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## THE WHITE HOUSE

WASHINGTON

September 26, 1974

MEMORANDUM FOR: JIM CAVANAUGH  
WARREN HENDRICKS

FROM: STAN SCOTT *JS*

SUBJECT: Analysis of Congressional Black  
Caucus Position Papers

Attached are the analyses prepared by Clifford Graves of OMB for use in responding to position papers left with the President by the Congressional Black Caucus. You'll note that all papers have been covered except Rep. Nix's "Statement on the Ford Administration." The analyses are in a common format, and include verification of assertions as well as suggested responses.

You'll also note that, in general, the proposals by the Caucus are do-able, and many can achieve short-run payoffs for the President. Some others have already been done.

Would like to be in on the final drafting.

## Attachments

cc: Robert Hartmann ✓  
John Marsh  
Donald Rumsfeld

## AFRICA

Congressman Charles C. Diggs, Jr.

### I. Summary of assertions and recommendations

#### A. Assertions

- The U. S. should develop a more rational policy toward Africa because of the following changing realities;
  - the Black majority in Southern Africa will inevitably achieve their independence.
  - the importance of the economic interdependence between the U. S. and Africa.
- The present U. S. foreign policy does not take into consideration the aspirations of the future ruled governments - is not rational, and is very short-sighted.

#### B. Recommendation:

- That the United States develop a more rational policy toward Africa
  - one that takes into consideration both the changing realities in Southern Africa, as well as the increasing economic importance of Africa.
- That Africa's/U. S. interdependence be recognized and reflected in the future policies of the Administration.

## II. Analysis of Assertions.

The assertion that U. S. foreign policy has largely ignored the aspirations of Southern Africa's black majority is essentially correct. While U. S. policy has in some instances supported Blacks in this region in their struggle for independence, this support has been passive and marginal at best.

The U. S. has provided some aid to independent African countries, i.e., scholarships to African students, and aid under P.L. 480 (food for peace). But when the hard issues, such as, taking measures to discourage U. S. businessmen from investing in minority ruled African governments, or for the U. S. to stop supporting the sugar quota to South Africa, the resulting decisions have always ended in support of the minority governments.

The assertion that the Black majority in South Africa will inevitably achieve this independence may have assumed away the problem. For without outside moral, political and economic support, the struggle may continue for another hundred years or Black majority may never achieve their independence. It is important that the U. S. provide the leadership in this area for two reasons:

(1) to peacefully force the minority governments in the concerned countries to relinquish their dictatorial control, and (2) to show the way for other free countries to follow.

The assertion concerning the economic interdependence between the U. S. and Africa is generally correct.

The following facts reflected in the paper support this assertion:

- recently published hearings on the subcommittee on Africa, U. S. imports (\$1,511.5 million) in 1973 were nearly double our efforts (\$856 million to that area.
- many independent, majority - ruled African countries are also major producers of minerals needed by the U. S.
  - Zaire supplies 90 percent of our cobalt.
  - Zambia is the world's largest copper exporter
  - Malagasy Republic has the highest quality flake and fines graphite in the world.

The statement in the paper concerning Nigeria being the largest source of oil imports to the U. S. is in error. The largest importers of oil to the U. S. are Canada, Venezuela, Saudi Arabia and Iran.

Response:

Short term.

Agree that a reevaluation of U. S. foreign policy toward Southern Africa is needed. State that the domination of any people by a minority government (master-slave relationship) is against the principles of the U. S. government. Invite specific proposals from Black Caucus.

Long term.

Increase Presidential involvement in the formulation and implementation of U. S. foreign policy for Southern Africa. It is important that Africa be given priority and attention on an equal basis with other parts of the world. Specific measures to be considered are:

- Increase P.L. 480 (food for peace) and for independent African countries.
- Actively encourage private investment in the developing countries of Africa.
- Apply economic sanctions against minority ruled Southern African governments.
- discourage U. S. businessmen from investing in minority ruled countries
- apply trade restrictions

## FULL EMPLOYMENT AND POVERTY PROGRAMMING

Congressman Augustus F. Hawkins

### I. Summary of Assertions and Recommendations:

#### A. Assertions:

- "Inner city cores . . . are economic disaster areas requiring crisis solutions."
- Declining employment and purchasing power . . . constitute the most damaging threat facing low-income persons and Black Americans since 1929," and are eroding gains of the 1960's.
- OEO programs have been transferred resulting in fragmentation, ineffectiveness, and reduced funding.

#### B. Recommendations:

- Public service employment of at least 1 million jobs, funded at \$10 billion, part to be allocated to CETA.
- Continuation of OEO and increased funding.
- Taxes reduced for low-income persons, including both income and payroll taxes.
- Stronger enforcement of anti-discrimination in employment laws (EEOC, OFCC, and Civil Service Commission).
- Expanded child care centers and reduced fees.

### II. Analysis of Assertions:

A number of specific statistics about Blacks' family income (median did not grow in comparison with that of Whites' since 1965, about 1.5 million families below the low income

level in 1973, Black unemployment likely to be twice the White rate, etc.) were cited which were verified by a check of recent Census and Department of Labor publications. Other assertions are less easily verifiable.

