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THE WHITE HOUSE
WASHINGTON

Jim -

Here is the Republican Legislative Agenda package

~~I have two things to come:~~

now complete 11/25

~~OMB is going to give me a couple of paragraphs on their energy comments --~~

~~I could not make sense out of what they submitted.~~

~~Also I have asked Central Files to return the original copy the President received of the agenda so we could attach that.~~

You might want to add to the cover note

Backup information is attached for your info.

Trudy

THE WHITE HOUSE
WASHINGTON



Buchen - do not
perceive any substantial
initiated -

Friedersdorf - concur

Lynn (OMB) -

many substantive
comments

Marsh - no comments

Sudman - substantive
comments

Secovercraft - comments
on 13 & 14 + general
UN Special Session
to be added

THE WHITE HOUSE
WASHINGTON

Zarb - some energy
comments



November 17, 1975

MR PRESIDENT:

On September 24th John Rhodes presented to you the Republican Legislative Agenda: "A Program for Progress", copy at Tab A.

This proposal has been staffed to all interested individuals. The comments received are at Tab B.

Jim Connor



THE WHITE HOUSE
WASHINGTON

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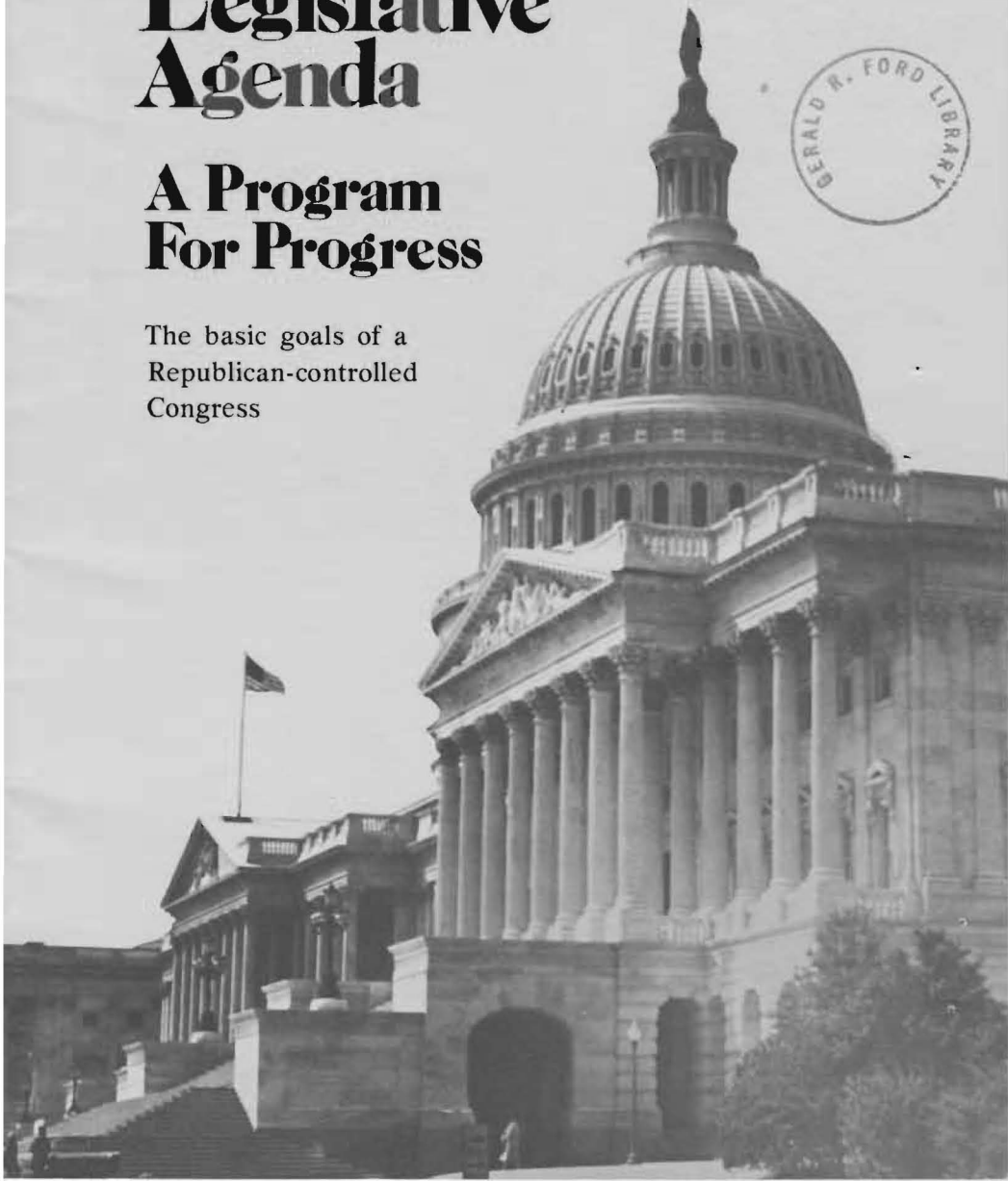




Republican Legislative Agenda

A Program For Progress

The basic goals of a
Republican-controlled
Congress





House Republicans present the GOP legislative agenda at a press conference, U.S. Capitol, September 8, 1975.

JOHN J. RHODES
1ST DISTRICT, ARIZONA

WASHINGTON OFFICE:
2310 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

ALMA A. ALKIRE
RICHARD ROBERTS

DISTRICT OFFICE:
6040 FEDERAL BUILDING
PHOENIX, ARIZONA 85025

ROBERT J. SCANLAN

Office of the Minority Leader
United States House of Representatives
Washington, D.C. 20515

H-232, THE CAPITOL
WASHINGTON, D.C. 20515

JOHN J. WILLIAMS
DENNIS J. TAYLOR
J. BRIAN SMITH
CLARA POSEY

September 8, 1975

Dear Friends:

Early this year, the House Republican Leadership decided to develop a legislative program -- or statement of principles -- for House Republicans. The chief purpose of the program is to provide the American people with a solid notion of what a Republican-controlled Congress would seek to accomplish.

Frankly, we are not pleased with Congress' performance. According to all the polls, an overwhelming majority of Americans share our disappointment. We want people to understand that the best way to change Congress is to change party control of Congress (something which has not been done for over twenty years). The nation needs a Republican Congress.

