

tions to fulfill this commitment have been (1) support of full voting representation, (2) support for expansion of "Home Rule" for the District and (3) support of efforts to provide greater equity and predictability to the financial relationship between the Federal government and the District.

I have also proposed removal of the Federal government from the District's Budgetary process by 1982, as well as the development of an equitable Federal payment process on the District's revenues. This process must rest on an objective, equitable basis and not be used as a device to balance the District's budget. To achieve movement toward that goal, I recommended a Federal payment for fiscal year 1979 totaling \$317 million—the highest total ever recommended by a President.

It is against that background that my Administration last year expressed its willingness to work with the Congress and the District to develop a sound, reasonable solution to the District's current financial difficulties with its pension program for police, firemen, teachers and judges. Previous Administrations have declined to acknowledge any Federal responsibility for the District's current pension funding problems. In the bill that passed the House of Representatives, my Administration announced its willingness to assume sixty percent of the cost of making a transition to an actuarially sound system. This would have obligated the Federal government to make payments of \$462 million over 25 years. Instead, the Congress ultimately adopted a different method of funding which identified the Federal responsibility as that portion of the unfunded liability attributable to employees who retired prior to Home Rule. This would require the Federal government to pay more than \$1.6 billion over that same period.

This proposal fails to recognize that a large part of that liability derives from abuses of the disability retirement statutes which were permitted to flourish by those responsible for their effective administration. It undervalues or ignores the significance of Federal assistance through the Federal funding of benefits for thousands of District employees who participate in the Federal Civil Service Retirement System. I am therefore of the view that the enrolled bill overstates the degree of Federal responsibility.

Although the bill's benefit and disability retirement reforms are desirable, its failure to apply these reforms to current employees constitutes a serious and costly deficiency. While the bill contains a penalty clause, the purpose of which is to reduce the Federal payment if abuse persists, the application of basic statutory reforms to all employees would be a far more effective and efficient means of preventing a recurrence of the abuses which have prevailed in recent years.

Accordingly, I am compelled to withhold my approval from this bill.

I realize that many members of Congress have worked long and hard with the Administration on this question. I agree with them that there is indeed a

Federal responsibility to see that this program is converted to one which is actuarially sound and which minimizes opportunity for abuse.

I look forward with the Congress and the elected representatives of the District of Columbia early in the next session to develop acceptable retirement funding and reform legislation. We are prepared to consider a reasonable Federal financial contribution, providing that provisions are included that fully remedy the problem of retirement abuses. Working together, I am sure we can place the District retirement programs on a sound basis in a manner which both limits the extent of Federal financial responsibility, while also recognizing the Federal responsibility in this area.

JIMMY CARTER.

THE WHITE HOUSE, November 4, 1978.

H.R. 9518

MEMORANDUM OF DISAPPROVAL

I have decided not to sign into law H.R. 9518. This legislation, which would impose severe enforcement measures in the area of ocean shipping rebating, reflects concern with the possible disparity in enforcement of our anti-rebating laws against U.S.-flag carriers but not against foreign flag operators. I share that concern, and any disparity that exists must be eliminated.

The United States is currently engaged in important discussions with several European countries and Japan in an attempt to reach cooperative agreements involving a number of shipping problems, including rebating. Rather than taking immediate unilateral action undermining these efforts, I have directed the Secretary of State, in cooperation with the Federal Maritime Commission and other agencies to pursue these talks vigorously and to report to me on their progress. I am also directing the Administration's Maritime Policy Task Force to provide, by an early date, a set of recommendations that will address both the substance of our rebating laws as well as procedures for enforcement, taking into account the inherently international character of ocean shipping.

In the interim, I am asking the Federal Maritime Commission to step up its enforcement efforts against illegal rebating under the authority now provided in the Shipping Act of 1916. The Administration is committed to assist the FMC in these efforts, and I urge the Department of State in obtaining any necessary cooperation from foreign governments.

Although I am withholding my signature on H.R. 9518 I believe the bill represents an important signal to foreign countries that we must work together to secure a cooperative shipping regime. I commit my Administration to work with the next Congress to develop a comprehensive maritime policy for the United States, in which the concerns reflected by this bill as well as broader policy issues can be fully addressed.

JIMMY CARTER.

THE WHITE HOUSE, November 4, 1978.