- "For each one percent of unemployment over 600,000 persons lose their income. . ." In July, the labor force was 91,167,000, and one percent would be 912,000.
- "In addition, \$12 - \$15 billion in government revenues are lost . . ." BRD agrees, but believes while the \$15 billion is possible under extreme circumstances, the \$12 billion figure is more realistic.
- ". . . plus about \$3 billion paid out in unemployment compensation." There are many caveats (average duration is higher in periods of high unemployment, benefits may be extended, etc.), but BRD thinks a range of \$1.0 - \$1.5 billion for each one percent is more accurate.
- "The transfer (of OEO programs) has resulted in fragmentation, ineffectiveness and reduced funding." A judgmental call, and difficult to prove or check (for example, manpower programs financed originally by OEO are now merged into CETA and funding levels are not separately identified).
- ". . . OEO which employs 185,000 persons--most of whom were previously on welfare roles--and serves about 11 million persons will not be continued." Appears to be an overstatement.



Certainly OEO never directly employed that many, but it is difficult to obtain a reliable estimate of persons hired through CAA's and related agencies, or the total number served since 1964.

### III. Assessment of Recommendations:

The recommendations, "for immediate action," are designed to provide the basis for a "real full employment policy." They are not new and, by and large, are not specific enough to be fully evaluated.

1. "Public service employment of at least 1 million jobs, funded at \$10 billion. . ." to provide needed additional public service, apparently like the recent PEP program. The White House, of course, is considering public employment now, at a level of about \$4 billion. I understand that a major concern is how to provide funds for such a program, i.e., raise taxes, etc. In any case, PEP was primarily a temporary employment program to serve all segments of the populace, and over any significant time period has the problem of displacement of State and local funds. Finally, while the need for additional public services may be extremely great, there are limits on how quickly existing governmental units can absorb large numbers of new employees, especially if overhead or capital costs are restricted, and in light of the differences between the skills of the applicants and those utilized by most public employers.

An alternative kind of public employment apparently not considered in the paper (or elsewhere, as far as I know) would be Federal public employment, as in WPA or PWA. Such a program might be more effective than PEP in solving the long-term problem, but would require very careful study.

2. "Continuation of OEO and increased funding" (amount unspecified). Although, as pointed out, there is a proposal in Congress to continue OEO (in HEW), it seems unrealistic to me that the Administration would seriously consider reviving OEO and increasing its funding. Rightly or wrongly, OEO's demise is virtually complete, and its major programs (Head Start, Legal Services, Manpower, etc.) are elsewhere. A more fruitful approach would be to consider the development of a new entity which would undertake to research, develop and demonstrate ways of effectively serving OEO's target population--but which would not attempt to become a program operating agency, as OEO did.
3. "Taxes reduced for low-income persons, including both income and payroll taxes." This recommendation is too vague for a precise assessment. While income tax reductions are one of the items included in the

President's current considerations on the economic picture, the paper's concern is with a different problem--low-income persons--and in that context the recommendation misses the mark. Rather than tinkering with the present income tax system (which can provide low-income persons only marginally greater disposable income), or payroll taxes (which could provide substantial amounts) we need a thorough study of the total system and consideration of such basic changes as the negative income tax, eliminating categorical cash-transfer programs, etc.

4. "Stronger enforcement of anti-discrimination in employment laws (EEOC, OFCC, and Civil Service Commission)." This perhaps is the simplest of the recommendations--and one that could, if adopted, have a major impact at virtually no cost. A new Administration effort could, for example, begin by pushing the Department of Labor into more vigorous enforcement of contract compliance (in eight years, of the 75,000 contractors, who have 37,000,000 employees, doing procurement business with the Federal Government, only eight have been sanctioned by debarment).
5. "Expanded child care centers and reduced fees." Again, the recommendation is somewhat vague: the only federally-supported child care centers that I

am aware of are those associated with the WIN and AFDC programs. Neither are particularly relevant to the concern for a full employment policy. There are bills in Congress which provide services for children (Mondale - S. 3574, Brademas - H.R. 15822), but OMB has not yet developed a position on them.

IV. Response:

The recommendations deal with a serious problem, but they are in general too vague to be dealt with in detail, and seem to be a restatement of the old--and some what discredited--categorical Federal programs for disadvantaged. We might respond, however, in the following manner:

- A. In the short run. In the context of the overall goal of restoring the economic well-being of the nation, the Administration is considering the tax structure, and programs like public employment. Those decisions should be known shortly. In addition the Administration can move quickly (will, if we, OMB, can get a White House mandate) on the discrimination in employment issue.
- B. In the long run. We should urge that Congress assist the Administration (The Domestic Council?) in developing a comprehensive new strategy for

assisting low-income persons, beyond the immediate problems of the economy. This should include consideration of such issues as ongoing public employment programs, negative income taxes, or guaranteed annual income, and should build on, but not repeat, the experience of the programs of the 1960's.

POST CARD VOTER REGISTRATION

Congresswoman Barbara Jordan

Summary of Principal Assertions and Recommendations

The principal assertions are:

- Voter participation in national elections has declined steadily since 1960 primarily due to difficulties and barriers associated with voter registration.
- Blacks are particularly handicapped by restrictive hours and locations designated for voter registration.
- State laws have been unresponsive to the actual needs of many citizens and contribute to non-participation by the electorate.