Concerning the document itself, it is purposely general. We decided very early that we would do better to present an outline of basic objectives -- which everyone could read and understand -- than to come up with a lengthy document laden with detail.

The specifics will be provided by individual Republican Members with expertise in various areas. Some of the specifics have already been presented. For example, the Republican program calls for a "drastic revision of the run-away food stamp program." Certainly the far-reaching proposal recently introduced by the Republican Whip, Mr. Michel, fits this category. Additional specifics will be forthcoming as time goes on.

As many members of the media have observed, the Republican minority has proven to be a remarkably cohesive unit. We have demonstrated our cohesiveness on attempted veto overrides. However, we felt that it is part of our responsibility as the minority to not only show the people what we are "against," but what we are "for" as well.

A Republican Congress would know where it wanted to go...and how to get there.

Yours sincerely,

John J. Rhodes, M.C.
Minority Leader
U.S. House of Representatives

The following legislative agenda received input from many individual Republican Members of the U.S. House of Representatives not listed here. Their assistance is greatly appreciated.

Republican Members of the Drafting Committee

John J. Rhodes, Chairman
Robert H. Michel
John B. Anderson
Barber B. Conable
Samuel L. Devine
Jack Edwards
Louis Frey, Jr.
Guy Vander Jagt
James H. Quillen
William C. Wampler
Elford A. Cederberg
Bob Wilson
Albert W. Johnson
Delbert L. Latta
Gilbert Gude
Albert H. Quie
Frank Horton

William L. Dickinson
Joe Skubitz
William S. Broomfield
Edward Hutchinson
Philip E. Ruppe
Edward J. Derwinski
William H. Harsha
Charles A. Mosher
Silvio O. Conte
Floyd Spence
John Paul Hammerschmidt
Herman T. Schneebeli
Clair W. Burgener
Ronald A. Sarasin
Richard T. Schulze
Richard Kelly

Members of the House Republican Policy Committee

Barber Conable, Chairman
John J. Rhodes
Robert H. Michel
John B. Anderson
Samuel L. Devine
Jack Edwards
Louis Frey, Jr.
Guy Vander Jagt
James H. Quillen
Carlos J. Moorhead
Garner E. Shriver
Albert H. Quie
James T. Broyhill

John N. Erlenborn
Chalmers P. Wylie
Albert W. Johnson
James F. Hastings
Bud Shuster
Robert W. Kasten, Jr.
William C. Wampler
Marjorie S. Holt
James W. Stanton
Robert McClory
Robert J. Lagomarsino
William L. Armstrong
Ronald A. Sarasin

A Program For Progress

The principal mission of government must be to provide its citizens the freedom to pursue opportunities to create and maintain the type of life each of them desires. We believe that the vast majority of Americans prefer:

A life in which freedom of thought and action of the individual as a member of society is preserved and protected. Government's duty is to defend its people against aggressors from without and subversive and criminal elements from within.

A life lived in an economic climate in which truly competitive free enterprise predominates. Government's role is to foster and further free enterprise, while maintaining protection for society and individuals against unfair advantage taken by predatory interests.

A life in which all people have a full opportunity for success. Society and government have joint responsibility to make programs and facilities available to train individuals in marketable skills, so they may become productive members of the free enterprise system.

A life that promotes and strengthens individual and family responsibility. Our youth should be given every opportunity to be exposed to the positive values of our American heritage.

A life in which assistance is available to the needy, disabled, aged and handicapped, but in which able-bodied and able-minded persons are expected to work and produce.

Our present society has not yet fully achieved these goals, but it has proved that it has the ability to do so—that it offers the best hope yet devised by man to realize the fulfillment of the American dream. We intend to hasten it toward its goal by prodding it where it needs prodding, by adjusting it where it needs adjusting, but all the while nurturing and protecting it against those who would destroy it.

Government will play an important role, but must refrain from competing with and from putting strains and pressures on free enterprise which would damage the entire system and thus lead to eventual failure.

The essence of our American system is choice. Our nation grew strong under the concept of freedom of our people to choose the course of government. To choose well, there must be recognizable programs to be weighed in the balance. As a responsible minority, seeking to become a nucleus of a majority, we believe our obligation is to move our government better to serve the people.

There are certain principles which guide a Republic year in and year out. The policies any government should follow must be dictated by the particular time in which those guidelines will be operative.

We believe that at this time in our history it is essential the role of government be diminished, and emphasis placed on the encouragement of individual enterprise. (1)

Congress must come to grips with the realities of federal spending in a peacetime economy and not allow the federal government to be the primary cause of inflation. We believe the Congress through the Budget Com-

mittee has the responsibility to curb excessive federal deficit financing, and work with the Executive Branch to establish national priorities consistent with federal revenues.

We recognize the fact that the transition from a deficit of \$80 billion to a balance between revenue and expenditures in one year, although desirable, is not feasible. We would expect to effect it within three years. During that time, it would be necessary for us to forego additional programs to be financed through the public sector and concentrate on improving, consolidating and in certain cases eliminating by intensive legislative oversight and amendment existing ineffective or unnecessary programs. (2)

We believe a commission should be established to study the operations of our government departments and agencies and recommend necessary reforms. (3) In addition, our national transportation system must be reviewed and necessary legislative remedies enacted which will provide a balanced and adequate transportation system for the country.

Since its beginning in 1913, the federal income tax system has grown into a hodgepodge of conflicting regulations, inconsistencies, and inequities. Our tax system needs immediate reform, the kind of reform that would require every American to pay a fair share, no more or no less. We must avoid incentive-destroying tax levels which slow the growth of the economy and prevent the creation of new jobs. (4)

We stand for full employment and believe every American who is willing and able to work has a right to expect and an obligation to pursue opportunities to earn a living. Because massive federal make-work programs offer no hope to the jobless for long-range future security, we endorse stimulation of free enterprise to generate productive jobs that will last and pay a decent wage. We favor automatically extended unemployment benefits coupled with intensive manpower training to tide workers over periods of unemployment. Much of the added expense for expanded manpower training can be defrayed by purging the bloated welfare rolls of the many ineligible, by rooting out welfare fraud and by strengthening work requirements. Moreover, to help channel assistance where it is really needed, we favor a drastic revision of the run-away food stamp program. (5)

One of the great challenges of our time is our need to become independent in energy production. We believe that energy independence should be reached mainly through the efforts of private enterprise. Tax incentives will be needed to assist in prodigious capital formation to invest in new and expanded facilities. The direct federal role should be limited to appropriate participation in research and development of new energy sources. (6)