H.R. 13719

MEMORANDUM OF DISAPPROVAL

I have withheld my approval of H.R. 13719, which would have authorized special Federal payments to Guam and the Virgin Islands to offset the local revenue losses during calendar years 1978 through 1982 caused by the Revenue Act of 1978.

Because income taxes paid by territorial residents to the governments of Guam and the Virgin Islands are based on the U.S. Internal Revenue Code, tax changes intended to reduce Federal income tax liabilities in the United States have a corresponding effect in reducing territorial tax liabilities. H.R. 13719 would have authorized direct grants to the territories to offset revenue losses associated with the 1978 tax act.

While recognizing the defects in the current territorial tax structures which H.R. 13719 was designed to alleviate, particularly the effects of periodic Federal tax reductions on local revenues, I do not believe the bill provides an acceptable long-range solution. By replacing reasonable local tax efforts with direct Federal payments, the bill is simply another attempt to manage territorial deficits without addressing the underlying economic and financial problems which have led to those deficits. We can no longer afford a piecemeal approach to the growing revenue problems of the territories.

Accordingly, although I am disapproving H.R. 13719, I am directing the Secretaries of the Interior and the Treasury to study the financial situation of both the Virgin Islands and Guam and to recommend a plan designed to help those governments achieve a higher degree of financial stability without perpetuating a piecemeal system which is costly to the Federal Government and which does not sufficiently encourage responsible financial management in these territories.

JIMMY CARTER.

H.R. 11545

MEMORANDUM OF DISAPPROVAL

I have withheld my approval of H.R. 11545, the Meat Import Act of 1978.

I do so because the bill would severely restrict Presidential authority to increase meat imports and would place a floor or minimum access level for meat imports that I believe is too low. It deprives a President of the only anti-inflationary tool available in this area.

Current law allows the President substantial flexibility to increase meat imports when, in his judgment, domestic supplies are inadequate to meet demand at reasonable prices. I am convinced that this flexibility must be preserved, as a weapon against inflation.

Under this bill, however, authority to increase meat imports would be tied to declaration of a national emergency or natural disaster, or to a restrictive price formula. Under this formula, the farm price of cattle would have to increase faster than the retail meat price by more than ten percent during the first two calendar quarters of a year. Under this

formula, quotas could have been relaxed only once in the last ten years.

I also believe that the United States must avoid imposing excessive restrictions on our trading partners who supply us with meat. H.R. 11545 would impose those restrictions by stipulating a minimum access level for meat imports of 1.2 billion pounds, instead of the 1.3 billion my Administration recommended. I am concerned that the bill's lower level could harm our trade relations with the meat exporting countries and thus impair their long-term reliability as sources of additional meat supplies when our own production is low, particularly at a time when we are negotiating for greater access to foreign markets for both our industrial and agricultural products.

If the Congress had enacted H.R. 11545 without these objectionable provisions, I would have been pleased to sign it, as my advisers make clear repeatedly. The bill would have amended the Meat Import Act of 1964 to provide a new formula for determining meat import quotas. The new formula would have adjusted meat import quotas up when domestic production of meats subject to the quota went down. Under the 1964 meat import law, quotas are adjusted in the opposite way, so that as domestic production declines, the limits on meat imports are tightened, at exactly the wrong time. This defect has often compelled Presidents to increase or suspend the meat import quota, in order to ensure supplies of meat at reasonable prices. The new counter-cyclical formula would, in most years, automatically make the necessary adjustment in the meat import quota, without involving the President in the normal operation of the meat trade.

This Administration supports such counter-cyclical management of meat imports; in fact, the Department of Agriculture was instrumental in developing the formula which the Congress approved. But for all the advantages of the new formula, it is still an untested mechanical formula which may not respond ideally to all future situations. This is why I find the restrictions on the President's discretion to increase meat imports so objectionable and why my Administration's support for H.R. 11545 was so clearly conditioned upon removal of those restrictions and on increasing the minimum access level for meat imports to 1.3 billion pounds annually.

I am prepared to work with the Congress next year to pass a counter-cyclical meat import bill which will provide the stability and certainty the cattle industry requires, while preserving the President's existing discretionary authority and setting an acceptable minimum access level for imports.

JIMMY CARTER.

THE WHITE HOUSE, November 10, 1978.