The recommendation is for Administration support of the Post Card Voter Registration Bill ("Voter Registration Act") establishing a Voter Registration Administration within the General Accounting Office (H.R. 8053)

Analysis of Assertions

Available data supports the general assertion of a decline in voter participation in national elections. In 1972, sixty-two million voting age Americans did not vote. Only fifty-two percent of voting age blacks voted in 1972 compared with fifty-eight percent in 1968. Similarly, only sixty-four percent of voting age whites voted in 1972 compared with

seventy-one percent in 1968. Thus, the overall reported voter participation rates for both groups declined about six to seven percent between the last two presidential elections. The low level of participation (55%) evidenced by Americans in 1972 compares unfavorably with Canada, England, and Germany where voters have been participating at a rate above 75%.

The reported data also suggests that once registered, a significantly higher percentage of Americans vote. Eighty percent of registered blacks and eight-eight percent of registered whites reported that they voted in 1972. (These proportions represent a 7% and 4% decline respectively from 1968). This can certainly be construed to support the contention that registration requirements generally, and possibly the variation in state laws specifically, tend to restrict voter participation. However, the paper does not address the issue of voter apathy. Forty-five percent of voting age blacks and forty-three percent of voting age whites (nearly one-half of the reported not registered) gave "not interested" as the reason for non-registration. Only seventeen percent of blacks and twelve percent of whites in the reported not registered - voting age category cited

"unable to register" as a reason for non-participation. Apparently, the question of motivation is a significant factor in voter participation in addition to whatever influence is exerted by the complexities of law and administrative regulations.

It may also be significant to note that of the total reported registered but not voting in the November 1972 election, forty-seven percent of the blacks and thirty-nine percent of the whites gave "unable to go to the polls" as the reason for not voting. On the surface, these reported data suggest that location and hours of polling stations, distances, transportation, health reasons, etc. may be a significant deterrent to voting even if registered.

Legislative aspects not mentioned in the paper are (1) the existence of the Senate version (S.352) of the Voter Registration Act (passed 57-37 May 9, 1973) which would establish a Voter Registration Administration within the Census Bureau and (2) a House proposal (H.R. 4427) which would authorize the Census Bureau to establish a program for the canvassing of the election process, evaluating and assisting the technical aspects, and providing analysis and recommendations for improvements.



### Assessment of Recommendations

The budgetary impact of the proposed Voter Registration Act is difficult to calculate. A rough estimate of the first year costs has been established at \$56 million. (The estimated first year cost for H.R. 4427 is \$2 million)

To the extent that registration laws and procedures inhibit voter participation in the election process, the proposed Voter Registration Act should assist in overcoming some barriers. However, there are some potential risks associated with the post card approach. Opponents of the legislation have stated that it could possibly increase the danger of election fraud since face-to-face verification is not required. They point out that detection could go unnoticed unless there was a discernable pattern of fraud and even if detected, it would probably be after an election. Further, they suggest that the Senate version (S.352) may tend to politicize the Census Bureau and could irreparably damage its purely professional, non-partisan image. Other objections have centered around the possibility of technical problems associated with administering the act, possible legal questions involving Federal-State relationships, and the question of cost-effectiveness. Moreover, the proposed legislation would not remove any impediments, other than registration barriers, which adversely affect voter participation.

More study is indicated since there is little factual data to support the contention that passage of the proposed legislation will substantially improve voter participation. A canvass of the election process, along the lines of H.R. 4427 might be an appropriate inquiry into the technical considerations affecting participation and could provide objective suggestions for more effective legislation.

Proposed Response

Recommend that the President announce the objective of stimulating and obtaining the broadest possible participation by Americans in exercising their fundamental right and privilege of voting. At the same time, he could indicate the need for an informed judgment to determine the causes for voter non-participation, and the most promising remedies, as a prerequisite to permanent legislation while urging passage of a measure along the lines of H.R. 4427.

A long-range response is not indicated because the legislation appears imminent.

HOUSING AND MINORITY ECONOMIC DEVELOPMENT

Congressman Parren Mitchell

SUMMARY

Assertions:

Housing --

1. The distribution formula in the new HUD bill is "grossly unfair" to urban centers. (Presumably referring to C.D. formula.)
2. OMB has continuously held down funding for counseling services to tenants in housing projects.
3. The new sec. 23 housing program will primarily benefit elderly, not families.
4. There are significant sums for housing programs still under impoundment.
5. Unemployment in government housing runs as high as 90% in most areas.

Minority Economic Development --

1. There is a need to consolidate fragmented Federal efforts to assist minority enterprises.
2. Recent economic trends have severely hurt minority business causing many to fold.

3. High unemployment rates for minorities result in decreased capital for minority banks.

Recommendations:

Housing --

1. Provide \$22 million for counseling services.
2. Release impounded housing funds.
3. Create training programs for tenants to manage, maintain and operate housing projects. (Cooperative effort under HUD, HEW and DOL.)
4. Presidential support and leadership for policy to allow non-profit sponsors to obtain limited dividends from housing projects.