We believe older Americans are especially deserving of attention and concern. They are faced with loss of income security from inflation and the spectre of financial disaster from major illnesses. The greatest contribution Congress can make is to assume leadership in an all-out effort to reduce inflation to protect the buying power of retirement dollars. Because of spiraling costs for medical care and health services, we feel a health insurance program offering protection against the financial ravages of catastrophic illnesses is needed. (7)

The entire area of health care must be examined in order to establish a national health policy. Federal involvement in health care is extensive, with fragmented, categorical programs and pervasive regulations and guidelines. In order to address the complex questions involved in this issue, we have established a Task Force on Health with the Republican Research Committee. (8)

We regard it as imperative to preserve the integrity of the Social Security Fund financed by employee-employer contributions and to adjust benefit payments to sustain purchasing power in constant dollars. We will actively support incentives to expand the individual retirement program of every American. (9)

Education of our nation's young people is a state responsibility, a local function and a federal concern. (10)

The mentally and physically handicapped must be afforded opportunities that will allow them to function as useful members of our society. (11)

It is a major responsibility of government to protect the lives and property of its citizens and insure the domestic tranquility. Justice must be as concerned with protecting the rights of the victim of crime as assuring the rights of the accused. At the same time, we must consider legislation to assure American citizens that they will not be subject to arbitrary or unjustified surveillance by government agents and to protect citizens' rights-to-privacy. (12)

An estimated 10 million residents of foreign countries now live illegally in the United States and actively compete with American workers for available jobs. Existing laws which establish a legal yearly entry rate must be strengthened and strictly enforced. (13)

In this nuclear age, we live in a still-perilous world. Until disarmament becomes a reality it is necessary that we continue intensive negotiations. There is no acceptable alternative to an American defense second to none. (14)

Efficient production of food and fiber is to the credit of the American farmer and must be encouraged to meet domestic and world needs without undue government interference. (15)

Democrats have controlled both Houses of Congress for 38 of the past 42 years and must bear the responsibility for failure of the federal government to meet the needs of America. Loosely written legislation by Congress has created a maze of contradictory and duplicative controls. Congress must provide constant oversight of federal operations and regulatory agencies to insure that legislative intent is carried out and to determine the need for corrective legislation.

The positions and attitudes reflected here are presented as guidelines, not as a definitive, all-inclusive program for America. In fact, we recognize the omission of many areas of concern, not from a lack of interest, but because our positions have become well-known through our legislative actions or through our Party platforms. We attempt to point in the directions in which we would intend to lead our country, were we to become the nucleus of a majority in Congress. We believe it is incumbent upon Congress to respond in these ways to the people who must pay for government, and we believe people must and will see to it that the Congress does so respond.

1. Private Enterprise

Our two-hundred-year-old system of private enterprise, working within a free and competitive economy, has produced the highest living standard in the world. This private sector production has been and is the only creator of our national wealth with government merely redistributing wealth it has acquired through taxation of private enterprise and individual citizens. Any broader effort by government to control or direct our huge trillion-and-a-half dollar economic machine could be a disaster. Government should not assume the function of the great tinkerer, but can, and should, help promote prosperity. It can best do this by not hindering the course of commerce, by minimizing regulation, by allowing the time-tested laws of supply and demand to work with maximum freedom, by encouraging healthy competition and the enforcement of anti-trust laws that protect the consumer and fledgling businesses. We believe that solutions to our dual economic problems of inflation and recession lie in returning decision-making to the people through the forces of supply and demand in the marketplace. People themselves can best decide what to produce, sell, and buy, and at what price levels. No government agency is as capable of making these decisions as are the people through the voluntary exchange of goods and services. There is already ample machinery within the federal government and in the private sector to protect the consumer from exploitation. We applaud the Ford Administration's effort to orient existing regulatory and administrative agencies toward consumer protection. We propose that federal estate and gift tax laws be revised to encourage private ownership of small business.

2. Public Debt

During the past 40 years excessive appropriations by Democrat-controlled Congresses have created massive deficits and forced the federal government to borrow heavily. This competition with the private sector has caused interest rates to rise and as a result funds for private capital investment which are needed to create new jobs have become scarce and expensive. Massive deficits will rekindle double-digit inflation and prevent the expansion of business needed to pull our economy out of the recession. More inflation will further weaken our economic system, and jeopardize the financial security of all Americans. Congress must exercise fiscal restraint, consolidate existing programs, eliminate duplication and waste and thereby reduce the volume and expense of government.

The Budget Committees of the Congress, in conjunction with the Executive Branch, must establish spending priorities consistent with federal revenues with a systematic reduction of the public debt. The public debt must be restructured. Trust fund surpluses, which by statute can only be invested in government obligations, tend to distort the real picture and should not be included in considering the overall public debt ceiling. The present system of establishing a debt ceiling has become meaningless. Debt ceiling increases have been manipulated and irresponsibly used as a vehicle for non-fiscal legislation. We propose that the limit of the public debt be set concurrently with the adoption of the Federal Budget.

3. Government Reform

In recent years, an entrenched, burgeoning bureaucracy has developed in the federal government. Federal agencies have proliferated and become fragmented, inefficient, duplicative and wasteful. Regulatory agencies have overstepped their authority in the promulgation of rules and regulations. They have usurped authorities which rightfully belong to the States, and ultimately to the people. Return of power, to the States, as well as strict Congressional oversight of agency compliance with the letter and spirit of the law, are urgently needed to preserve personal liberty, improve efficiency, and eliminate waste. We recommend a bipartisan commission be established to review present governmental performance, administrative costs, proliferating federal programs, redefine national goals and recommend legislative revisions to enhance the capability of government to meet the challenges of the coming decade. This recommendation emphasizes the failure of the Democrat Congress to provide effective oversight of federal operations and regulatory agencies to insure that legislative intent is carried out and to determine the need to amend loosely written legislation that has created a maze of contradictory and duplicative controls, rules and regulations which hamper business and harass the citizen.

As a majority we would dedicate the next Republican Congress to legislative oversight--to redirecting the operations of government toward efficiency and economy.

