to write into the Transportation Bill the pre-1964 criteria. Government Operations Committee staff has prepared an amendment to do this. Senators Jackson and Harris of the Committee, plus Senators Magnuson, Monroney, Randolph, Ellender, Sparkman and Long (La.) indicate support of Senator McClellan on this.

Such action would nullify the discretion of the Executive Branch to change the criteria. It should be opposed. All agree.

3. Certain Congressmen and Senators -- some of them from the House Public Works and the members of the House and Senate Appropriations Subcommittee on Public Works--have written you stating their dissatisfaction with the 1964 (present) criteria.

Copy to Mrs. Terrell

Schultze has advised them that the 1964 criteria would be discontinued and the cost criteria put in. It will take a year to put it in and additional time to apply it to pending projects. Thus, no criteria are in effect now and no projects are moving.

4. Holifield is handling the Transportation Bill in House Committee and says he can get it out of Committee with an acceptable Section 7 this month. Jones, Wright and Blatnik are three of the Congressmen who have complained about present waterway criteria: they are on the Committee but have given no indication of attacking Section 7.

Prospects are good for favorable House action.

5. Eleven waterway projects totaling \$4.2 billion are in various stages of consideration by the Corps. For the next two years only three -- totaling \$1.9 billion -- are clearly affected by a relaxation of criteria:

Lake Erie, Ohio (\$1 billion) is unfavorable by the present 1964 criteria but favorable by pre-1964. Cassidy says that the Corps will not act this year on this and does not want to act at all. The Governor of Ohio is opposed to the project: the Congressional delegation is not solid in support. However, the project is strongly backed by Congressman Kirwan. If criteria relaxed, Congressional authorization is possible in 1967 or 1968.

The Trinity (\$5.15 million) is Congressionally authorized subject to a re-study due by fall 1967. Project almost certainly will be unfavorable on present 1964 criteria but may be barely favorable on pre-1964. If criteria relaxed Congressional action probable in 1968 session.

Central Oklahoma (\$400 million) unfavorable on both 1964 and pre-1964 criteria now, but with a re-study -- not yet requested -- it might be favorable on pre-1964. If criteria relaxed and re-study favorable, Congressional action probable in 1968 session.

Of the other eight projects:

Two -- Red River (La.) (\$150 million) and upper Missouri

(\$60 million) -- will probably be favorably reported in 1967 Congressional session, since they are barely favorable under 1964 criteria and favorable under pre-1964.

One -- Chattahoochee (Ga.) (\$234 million) -- may be reported next year but now believe that report would be unfavorable on both 1964 and pre-1964 criteria.

Five projects totaling \$1.9 billion will not be reported to Congress by the Corps this year or the next. They are Tennessee -- Tombigbee (\$300 million), Coosa (Ala. and Ga.) (\$300 million), Pearl (Miss.) (\$250 million), San Antonio (Tex.) (\$700 million) and Big Muddy (Ill.) (\$330 million).

6. Projects under construction -- Ark., Cross-Fla., Kaskaskia -- are not affected by the criteria controversy.

ALTERNATIVES

1. Maintain budget decision to discontinue 1964 criteria and put in cost criteria when ready -- in other words, a one year hiatus during which no project can be measured because no criteria are in effect. All agree that this is undesirable.

2. Continue 1964 criteria in effect until cost criteria ready. There would be continued Congressional dissatisfaction because of the strictness of the 1964 criteria. Under this Lake Erie-Ohio, Trinity, and Central Oklahoma will be unfavorably reported by the Corps. All agree that this is not realistic.

3. Re-institute the pre-1964 criteria pending through study of cost or other criteria. This we recommend because of the Transportation Bill situation. It should satisfy Congressional objections and is a standard which served the government for many years.

RECOMMENDATIONS

We recommend you approve our pursuit of the third alternative. If we do not pursue this alternative, we believe that the Senate Committee and indeed the Senate, has enough horsepower to write the pre-1964 criteria into the Transportation Bill and get it passed. If this happens, we would lose the support of the railroads for the bill. We recommend adoption of this alternative even though there is some slight chance of criticism on the ground that the three big projects, which would probably receive favorable reports, are Lake Erie - Ohio; the Trinity River in Texas; and the Central Oklahoma Project -- two in the Southwest.

The difficult question is one of timing. In the House, Holifield thinks he will have a bill out of full committee by June 29. In the Senate, the staff is now developing language for Section 7 in the Bill that would legislate the pre-1964 criteria. What we would want to get in exchange for administratively returning to the 1964 criteria would be an agreement to have Section 7 eliminated from the Bill or get Section 7 generally along the lines of our original proposal.