Minority Economic Development --

1. Establish autonomous OMBE, consolidating all Federal efforts in this area.
2. Increase SBA (and presumably other agency) 8-A set asides, with SBA doubling its goal.
3. Establish a task force on minority business enterprise.
4. Ensure minority participation in such projects as Space Shuttle, Alaskan Pipeline and mass transit.
5. President should sign SBA bill recently passed.
6. The Federal Government should increase deposits in minority banks.

Analysis of Assertions:

## Housing --

1. The relationship of the distribution formula within C.D. legislation does not bear a direct relationship to the housing questions. However, the contention that it is "grossly unfair" is not justified. In fact, fairness is the basis of the formula as it is established upon data which are indicators of degree of problems (i.e., poverty, housing and population).
2. OMB has held down funding for counseling services. It has taken the position that proof must be shown as the value (economic value) of such services before any increases should be made. One study has shown value for homeownership counseling, but there being no such proof otherwise, funding has not been supported. Up to the housing moratorium of 2 years ago, counseling services were funded at \$3 million per year. Since then, there has been no funding. For FY 1975 no funding was requested, and Congress provided none, although the new legislation does authorize funding.
3. It does appear likely that the new Section 23 housing program will be biased toward elderly. However, this presumes that the majority of developments under Section 23 will be carried out by the private sector. If this is true, given rising costs, the present investment and

credit difficulties, and the administrative system established for Section 23 the inclination of a private developer would be to construct for those who are most likely to pay rent on time and take good care of units, thus, the elderly. The real effects of Section 23, however, cannot be judged until a year or more of operation, since State and local housing agencies will be eligible for assistance on the same basis with private developers. They are much more likely to construct family units and since they may turn out to be the major users of Section 23, the skewing toward elderly will not be as likely.

4. There are presently a moderate sums of 235 and 236 authorization under deferral. They are being held for use in two ways. First is to cover those projects for which there were commitments and second is to cover those needs which cannot be met through Section 23. Currently HUD estimates that major portions of these will be used to cover increased construction costs on committed projects. However, the remainder will be available to cities who can show that they can find no private developer for Section 23 nor can they undertake the development function themselves. The FY 1975 appropriation makes specific reference to this deferral, and directs its use as described above. Thus, congressional intent appears to be to use these authorizations as a cushion for Section 23. No other housing funds are "impounded" or more correctly deferred.

5. While this assertion that unemployment in public housing runs at 90% levels in most areas may be accurate, this could not be verified. The figure does seem to be much too high from a common sense judgment standpoint. This will, however, be going down in the future as there is now a legislative mandate to economically integrate public housing projects, thus not forcing people out as incomes rise.

#### Minority Economic Development --

1. While there are in theory 117 different Federal efforts aimed at minority business enterprise, there are in reality only two of significance. They are SBA and OMBE. There would appear to be no advantage to consolidating efforts, since a more appropriate goal is to ensure minority business participation in existing agencies and programs, not to create separate and unrelated participation efforts.
2. Recent economic trends have certainly hurt minority business. However, this is reflective of the problems being felt by small business generally, thus it is difficult to argue the need only for minority small business. This is simply reflective of the fact that most minority businesses are small.
3. High unemployment among minorities would not have a significant effect upon the amount of capital in black banks because those who become unemployed would not be those who have made significant contributions to the

deposits of banks. There also are national problems in regard to the capital needs of banks generally, since both long and short term deposits have declined. Thus, the problems of black banks cannot be separated from those banks generally and narrowly focused actions would be inappropriate.

Assessment of Recommendations:

Housing --

1. While some appropriation for counseling services might be appropriate, there is not apparent justification for \$22 million. There also is no factual indication that expenditures for counseling, except for homeownership programs, have any significant positive results. Thus, it would appear that more appropriate action, would be further investigation of the value of counseling in conjunction with reinstatement of a \$3 million dollar program for homeownership counseling. It does appear that the OMB position has been negative, but not totally unreasonable in asking for proof of the value or payoff.
2. In effect "impounded" funds no longer exist. The proposed use of deferred authorization as a fall back for Section 23 appears wise and the proposed position should be maintained.



3. The training of tenants in the maintenance and operation of housing projects has and is presently being done. It is a continuing program of many local housing authorities and is in part subsidized by Federal funding now. There would appear to be no significant gain in establishing a major new program, in fact it might be considered duplicative. An alternative would be to encourage more LHAs to do this and encourage expansion of present efforts. This would have no significant budget impact, while achieving much the same effect.
4. Support of a policy to allow non-profit housing sponsors to obtain limited dividends is illogical. Such organizations, if they desired, could become limited dividend sponsors now. Further, if they obtained any dividends, it would raise questions as to their non-profit status legally, both under State and Federal corporation and tax laws. There appears to be no benefit from the adoption of such a policy.

#### Minority Economic Development --

1. The establishment of an autonomous OMBE would likely have a negative effect in terms of promoting minority business participation in existing agencies and programs. Further, there are only two significant programs, SBA and OMBE. Most of the other

117 efforts are minority set asides and similar small operations working as a part of larger Federal procurement and contracting functions. To establish such an independent office might also raise unnecessary legal questions, in that OMBE is not legislatively based, but is solely an executive creation. Given the potential problems and costs of obtaining new legislation and establishing and maintaining an independent agency appears to outweigh any gains.