4. Tax Reform

The past four decades have seen Democrat Congresses increase the tax burden on the average working American not only through additional taxes but also with the approval of built-in inequities and loopholes. The Democrats continue to give lip service to meaningful tax reform but produce only false promises which deceive the American taxpayer. The only way to cut federal taxes for American wage earners is to reduce total federal expenditures. "Tax gimmicks" are not a solution but only offer benefits to special interest groups.

We propose that Congress begin work immediately on revision of federal taxation:

- to simplify tax preparation
- to discourage tax evasion
- to bring equity to the tax system
- to provide incentives for economic growth.

5. Welfare Reform

We believe that society has the responsibility to assist those who cannot provide for themselves. The present welfare system falls far short of this goal due to mismanagement and abuses. The \$5.2 billion Food Stamp Program has grown 14,203 percent in the past decade. Recipients have increased from 500,000 in 1965 to nearly 20 million, and under present regulations an estimated 57 million people are eligible. Present law has established lax eligibility standards allowing persons with adequate incomes to

participate in the program. This massive program has bypassed the real intent of Congress to provide help only for the needy. We call attention to the fact that the bill for welfare is mainly borne by the American worker. To meet its responsibility to the American taxpayer and the truly needy, Congress must take immediate steps to reform the welfare system. We propose Congressional action:

- to provide adequate living standards for the truly needy
- to eliminate ineligible recipients from the welfare rolls
- to establish effective regulations to prevent future welfare fraud
- to strengthen and enforce work requirements
- to provide educational and vocational incentives to allow recipients to become self-supporting
- to increase penalties for welfare fraud to discourage abuses
- to coordinate federal reforms with state and social welfare agencies
- to strengthen state and local administrative functions
- to transfer administration of the Food Stamp Program from the Department of Agriculture to HEW
- to tighten eligibility requirements for food stamps

6. Energy

The key to future economic security and a high standard of living for all Americans is a comprehensive national policy that will produce an adequate supply of energy for an expanding economy.

We believe the current lack of direction by the Democrat majority in Congress poses grave economic peril for the future. Their single-minded emphasis on unrealistically regulated prices today, fails to lay the groundwork necessary for future expanded energy supplies. Constructive action now by the Congress could help assure our people and our industries an ample supply of reasonably priced energy for the years ahead.

We propose that all federal regulations, programs and policies that directly affect energy, be reviewed, and ineffective programs be eliminated or replaced.

Our energy challenge must essentially be solved by private industry. We believe that unreasonable regulatory and tax policies have hampered development and lessened investment in research, plants and equipment needed for maximum energy production.

We propose a windfall profits tax program with a plowback provision to encourage reinvestment of energy earnings and eliminate windfall profits.

Energy development has been hampered by excessive and often frivolous litigation, endless hearings, studies, commissions and reports.

We propose that Congress' comprehensive energy package provide strong legal authority to allow development of natural resources with full recognition of the need to provide safeguards for the protection of the environment.

During the period of 1970-1974, our yearly imports of foreign oil rose from 483 million barrels to 1.2 billion barrels, while during the same period domestic production fell from 3.5 billion barrels to 3.2 billion barrels per year. Our nation cannot afford continued dependence on foreign oil.

We propose that Congress provide incentives for exploration and development of more American-owned oil and natural gas. A full scale effort must be made to develop our oil shale resources.

Our nation must develop alternative energy sources. Congress should provide incentives and opportunities to accelerate research, discovery and delivery of untapped resources. Immediate emphasis should be given to development of economical solar energy systems for homes and industry.

We propose that Congress require that new federal structures, where practical, be heated and cooled with solar systems.

An essential part of a national energy program must be development of all available forms of energy.

We propose a stepped-up program for coal gasification, geothermal and nuclear power production.

A strong program of research and development should be continued for the fusion process to unlock the unlimited potential of the hydrogen atom.

Conservation of energy depends on more efficient utilization by industry and individuals.

We propose that Congress provide practical incentives:

1. for conservation of energy by the public
2. to increase the utilization of waste materials in energy production
3. for production by industry of more energy efficient products.

7. Older Americans

Many older Americans live on relatively fixed, limited incomes and inflation has hurt them cruelly. The rapidly rising cost of living is caused in substantial measure by the profligate spending of the federal government. To protect the purchasing power of the income and savings of our older people **we must stop inflation.**

We believe the federal government must meet its commitments to finding solutions and facilities to help meet their needs. Needed is "catastrophic" health insurance that will cover the medical needs of those who experience long, serious illnesses. We support a nutritional supplement system and a comprehensive program of nutrition education for needy older citizens. Inadequate housing and transportation must receive our undivided attention and affirmative action.

8. Health Care

There is an urgent need to review federal involvement in health care. Not only government spending, but regulations and guidelines have had great impact on national health care delivery.

Under our present system, we have one of the best health care delivery

programs in the world. There are some gaps that need filling, to assure our people the quality of service nationwide that we are capable of providing.

We believe that our nation needs a National Health Policy, which would balance health systems supply and demand with financing. In addition there is a need for emphasis on education, environmental improvement, better housing and nutritional gains, all of which affect the general health of the American public.

A National Health Policy would determine broad goals and priorities for medical care, preventive practices, and dispersal of facilities to be within reach of our people. We believe the present combination of private and public health care financing can be extended and improved. The present system suffers from fragmentation, and we believe a National Health Policy should bring together all vital health functions into a practical and workable program to provide better health care for all our citizens.

9. Social Security--Retirement

Controlling inflation is the most important way to insure the retirement security earned by American workers. Congress must give top priority to maintaining the integrity of the Social Security Trust Funds and must revise retirement programs to more nearly meet the needs of older Americans. Adequate funding that will provide benefits in constant value dollars should be assured from a self-adjusting formula of contributions by employees and employers. Unlimited outside earnings should be allowed without benefit penalties.

All Americans deserve the opportunity to provide their own additional retirement security. The Individual Retirement Account (IRA) has extended this opportunity to an additional segment of our working force. We propose that Congress expand this Keogh-type supplemental retirement plan to make it available to all workers. Our proposal would provide tax incentives allowing workers to invest voluntarily in a private retirement fund that would supplement both Social Security and company pension plans. In addition to providing greater retirement security, this plan will provide investment funds needed to build a stronger American economy and to aid in capital formation.

10. Education

We insist that Congress review, evaluate and consolidate the more than 400 federal education programs and assign priorities to those that are effective. Federal support to reduce financial barriers to students in post-secondary education and to encourage vocational education and job training, compensatory education for the disadvantaged, and special education for the physically and mentally handicapped should supplement resources provided by state and local programs. Administration of educational programs is the responsibility of state government and local institutions, and federal intrusion cannot be allowed.

