

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