2. An increase of the 8-A set asides for minority contractors within SBA and elsewhere sounds reasonable, but probably is not necessary. The basis of Section 8-A set asides is to ensure a share of procurement. The SBA does not operate a procurement program. Thus, it is not applicable. Further, significant gains are continuously being made in 8-A set asides. (See attachment related to the Procurement Task Force.) Given past performance and continued growth, mandatory increases in 8-A goals are not justified.
3. There is a task force on minority business enterprise. In 1969 through 1971 there was a Presidential Advisory Council on Minority Business Enterprise. As a result of recommendations of that Council, several actions were taken. Among them was the establishment of the President's Interagency Council on Minority Business

Enterprise, chaired by the Under Secretary of Commerce. It is responsible for overseeing and setting goals for several task forces working in specific areas. Current task forces include: Direct Procurement, started in 1971, which has shown the most activity and results (see attachment); Indirect Procurement, started in July 1974, to work on minority participation in Federal funds passed through to State and local governments; Concessions, which is chaired by GSA and is intended to ensure minority participation in Federal concession contracts; and Education and Training, chaired by HEW which works on ensuring availability of business education and training programs and higher education programs for minority businessmen.

Thus, this recommendation has been satisfied.

4. Ensuring minority participation in such projects as the Space Shuttle, Alaskan Pipeline and mass transit are being dealt with through the 8-A efforts, and the Direct and Indirect Procurement task forces.
5. The President has signed the SBA legislation.
6. Presently, there are Presidential and Treasury directives encouraging Federal deposits in minority banks. This now totals about \$120 million, or 1/10% of deposits, in

the 61 minority banks. (There are 14,000 banks nationally.) Thus, the small number of minority banks and their low asset in an inhibiting factor in their ability to pay interest on the Federal deposits.

Proposed Response:

Housing --

1. In the short run, request HUD to undertake research program to determine value of counseling services. In FY 1976 request \$3 million for homeownership counseling. Longer range: Indicate intent to undertake appropriate action based upon results of HUD research.
2. Re: Impounded Funds. Reply to Congressman that the deferred authorizations will be used per directive in appropriation bill for backup to Section 23 and to cover current commitments.
3. Re: Section 23 Program. Request someone from HUD to meet with Congressman to explain program and express Administration intent to watch closely.
4. Re: Training Program. Indicate current activity and authority. Request HUD to investigate potential for expanded emphasis.
5. Re: Non-profit Sponsors. Respond that it does not appear to be a problem. Request HUD to discuss with Congressman to see if intent of suggestion is being misunderstood.

## Minority Economic Development --

1. Re: Autonomous OMBE. Respond that there does not appear to be any advantage to such action. Should be contained in response covering task force activity and accomplishments in this area.
2. Re: Increase 8-A set asides. Respond indicating accomplishments and that given past and current activity mandatory doubling of 8-A set asides appears undesirable. Request SBA to consider recommendation in establishing future 8-A goals.
3. Re: Establishment of task force. Respond indicating facts on existing task forces and request them to brief him, if he desires, on their activities.
4. Re: Space Shuttle, etc., participation. Indicate request to task forces to consider this in their activities.
5. Re: Federal deposits in minority banks. Request Treasury and OMBE to study what additional efforts could be made.
6. Publically indicate commitment to continuance of strong support for minority business enterprise efforts.

Procurement Task Force

Results

1. Increase in SBA 8(a) contracts:

- Y'69 30 contracts valued at \$8.9 million
- FY'70 197 contracts valued at \$22 million
- FY'71 811 contracts valued at \$66 million
- FY'72 1706 contracts valued at \$151.6 million
- FY'73 2016 \$217.4

2. Agencies participating in 8(a) contracting increased:

From two in 1969 to twenty-four in 1971  
 From twenty-four in 1971 to thirty in 1972  
 thirty in 1972 to thirty-four in 1973

X - 8(a) Managers appointed: in 33 federal agencies.

3. SEA 8(a) staff increased: FY'71 - 34 positions  
FY'72 - 92 positions

4. Federal Procurement Seminars Sponsored:

- 1970 - 30 seminars
- 1971 - 41 seminars
- 1972 - 10 seminars
- 1973 - 10

5. SBA 8(a) Price Differential:

Procedures developed for utilization of SBA's Business Development Expense Funds.

6. Increase sought in federal contracting with minority consultants:

- ratio of minority consulting contract awards to total contract awards
- plan of action established to increase contract awards
- National Roster of Minority Consultants prepared by OMBE

X Small Purchases: Federal Procurement Regulations amended to change individual agency procedures for purchases under \$2,500.

7. Speed-up of payments to 8(a) contractors: special pay procedures developed to alleviate 8(a) contractor cash flow problems.

8. Subcontracting: Federal Procurement Regulations amended to require affirmative action on part of prime contractors to subcontract with minority firms.



M. Government Furnished Equipment (GFE): The legality and feasibility of furnishing government-owned equipment to 8(a) contractors was established. Agency representatives may now inform Mr. D.O. Mathias, Director, Socio-Economic Policy Staff, GSA, of the equipment needs of 8(a) contractors and he, in turn, will make them known to the Property Management and Disposal Service, GSA.