We favor the development of quality day care services, locally controlled and administered, with the requirement that the recipients of these services pay their fair share of the costs according to their ability.

In the education and training of children there is no substitute for par-

ental discipline. We believe in the parents' right to make fundamental decisions regarding the care, development and education of their children.

11. Mentally and Physically Handicapped

Those among us who are handicapped face difficult challenges every day while trying to cope with a physical environment designed for the activities of the non-handicapped. We believe that strong efforts should be made to assist the handicapped to function in our society—to have access to education, medical care, economic security, equal treatment from our institutions, improved transportation and protection from exploitation.

Federal programs should be reviewed to ensure that all that can be done is being done to help the handicapped become more fully integrated into our social and economic life.

12. Crime

A fundamental responsibility of government is to protect the lives and property of its citizens. We believe the thrust of justice must be to protect the law-abiding citizen against the criminal.

To combat crime:

We support the continuance of federal grants to States, cities and towns to strengthen local law enforcement.

We support court system reform to increase efficiency, eliminate excessive case loads, reverse the present practice of "turnstile justice" and keep the criminal off the streets.

We support reform of our penal system to correct the failure of our present policies of punishment and rehabilitation.

We support redoubled efforts against the hard drug traffic to arrest, prosecute and convict pushers—especially those that prey on young boys and girls.

We propose Congress enact mandatory minimum sentences for persons convicted of federal crimes involving violence, use of firearms, trafficking in hard drugs and habitual offenses.

Prevention is the long-term solution to crime. Effective crime prevention depends on strengthening community ties and encouraging individual participation in community decisions establishing moral and ethical standards. We recognize, however, that a healthy fear of swift and sure punishment is not without effectiveness in crime prevention.

13. Illegal Aliens

An estimated 10 million citizens of foreign countries now live illegally in the United States and actively compete with American workers for available jobs. Congress must insist on enforcement of existing laws which establish a legal yearly entry rate, increased border control and more effective apprehension and deportation of people living illegally in the United States. Social Security requirements for all workers must be enforced and participation by illegal aliens in federally funded welfare programs must be stopped.

14. Defense

The first, and major, responsibility of government is to provide for the common defense. Recent world events have demonstrated that until we can safely disarm, we must continue to improve our military capability to defend the United States and honor our commitments to Free World Nations. A strong military capability is essential to the balance of power on which our safety rests. To be successful in negotiations with foreign nations we must deal from a position of strength. Preparedness cannot be a sometime policy. Responsibility for the common defense, for maintaining our military capability, our honor and commitments, rests with Congress. We deplore the attitude that the military budget represents a readily available source of federal money which can be diverted to other programs without dangerous consequences. Congress must continue to provide adequate funding to sustain volunteer manpower levels, equip our forces and conduct vital research and development.

It is also the imperative responsibility of Congress to eliminate frills and waste, and to ensure a lean, efficient and mobile military to meet the challenges of the 1970s.

15. Agriculture

Overregulation by the government must not be allowed to hamper the most vital and efficient segment of our society--agriculture. Production of food and fiber satisfies not only our domestic needs, but is also the keystone of our export program and our balance of payments. Agriculture policies should be designed to operate within the free market system with full recognition of the unique production and marketing problems faced by farmers and ranchers. In addition applicable federal estate and gift tax provisions should be reviewed and reformed in order to preserve the ability of families to retain ownership of farm land.

A program prepared by Republican Members of the U.S. House of Representatives
and printed by the Republican National Committee

B

GENERAL COMMENTS

Phil Buchen states:

We have made a cursory review of the program submitted by the Republican Congressional leadership and do not perceive any substantial initiatives which merit consideration by the President. However, it might be appropriate to request an OMB analysis of the agenda for our further review.

Jim Cannon states:

In essence, the program presented encompasses general statements of principles on 15 areas. They are generally positive statements without many specifics. In almost all cases, they reflect Administration policy in a general sense.

OMB states:

Two general suggestions are below:

1. You might suggest that the legislative program outlined permit greater flexibility to recognize later Administration initiatives. At the top of page three, there is a statement that "... it would be necessary for us to forego additional programs ..." within three years so as to balance the budget. This sentence may be too categorical because the GOP leadership might choose to accept some ideas for initiatives at a later date.

Similarly, the statement in the second paragraph on page four indicates a belief "that energy independence should be reached mainly through the efforts of private enterprise." This statement appears to conflict with the Administration initiative for an Energy Independence Authority and you might wish to suggest that the statement be dropped.

2. Statements for two of the programs outlined pose a dilemma. The "Tax Reform" program (4) refers to the "the tax burden on the average working American" and proposes tax revision "to bring equity to the tax system."

The Program outlined for "Social Security - Retirement" (9) urges assurance of "adequate funding that will provide benefits in constant value dollars ... from a self-adjusting formula of contributions by employees and employers." Of course, such a "self-adjusting formula" will almost certainly impose higher taxes on the worker.



Bill Seidman states:

The thrust of the economic proposals outlined in the "Republican Legislative Agenda: A Program for Progress" mirror the Administration's basic economic policies including:

- Reliance on competition in the private sector as the source of dynamic economic growth
- Rejection of appeals for a governmentally controlled or planned economy and attempts to fine tune the economy
- Fiscal restraint while reducing governmental duplication and waste.
- Tax reform which simplifies the tax system while providing equity and incentives for economic growth.

The economic portions of the paper are a useful statement of general principles. They do not primarily offer specific programmatic suggestions.

Brent Scowcroft states:

With the exception of the one section on the Defense budget (14), the Agenda makes no mention of the world leadership role of the United States and the Administration's conduct of a global foreign policy seeking international stability and progress. There is no mention of the Administration's efforts to strengthen our traditional ties and alliances with the industrialized democracies, the Atlantic community and Japan, as well as our new dialogue within the Western Hemisphere, our efforts to reduce tensions with our adversaries, and our work to contain regional conflicts in such critical areas as the Middle East and Korea. The Agenda also contains no description of the substantial initiatives undertaken by this Administration in the international economic, energy, and food areas and such specialized initiatives as our efforts to achieve cooperation in the proliferation of nuclear energy. We believe that the very positive proposals for a constructive relationship between the developed and developing nations contained in Secretary Kissinger's September 1 speech to the UN Special Session warrant an entire section in any future versions of such an Agenda.