H.R. 9370

MEMORANDUM OF DISAPPROVAL

I have decided not to sign into law H.R. 9937. This bill is an amendment to the Bank Holding Company Act which would authorize the General Services Administration to sell certain silver dollar coins at negotiated prices. I have determined that this legislation would not

be in the national interest because of an unrelated amendment which exempts all textile and apparel items from any tariff reductions in the Multilateral Trade Negotiations (MTN) now underway in Geneva.

I am determined to assist the beleaguered textile industry. We are committed to a healthy and growing textile and apparel industry. This legislation would not advance that cause, and could even harm the entire U.S. economy.

This bill would not address the real causes of the industry's difficulties. In return for any transient benefits, the bill would prompt our trading partners to retaliate by withdrawing offers in areas where our need for export markets is the greatest—products such as tobacco, grains, citrus, raw cotton, paper, machinery, poultry, and textile-related areas such as mill products and fashion clothing. The loss of these export areas is too high a price for our Nation to pay.

The cost of this bill might be even higher; at best, it would cost us many opportunities for exports; at worst, it could cause the collapse of the trade talks and further restrict the growth of the world economy. If the two and a quarter million workers in the textile and apparel industry are to survive in their jobs, we must work to keep the world economy strong and international trade free.

Just within the last year we have taken a number of steps to improve the condition of the U.S. textile and apparel industry:

- We negotiated a renewal of the international Multifiber Arrangement through 1981, providing more responsive controls over disruptive imports.
- We have negotiated 15 new bilateral export restraint agreements which are firmer and fairer than earlier versions, covering 80 percent of all imports from low-cost suppliers. And we are negotiating more.
- We have improved our monitoring of imports and implementation of restraints, through steps such as the new legislative initiatives I have approved.
- We have, despite the proposed small reduction in tariffs, the highest textile and apparel tariffs in the developed world.
- We have begun discussions with exporting countries not now under restraint to seek appropriate levels for their shipments.
- We have established a pilot program to improve productivity in the men's tailored clothing industry, and we have begun an export promotion program for the entire textile and apparel complex.
- And we have begun a review of existing and proposed Federal regulations affecting this industry to assess their impact.

This, however, is not enough. I pledge that we will do more;

- We will intensify our review of existing bilateral restraint agreements to be sure they really work, and if there are harmful surges we will work promptly to remedy them.

—We will not allow the effectiveness of our restraint agreements to be undermined by significant increases in shipments from uncontrolled suppliers, and we will maintain a worldwide evaluation of the imports of textile and apparel into the U.S. and seek appropriate action, country-by-country, where warranted.

—We will be prepared to expand the pilot project underway in the men's tailored clothing industry so that other sectors may benefit from that experience, and we will speed proposals for a similar program in the ladies apparel industry.

—We will negotiate strenuously for removal of non-tariff barriers to U.S. textile and apparel exports, including restrictive "rules of origin."

—The Office of the Special Representative for Trade Negotiations will begin a new policy review and report to me quarterly on developments in the domestic textile and apparel industry, with special emphasis on imports and exports, so that appropriate actions can be taken more promptly.

These steps, like those of the past year, will not be the limit of our assistance to this vital industry. But each step that we take must be directed toward the long-term health of this industry and the United States economy as a whole—unlike H.R. 9937 which on balance is detrimental to the textile industry, to its two million workers, and to the Nation as a whole.

JIMMY CARTER.

THE WHITE HOUSE, November 10, 1978.

H.R. 9370

MEMORANDUM OF DISAPPROVAL

I have withheld approval from H.R. 9370, "A bill to establish new Federal programs and assistance for the development of aquaculture in the United States."

While the underlying purpose of the bill, development of an active aquaculture industry, is sound, I am concerned that the numerous broad-reaching programs established under the bill are premature. H.R. 9370 would establish a National Aquaculture Council to assess the state of aquaculture in the U.S. and to prepare a National Aquaculture Development Plan—a detailed set of Federal activities to expand the commercial potential of certain aquatic species. It would establish substantial new programs of Federal assistance to carry out the plan and undertake demonstration projects in aquaculture. The bill also would create a Federal Aquaculture Assistance Fund to provide financial assistance and support to the aquaculture industry through a new Federal loan guarantee program and a new Federal insurance program.

The Administration recognizes the importance of aquaculture, the need for effective programs to support this, and the concept of an assessment of the aquaculture industry. In fact, many of the actions that the bill would require are already underway. Federal agencies are now involved in a wide variety of aquaculture activities, and they already have the legislative authorities they need