12. \$3.2 Million Dollar SBA/OMBE Call Contract: This contract provides for the direct assignment of consultant firms to provide management, marketing, and technical assistance to minority businessmen (as defined in Executive Order # 11625). Procedures necessary for Federal agency utilization of this program have been adopted by the PTF.

X. 8(a) Pilot Sponsorship Program: Three agencies (DOD, GSA, and VA) were requested to participate in a pilot program designed to insure maximum utilization of Federal programs and resources to assist 8(a) firms in attaining viability.



## NATIONAL VOTING RIGHTS

Congressman Walter E. Fauntroy

### Summary of Principal Assertions and Recommendations

The paper asserts that free access to the voting booths is fundamental to the social and economic progress of black Americans. It attributes the significant growth in black voters and black elected officials, particularly in the south, to the 1965 Voting Rights Act. Continuing disallowals by the Justice Department of voting changes proposed by several states are cited as evidence of the need for extension of the act which will expire in August 1975.

The single recommendation calls for Presidential endorsement of an extension of the Voting Rights Act.

### Analysis of Assertions

The assertions as to the increased numbers of black and poor voters and black elected officials are consistent with data reported by the Census Bureau. There is general agreement that these gains are due, at least in part, to the protection afforded by the Voting Rights Act of 1965. The cited cases of proposed voting changes recently disallowed in accordance with Section 5 of the Act, suggest a need for continued vigilance.



Assessment of Recommendations

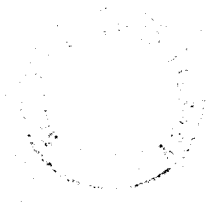
The budgetary impact of extending the Voting Rights Act would be minimal. Estimated costs of administering the act are from \$1 to \$1.5 million in an election year and about \$.5 to \$.7 million in non-election years.

The recommendation is sound, both substantively and symbolically. It would be advantageous for this administration to demonstrate, in an affirmative fashion, its commitment to continue protection of the fundamental right of all Americans to freely exercise the franchise. Further, as set forth, the recommendation would in no way impinge on administration efforts to improve the legislation upon extension.

Proposed Action

It is recommended that the President avail himself of an early opportunity to articulate his personal desire to see the Congress extend the provisions of the 1965 Voting Rights Act.

Long range, it is recommended that the administration sponsor an amendment to the 1965 Voting Rights Act which incorporates any improvements deemed necessary to meet current needs.



FULL VOTING REPRESENTATION FOR THE DISTRICT OF COLUMBIA

Congressman Walter E. Fauntroy

Summary of Principal Assertions and Recommendations

Basically, the paper asserts that the nearly 800,000 residents of the District of Columbia are being denied the right of true representation at the national level and adopts the position that the lack of voting representation is a mockery of the democratic process and a monumental injustice. Further, the paper asserts that the only way to correct this lack of franchise is by constitutional amendment.

The single recommendation is for the Ford Administration to be closely associated with the passage and ultimate adoption of a constitutional amendment permitting D. C. residents to elect two senators and as many representatives as the District would be entitled to have if it were a state.

Analysis of Assertions

The assertion that District residents lack national franchise is factual. The supporting data, i.e., the identification of states with lesser populations is accurate. The assertion that the only way to correct the injustice is through constitutional amendment is not technically correct.

The pros and cons of the District of Columbia representation issue are numerous and historically enchanting. However, in 1974, very few people argue against the moral and democratic basis for granting the franchise to the District's residents. The problem now centers around the appropriate mechanism for accomplishing this objective in view of the many complexities involved. In simple terms, the alternatives are full statehood at one extreme and retrocession to Maryland at the other. Neither of these alternatives involve a constitutional amendment, both provide full representation for individual residents, and both require some provisions for a Federal enclave to protect the Constitutional requirement for a neutral seat of Government. In addition, both raise a host of questions in the areas of Federal payments and revenue sources, the proper role and function of existing administrative structures, and the will of the residents themselves. Discussions of statehood generate even more emotional and political issues concerning the ability of the residents to accomplish self-government and the creation of a political entity which is almost certain to be controlled by a racial minority. Proposals for a constitutional amendment tend to fall somewhere in the middle of the spectrum and generally deal with the prima-facie entitlement to representation based on fundamental principles of democracy. These proposals

have usually avoided substantive consideration of the more complex issues inherent in statehood or retrocession. Thus, it is in this vein that the argument for representation is advanced solely on the basis of correcting an injustice as evidenced by comparing the population of the District with less populous states. Specifically, the paper does not argue for statehood or retrocession -- which would automatically accomplish full voting representation, nor does it address the unique relationship existing between the District of Columbia and the Federal Government -- which could be used to support the case for limited representation. The argument as put forth in the paper to justify representation solely on population size has no validity in the United States Senate. It would require a gratuitous action by that body and similar action by at least 37 states for the proposed amendment to be ratified in its suggested form.