#1 PRIVATE
ENTERPRISE

" We believe that at this time in our history it is essential the role of government be diminished and emphasis placed on encouragement of individual enterprise. "

Comments:

Jim Cannon states:

This is a major and pervasive theme of the President's current policy reflected in almost every policy initiative. These include regulatory reform and the \$28 billion budget reduction and tax reform package.

Bill Seidman states:

This section of the paper proposes revision of federal estate and gift tax laws to encourage private ownership of small businesses. I am asking the Department of the Treasury to prepare papers on this issue for consideration by the Economic Policy Board.

OMB states:

Anti-trust should protect competition not competitors.



#2 PUBLIC DEBT

"We recognize the fact that the transition from a deficit of \$80 billion to a balance between revenue and expenditure in one year, although desirable, is not feasible. We would expect to effect it within three years."

Comments:

Jim Cannon states:

This is supportive of the President's position. They place emphasis on consolidation, and this is currently a major thrust of the program initiatives being developed by the Domestic Council. We are particularly focusing on approaches which will give greater flexibility to state and local government and reduce federal red tape.

Bill Sediman states:

The paper proposes establishing the limit of the public debt concurrently with adoption of the Federal budget. I am asking the Department of the Treasury to prepare papers on this issue for consideration by the Economic Policy Board.



3 GOVERNMENT REFORM

3 -- GOVERNMENT REFORM

"We believe commission should be established to study the operations of our government departments and agencies and recommend necessary reform. "

Comments:

Jim Cannon states:

This is an interesting concept which has been considered as a possible element of the State of the Union message. At this point we have held back on it because we believe that "study commissions" can be viewed as a "non-leadership" approach to avoiding issues. A sub-head to this item was a comment on a need for a national transportation policy. This has been the subject of some attention. Secretary Coleman has surfaced one version of such a plan.

Bill Seidman states:

Establishment of such a Commission might be useful in connection with the President's spending restraint initiative. Restructuring government programs and combining them as opposed to merely reducing the size of existing programs is a useful approach to reducing federal expenditures and a bipartisan Commission might make a significant contribution in this effort.

OMB states:

Donot think this is a good idea.



4 -- TAX REFORM

"We propose that Congress begin work immediately on a revision of federal taxation to simplify tax preparation, to discourage tax evasion, to bring equity to the tax system and to provide incentives for economic growth. "

Comments:

Jim Cannon states:

These principles are solid ones which coincide with the general emphasis of the President's proposal.



"...Congress must take immediate steps to reform the welfare system."

Comments:

Jim Cannon states:

The Agenda presents a detailed description of the Food Stamp reform proposal in the Michel-Buckley Bill. The President's bill reflects almost entirely the recommendations in this package.

OMB states:

HEW is working closely with the States in its quality control program to improve State and local administration to find, eliminate, and prevent errors in payments and eligibility determination. The recently enacted Title IV-D program under the Social Security Act will aid in obtaining child support from those legally liable for it and thereby reduce welfare costs.

In response to the increase in Federal reimbursements for State Administrative costs from 62-1/2% of some to 50% of all mandated under P. L. 93-347, USDA has recently implemented effectiveness and efficiency regulations which require States to maintain restricted tolerance levels for eligibility errors.

We have recommended legislation to amend the Food Stamp Act to provide an enforceable remedy against program violations. The proposed legislation would also require States to correct procedural errors, and, prescribe criminal action in U. S. District court for serious program offenses. USDA has submitted legislation in response to Senate Resolution 58 which, among other things, would tighten State accountability and increase penalties for fraud.

USDA in response to Senate Resolution 58 has proposed legislation to amend the Food Stamp list to:

- clarify that illegal and temporarily present aliens are not eligible for Food Stamp participation;



- delete Section 3 (e) and eliminate addicts and alcoholics in the definition of eligibility due to difficulties in administering the Food Stamp program in an institutionalized setting; and,
- amend current law to make the tax dependency prohibition currently in appropriations language a permanent part of the Food Stamp Act.

Transfer Food Stamps to HEW has been discussed in recent Food Stamp reform proposals (i. e. H. R. 8145, S-1193. While there are apparently some difficulties contemplated in such a transfer, a Domestic Council task force is considering a comprehensive reform of the program)

The Administration has proposed legislation to improve the child support provisions of current law and make consistent the AFDC matching rate for all States. The Allied Services bill has also been proposed to enable States to better coordinate and rationalize the delivery of Services to their citizens.

#6 . ENERGY

"The key to future economic security and a high standard of living for all Americans is a comprehensive national policy that will produce an adequate supply of energy for an expanding economy."

Comments:

Jim Cannon states:

This is reflective in general of the Administration's approach. It does not endorse the Energy Independence Authority nor does it reflect a belief that conservation will require higher prices.

Frank Zarb states:

A key principle of the agenda is the need to forego additional Federal programs financed through the public sector. Further, it stresses that the direct Federal role in energy should be limited to research and development. These provisions appear to be in conflict with the proposed Energy Independence Authority.

The agenda suggests that a full-scale effort be made to develop oil shale, but does not address how to do this without Federal financial support.

OMB states:

Comprehensive Energy Package -- The President did have what was labeled a comprehensive energy package early in 1975. With particular reference to developing natural resources, the President made recommendations to the Congress which enacted a strip mine bill unacceptable to the President and it was vetoed earlier this year (H.R. 25). The issue will be raised with the President shortly as to whether he wants to try for another bill in the next session of the Congress considering that States currently have regulatory authority. Suggest we emphasize the broad objectives of the comprehensive energy package.



OMB further states on Energy:

Incentives for Oil and Gas Exploration and Development

The President's proposal for deregulation of oil and natural gas prices is meant to provide incentives for exploration and development. We believe that any further incentives, especially in the form of subsidies, are unnecessary and should not be provided. The market place should provide adequate incentives in the form of profits.

Oil Shale Development

We, as a Nation, are probably going as fast as we can on oil shale development. The Interior Department has leased public lands for this purpose on a trial basis and is contemplating further leases. The Administration's synthetic fuels package will provide some financial assistance for demonstration projects. Any further developments should be dependent on the economic competitiveness of oil shale versus other energy resources.