Schultze and Boyd are due to testify in Executive Session before the Senate Committee on June 29. O'Brien's current feeling is he would not give the Senate this pre-1964 criteria administratively until after that date. This is on the assumption we will get a good Bill out of the House -- which now appears to be the case.

Unless you have some view about timing, we would be inclined to follow O'Brien's judgment and play it by ear thereafter.

We recommend your approval of (a) the third alternative (reinstating the pre-1964 criteria pending study of the cost criteria) and (b) the timing suggested by O'Brien.

Approve ✓

Disapprove _____

Why not do this at once

C

Eno

Center for
Transportation

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Tuesday, June 21, 1966
3:20 p.m.

EXECUTIVE

FG411/M* (4)

FG999-15

FG155-11

FG110-4

Center for
Transportation

MEMORANDUM FOR THE PRESIDENT

FROM: Henry H. Wilson, Jr. *HHW*

The House ^{*}Merchant Marine and Fisheries Committee this morning, by a vote of 11-6 and by show of hands, passed the resolution favoring the establishment of the Maritime Administration as a separate body, rather than as a part of the Transportation Department.

The Committee also passed a resolution opposing transfer of the Coast Guard from the Treasury Department to the Department of Transportation.

We contacted all Democrats on the Committee we could reach, but we never could get Garmatz to return a call.

Edward I discussed it this morning with the Speaker at 9 o'clock, but Garmatz would not return calls either from us or from the leadership.

We discovered in conferring with Members, that he quite apparently had had no previous discussion with any of them either, though certain of them, because of their special ties with the Merchant Marine people, were very much committed or had put in bills of their own.

There are 32 members of the Committee, so you can see that there was a bare quorum present.

Many of the members were irked with Garmatz for compelling this proposal to a vote without either hearings or even previous conversations.



Rec'd
6-29-66
5:50P

THE SECRETARY OF COMMERCE
WASHINGTON 25, D.C.

June 28, 1966



MEMORANDUM FOR THE PRESIDENT


From : Secretary of Commerce

Subject: SEQUOIA trip for Congressmen

I thought you would be interested to know that Mary and I gave a little party last night for a group of Congressmen and their wives. The Congressmen are members of the House Commerce Committee, which is now marking up the Traffic Safety bill, and the Government Operations Committee, which is scheduled to act on the Department of Transportation bill tomorrow. Those present with us last night were:

Mr. and Mrs. Jack Brooks (Government Operations)
Mr. and Mrs. John Dingell (Commerce Committee)
Congresswoman Dwyer and Mr. Dwyer (Government Operations)
Mr. and Mrs. L. H. Fountain (Government Operations)
Mr. and Mrs. Porter Hardy, Jr. (Government Operations)
Mr. and Mrs. Chet Holifield (Government Operations)
Mr. and Mrs. Frank Horton (Government Operations)
Mr. and Mrs. Horace Kornegay (Commerce Committee)
Mr. and Mrs. John Moss (Commerce and Government Operations)
Mr. Ogden Reid (Government Operations)
Mr. and Mrs. Walter Rogers (Commerce Committee)

The party went very well, and I believe it was quite successful.


John T. Connor

gah/gk
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

8:25 p.m., Wednesday
June 29, 1966

EXECUTIVE

67 76195
Eno

Center for
Transportation

FOR THE PRESIDENT

FROM Joe Califano *gcr* *(h)*

Chet x
As you know, Chairman Holifield reported out the Department of Transportation 30 to 4 today. In the process, we lost a good part of Section 7 (which is no problem because we will probably lose the rest of it in the Senate) and the Committee took the car service functions out of the Transportation Department. They left in the car safety functions.

The removal of the car service functions will cause some serious problems in the Senate, but our judgment was that it was better to get the bill out today rather than let it lay over until after the recess.

O'Brien and I think there is a chance, perhaps slim, that we can hold the car service functions in the Senate bill. Our hopes on this rest largely with Magnuson.

gah/ri

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EXECUTIVE

7G 175
Eno

Center for
Transportation

June 22, 1966

FOR JOE CALIFANO

SUBJECT: Transportation Bill

Alan Boyd is very much concerned that writing the pre-1964 criteria into Section 7 will bring all-out opposition from the railroads to the Transportation bill. He is anxious to discuss with you the details of your conversation with Senator^x McClellan, John L. and ascertain how far we are committed to McClellan.

Warren G. x You might want to call Jerry Grinstein as to sounding out Magnuson's attitude on statutory pre-1964 criteria.

Barefoot Sanders

Orig not sent to file as of 12/3/66
jah