#### Assessment of Recommendations

The budget impact of the recommendation would be minimal with major costs related to salaries and operating expenses of the increased Senators and Representatives. The recommendation in its present form would, if adopted, unquestionably rectify the specific problem of lack of franchise. However, there remains the question of do-ability. Alternatives to the

recommendation are (1) to strive for complete statehood, or (2) to retrocede to Maryland all of the present District excluding a Federal enclave which would not contain residential areas. (The Virginia portion was retroceded in 1846.) Obviously, more study is needed to address the substantive issues involved in the question of statehood, particularly in view of recent Home Rule legislation, the historical lack of self-governance, and the multi-level character of present District governmental functions. Similarly, the question of retrocession requires detailed examination. Underlying all alternatives is the prerogative of the Congress to determine its own membership.

The recommendation for Presidential support has precedence in the pronouncements by Presidents Johnson and Nixon which called upon the Congress to take action to rectify the situation.

#### Proposed Response

In the near term, it is recommended that there be presidential affirmation for the principle of national representation for all Americans.

Longer range, support for national representation can be reiterated by pertinent remarks in messages to the Congress or other public statements.

## HEALTH

Congressman Ralph H. Metcalfe

### Summary of Principal Assertions and Recommendations

The paper on health generally asserts that Federal actions to date in providing health care to those Americans unable to totally provide for themselves has been inadequate and cites a variety of health-related problems as evidence of the need for a national health policy.

The recommendation asks that the "good health bill" requested by the President in his August 12, 1974 address to the Congress contain serious consideration of the following items:

- The concept of a national health policy which would guarantee that every individual has access to adequate medical care and is not forced to suffer severe financial hardship to obtain needed services.
- A Federal commitment to professional standard review organizations.
- Greater emphasis given to training professional and para-medical personnel, especially blacks.
- Full implementation of the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT).

### Analysis of Assertions

The assertions constitute an abbreviated summary of the status of the health industry. That is, the cited health-care inadequacies cover access and availability of facilities, cost of services, health manpower, ambulatory care, preventive services, health policy and planning, quality assurance activities, and national health insurance. They serve primarily to state a case for Federal action in the Health area. The necessity for Federal action is so well established by tradition, and so clearly evident from even a casual observation of pressing health needs, that it need not be questioned as a matter of policy. However, the underlying premise of the paper appears to be a suggestion of total Federal responsibility. The proper role of the Federal Government, vis a vis States and local units of government, educational institutions, third-party payors, providers, product manufacturers, and indeed - the individual consumer, poses issues of immense proportions. Obviously, these points cannot be overlooked in addressing the problem of adequate health care.

From a minority perspective, the paper singles out the need for increased emphasis on training black men and women for careers in medicine. The paper relates this need to the scarcity of doctors engaging in primary health care. The acute shortage of primary care in terms of quality and distribution of general practitioners is documented. (The absolute number of general practitioners decreased by over 11,000 between 1963 and 1972 with the number per 100,000 population decreasing from about 35 to 26). The prospects for improving the limited availability of primary care physicians in areas inhabited by urban blacks is not encouraged by the current minority enrollment in medical schools. (Females and racial minorities each account for less than 12% of professional student bodies, including nursing). With primary care an essential factor in any effective preventive strategy, the issue of training minorities is indeed worthy of special consideration.

#### Assessment of Recommendations

It is virtually impossible to assess the budgetary impact of the recommendation as stated. The range for National Health Insurance proposals alone is from \$6 billion to



\$30 billion. Health manpower proposals have been priced from \$300 million to \$1 billion, etc.

The recommendation is too general, to determine in any objective sense, the impact on the problem of providing adequate, high quality health care to all Americans. Certainly, the overall objective is commendable, and the notions inherent in the items cited as principal concerns are worthy of serious consideration when the legislation is drafted.

More detailed study of the assertions and recommendations within the context of the proper Federal role is required.

#### Proposed Response

It is recommended that there be Presidential endorsement in the near future of the concept that financial access to high quality medical care should be available to all Americans. At the same time, it is recommended that the multi-dimensional aspects of the problem be stressed, together with the need for a national strategy that provides affordable health care through the proper balance of public and private cooperative efforts.

Longer range, recommend that the President reiterate his personal interest in seeing the administration and the Congress work jointly to draft and pass a "good" health bill consistent with the cooperative spirit of his August 12, 1974 address to the Congress.

## NARCOTICS

Congressman Charles B. Rangel

This issue paper makes five principal assertions and recommendations for policy decisions in dealing with the domestic drug abuse problem. These are:

1. That the Turkish opium ban was effective and that the U. S. should force negotiation of another ban with Turkey under the threat of cutting off U. S. assistance to Turkey if the negotiations fail;
2. that expanded law enforcement efforts are necessary in Mexico to prevent the increasing flow of brown heroin from coming across the border;
3. that \$46 million has been cut from the Federal funds used to rehabilitate addicts;
4. that the U. S. should ratify the Convention of Psychotropic substances since it would prevent the diversion of amphetamine and barbiturate from the licit international market; and
5. that more Federally funded research in the field of opium alternatives is necessary.