Economical Solar Energy and Federal Buildings

The Administration has not proposed that new Federal buildings should be heated or cooled with solar systems. Unless they are economically competitive with standard heating and cooling, except perhaps for a few demonstrations, would the Administration support this? Also, we have a balanced R&D program and solar should not receive immediate emphasis.

Geothermal Production and Coal Gasification

Suggest delete reference to coal gasification and substitute "The President has proposed, and is very close to launching, a Synthetic Fuels Commercialization Demonstration program with the objective of producing 350,000 barrels per day by 1985, with the potential in 1978-80 of accelerating the program to achieve 1 million barrels in 1985. Final Congressional authorization is pending."

The Federal assistance for coal gasification should not go beyond the demonstration phase included in the Administration's synthetic fuels package. Further, geothermal energy is limited and is not expected to provide a significant portion of future energy demands. Nor can utilization of waste materials provide a significant source of energy.

7 OLDER AMERICANS

"To protect the purchasing power of the income savings of our older people, we must stop inflation. We believe the Federal government must meet its commitments in finding solutions and facilities to help meet their needs. Needed is catastrophic medical insurance that will cover the medical needs of those who experience long illnesses. We support a nutritional supplement system and a comprehensive program of nutrition education for needy older citizens. Inadequate housing and transportation must receive our undivided attention and affirmative action."

Comments:

Jim Cannon states:

The President's economic program is designed to achieve economic recovery without overly stimulating inflation. The Domestic Council is currently working on various health insurance proposals for the President to review later this fall. Additionally, a comprehensive review of the needs of the elderly and of the impact of existing Federal programs on the elderly is underway.

OMB states: Re: "catastrophic" health insurance -

What we are doing -- The Administration has proposed separate limits of \$750 in Medicare's Hospital Insurance and Supplementary Medical Insurance programs, as part of an increased cost-sharing to reduce unnecessary utilization of health services.

Items for Consideration as Initiatives --- Limit physician fees and reimbursements to hospitals to amounts approved by States, not to exceed 5% of the previous year's level.

OMB states: Re: "nutritional supplement system"

What are we doing -- At present, the Federal government supports a wide array of programs providing foostuffs, meals in a congregate setting, "meals on wheels", consumer education, and needed ancillary services to our older citizens. Funds are made available to the States via: Food stamps and the Surplus Commodities programs of the Dept. of Agriculture; as well as the Department of Health, Education, and Welfare administered Title XX (Social Security Act), Nutrition Program for the Elderly, Grants for State and Community Programs for the Aging, Model Projects, and other programs provided by the Older Americans Act.



8 HEALTH CARE

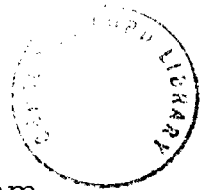
8 -- HEALTH CARE

"There is an urgent need to review Federal involvement in health care. Not only government spending but also regulations and guidelines have had great impact on national health care delivery."

Comments:

Jim Cannon states:

This is being reviewed in connection with the Domestic Council's work related to next year's State of the Union and legislative program.



OMB states:

The Domestic Council is conducting hearings across the Nation on health and social program needs, alternatives, and priorities. In the process of developing the President's 1977 Budget, these programs and policy issues will be reviewed.

OMB further stated that the following items be considered as Initiatives:

- a study by the proposed Task Force of the relationship between traditional health programs and spending on health status; and
- an analysis by the proposed Task Force of the appropriate Federal role in health in terms of financing, program consolidation, resource development, planning, and regulations.

#9 SOCIAL SECURITY
-- RETIREMENT

9 -- SOCIAL SECURITY--RETIREMENT

"Congress must give top priority to maintaining the integrity of Social Security trust funds and must revise retirement programs to more nearly meet the needs of older Americans. We propose that Congress expand Keogh-type supplement retirement plan to make it available to all workers. Our proposal would provide tax incentives to allow workers to invest voluntarily in a private retirement fund that would supplement both Social Security and company pension plans."

Comments:

Jim Cannon states:

At the President's direction, the Domestic Council is studying the short term and long term financing problems of Social Security and is developing various proposals to meet such problems. An initial paper on the short term financing problems was recently presented to the Economic Policy Board. It is anticipated that a paper for the President's review and decision will be ready by mid-December.

OMB states:

Re Social Security: The Domestic Council is leading a comprehensive study of Social Security financing, including the tax rate and tax base, as well as structural changes in the program. The Administration does not believe removal of the retirement test, at a multi-billion cost, is wise at this time until the Congress has had a chance to consider the forthcoming Administration proposals on Social Security financing and program changes.

Re Retirement Security: The Pension Benefit Guarantee Corporation (PBGC) under Title IV of the Employee Retirement Income Security Act (ERISA) provides advice and assistance to individuals on the economic desirability of establishing individual retirement accounts. The administration originally proposed the extension of IRA's to all workers. This was rejected by the Congress. A serious concern if this proposal were renewed is the revenue loss.

Bill Seidman states:

The agenda recommends the expansion of the Individual Retirement Account (IRA) plan to make it available to all workers. The IRA was originally a Treasury initiative and its expansion merits careful consideration. I am asking the Department of the Treasury to prepare papers on this issue for consideration by the Economic Policy Board.



10 -- EDUCATION

"We insist that Congress review, evaluate and consolidate the more than 400 federal education programs and assign priorities to those that are effective. Federal support to reduce financial barriers to students in post-secondary education and to encourage vocational education and job training, compensatory education for the disadvantaged and special education for the physically and mentally handicapped should supplement resources provided by state and local programs. Administration of educational programs is the responsibility of state government and local institutions, and federal intrusion cannot be allowed.

"We favor the development of quality day care services, locally controlled and administered, with the requirement that the recipients of these services pay their fair share of the costs according to their ability."

Comments:

Jim Cannon states:

A Domestic Council review group is currently reviewing all of the federal government education programs with a view toward presenting the President with a series of grant consolidation proposals for his decision by early December. We also believe that quality day-care services are essentially a local responsibility.

OMB states:

The Education Amendments of 1974 provided for the consolidation of several categorical grant programs into two broad funding areas with less strings attached to the funds. In addition, the FY 1976 President's Budget requested \$1.9 billion for the education of the disadvantaged; providing an average of nearly \$300 per eligible child. Finally, continued emphasis is being placed upon the targeting of student aid to needy students.

The Administration's efforts in the area of day care as administered by the office of Child Development are to assist in the formulation of policies and the development of performance standards and licensing requirement. Further, the office provides technical assistance to States and localities, initiates research and demonstration projects in the area of day care.

The Administration will soon submit a higher education legislative proposal to the Congress that will emphasize the further targeting of aid to needy students.

OMB further states regarding quality day care services:



The recently enacted Title XX social services program under the Social Security Act requires adherence to stringent day care standards as a condition of receiving Federal social services day funding. Under Title XX, HEW pays 75% of the cost of day care services for needy persons.

The Administration has recently proposed legislation to amend Title XX of the Social Security Act to encourage the States to improve day care services and which would at the time, prevent the termination of needed services that might result under certain of the more severe punitive provisions existing under Title XX.

#11 MENTALLY AND
PHYSICALLY HANDICAPPED

11 -- MENTALLY AND PHYSICALLY HANDICAPPED

"Those among us who are handicapped face difficult challenges every day while trying to cope with a physical environment designed for the activities of the non-handicapped. We believe that strong efforts should be made to assist the handicapped to function in our society--to have access to education, medical care, economic security, equal treatment from our institutions, improved transportation and protection from exploitation."

Comments:

Jim Cannon states:

We concur with this assessment. The President will shortly announce his plans to convene a White House Conference on the Handicapped which will review the various programs.

OMB states:

We are presently doing:

- 1) President has decided to call a White House Conference on Handicapped Individuals in December 1976 to develop recommendations and stimulate a national assessment of problems and solutions to such problems facing individuals with handicaps. The Congressional Appropriations Committees have recently approved the use of funds to commence planning.
- 2) The Supplemental Security Income (SSI) program provides an income floor for aged, blind, and disabled individuals with funds made available for vocational rehabilitation via Disability Insurance and SSI set-a-sides.
- 3) The Urban Institute estimates that \$21.5 billion was dedicated to assist the severely disabled in FY 1973.
- 4) Sections 503 and 504 of the Rehabilitation Act of 1973 (P. L. 93-112) provide for affirmative action in employing the handicapped under Federal contracts, as well as, non-discrimination under Federal grants.

#12 CRIME

"A fundamental responsibility of government is to protect the lives and property of its citizens. We believe the thrust of justice must be to protect the law-abiding citizen against the criminal. To combat crime:

"We support the continuance of federal grants to states, cities and towns to strengthen local law enforcement.

"We support court system reform to increase efficiency, eliminate excessive case loads, reverse the present practice of 'turnstyle justice' and keep the criminal off the streets.

"We support redoubled efforts against the hard drug traffice to arrest, prosecute and convict pushers -- especially those that prey on young boys and girls.

"We propose Congress enact mandatory minimum sentences for persons convicted of federal crimes involving violence, use of firearms, trafficking in hard drugs and habitual offenses."

Comments:

Jim Cannon states:

We strongly agree with the crime proposal, which follows almost precisely the President's special message to the Congress on crime, as well as the recommendation of the Domestic Council drug abuse task force that efforts should be redoubled against hard drug traffic.

OMB states:

Need to reaffirm that this is mostly a state responsibility.



#13 ILLEGAL ALIENS

13 -- ILLEGAL ALIENS

"An estimated 10 million citizens of foreign countries now live illegally in the United States and actively compete with American workers for available jobs. Congress must insist on enforcement of existing laws which establish a legal yearly entry rate, increased border control and more effective apprehension and deportation of people living illegally in the United States. "

Comments:

Jim Cannon states:

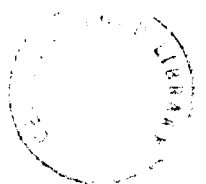
We concur with this recommendation. The President has asked the Domestic Council to review with the Attorney General the illegal aliens problem. A report is currently being developed by the Attorney General and the Secretary of Labor for the President with a series of recommendations.

OMB states:

Regarding the following excerpt from the Agenda "Social Security requirements for all workers must be enforced and participation by illegal aliens in Federally funded welfare programs must be stopped." the following is what we are doing:

Social security requirements on workers are being enforced, and the quality control effort in AFDC and the undetermination effort in SSI are designed to weed out all ineligibles, including illegal aliens. The USDA response to Senate Resolution 58 contains administrative recommendations which would clarify that illegal and temporarily present aliens are not eligible for Food Stamp participation. The Administration also supports H.R. 982, which would assess financial penalties on domestic employers who employ illegal aliens.

HEW is working closely with the States in its quality control program to detect errors, especially the inclusion of ineligible persons on the rolls so that they may be removed as quickly as possible, and to improve State procedures in order to sift ineligible applicants from being approved for welfare assistance.



Brent Scowcroft states:

With regard to the section on illegal aliens , which is essentially a domestic law enforcement issue, we would raise a note of caution that implementation of such programs should be handled in a way that avoids an undue adverse impact on our relations with other countries, particularly Mexico.

#14 DEFENSE

#14 -- DEFENSE

"The first, and major, responsibility of government is to provide for the common defense. Recent world events have demonstrated that until we can safely disarm, we must continue to improve our military capability to defend the United States and honor our commitments to free-world nations. A strong military is essential to the balance of power on which our safety rests.... Congress must continue to provide adequate funding to sustain volunteer manpower levels, equip our forces and conduct vital research and development.

"It is also the imperative responsibility of Congress to eliminate frills and waste and to ensure a lean, efficient and mobile military to meet the challenges of the 1970's."



Comments:

Brent Scowcroft states:

We are pleased to see the agenda's emphasis on maintaining a strong U.S. defense capability and its deploring of existing attitudes that regard the defense budget as a ready source of funds for domestic programs. This is an important theme, one which the President and Administration spokesmen have reiterated frequently in the past months. While the Agenda refers to disarmament as a vague future hope, it unfortunately does not mention the many constructive Administration arms control initiatives.

15 -- AGRICULTURE

"Overregulation by the government must not be allowed to hamper the most vital and efficient segment of our society--agriculture. Production of food and fiber satisfies not only our domestic needs, but is also the keystone of our export program and our balance of payments. Agriculture policies should be designed to operate within the free market system with full recognition of the unique production and marketing problems faced by farmers and ranchers. In addition, applicable federal estate and gift tax provisions should be reviewed and reformed in order to preserve the ability of families to retain ownership of farm land. "

Comments:

Jim Cannon states:

The President's current positions generally support the Program for Progress proposal.