Analysis of Assertion #1

A renewal of the Turkish opium ban is an unrealistic and simplistic solution. The ban on growing opium, instituted in 1972, was not the primary cause of the drop in availability of heroin which occurred in the U. S. in 1973-74. In 1972, DEA estimated that there was enough opium stockpiled in Turkey to continue normal smuggling for 3 or 4 years. The Turkish peasants keep opium as a source of cash, and sell it when the price rises. The main cause of the reduced availability of heroin was a series of enforcement successes in France and Turkey (which broke up the ring of the French chemist Cesare and the Turkish ring led by Bostan which supplied Cesare with opium). Currently, both French and Turkish operations have resumed and increased availability of French heroin is already noted, still using the stockpiled opium. In the event of a renewed ban, the French chemists would get their opium from other sources when the stockpiles ran out, even assuming no illicit growth in Turkey. In addition, heroin from Mexico and South America would rapidly fill in any gap left by the Turkish ban.

It must also be recognized that the Turkish government is determined to resume growth, as much from national pride as from economic pressures. An alternative to pushing the politically delicate and questionably successful ban, would be to answer the Turk's request for Law Enforcement assistance.

DEA officials believe that, given sufficient American aid and following plans for enforcement of controls on growing which DEA has detailed, diversion could practically be stopped in Turkey. This would avoid the necessity of cutting off U. S. assistance to Turkey, particularly in view of Turkey's strategic position in NATO.

Budget Implications:

The budget implications of terminating aid and providing T.A. are extensive. A special analysis is required and can not be completed in the time allotted.

Response to #1

In responding it should be stated that there appears to be little direct relationship between the Turkish opium ban and the availability of heroin on America's city streets. Due to the stockpiling of opium in Turkey there exists a sufficient amount to continue normal smuggling for 3-4 years. The actual cause of reduced availability in our cities was a series of successful enforcement efforts in France and Turkey.

Perhaps most important, however, is that the Turkish government is experiencing domestic political and economic pressure to resume opium growth. One alternative to the ban which is now being considered is the provision of technical assistance to the Turks to help them ensure that diversion is held to a minimum. DEA estimates that diversion could practically

be stopped in Turkey if sufficient help were provided. This would avoid the necessity of cutting off aid to Turkey, particularly in view of that country's strategic position in NATO.

#### Analysis of Assertion #2

The situation in Mexico is extremely complex. It is correct that in the past 18 months the amount of brown heroin available in the U. S. has doubled. Both CIA and DEA officials comment that the growth of opium in Mexico and throughout Latin America is more extensive than previously estimated and most likely increasing.

DEA is presently working in conjunction with the Mexican government to try to stop the flow of heroin across the border. However, due to difficult terrain, the diffusiveness of the smuggling system, and the unreliability of Mexican officials, these efforts have not been very successful. More study of the particular qualities of the Mexican and South American situation is necessary before any concrete recommendations can be made.

#### Response to Assertion #2

Before responding on this issue it is important to review all testimony given by the Administration on the Mexican border problem, moreover, it is necessary to coordinate a response through the Director of Federal Drug Management and the Senior

Advisor to the Secretary for Narcotics and Dangerous Drugs, Department of State. In the short term, it would be possible to refer the Congressman to the Director's testimony on the Mexican border and also the Department of Justice analysis of the Mexican border situation. We can further indicate that the situation is thought to be deteriorating, with an increase in growth and illicit trafficking. These patterns are under study. The Administration is committed to the development of an effective policy to combat this problem.

Analysis Assertion #3

It is not strictly correct to assert that \$46 million have been cut from the Federal funds for rehabilitation of opiate addicts. The drug abuse prevention budget (excluding law enforcement) decreases from 505.3 million in FY 74 to 450.6 million in FY 75 (the Congress has raised the figure for Training from c.10.0 to 12.5, but this does not affect the issue in question). The difference is 54.7 million. Of this 54.7 million, 33.4 is taken out of Treatment and Rehabilitation. The Treatment and Rehabilitation category must be the one that the paper refers to as the "rehabilitation area," and includes both medical and psychiatric treatment and rehabilitation services. The aspects of treatment and rehabilitation which will be affected by the budget cut is the number of

Federally funded treatment slots that will be available in the country, not the services provided in those slots. a policy decision was made to reduce this number to 95,000 in FY 75 since there is excess capacity now. The currently available c.105,000 slots are utilized at a rate of only 60%. A policy decision was also made to upgrade the quality of these slots to include more rehabilitation services. Thus, most (NIDA) National Institute on Drug Abuse officials agree with the paper's contention that rehabilitation services are vitally important and are doing their best to provide these services.

#### Response to Assertion #3

The response to this assertion should outline the goals of the Federal Treatment and Rehabilitation programs, specifically pointing out that the budget cuts affect excess capacity not the quality and quantity of services provided per treatment slot. The impacts of budget cuts are easily misunderstood. At present the Federal policy is to provide improved services to an adequate number of treatment slots - but not to support unutilized, and therefore wasteful, programs.

#### Analysis of Assertion #4

The Psychotropic Convention in contrast to the Single Convention of 1961 which deals only with "narcotics", places



all potentially dangerous psychotropic substances (at present 32) in 4 schedules of control. The World Health Organization (WHO), recommends scheduling of a substance and this recommendation is referred to the UN Commission of Narcotic Drugs, which must have a 2/3 vote for approval. The UN Commission may alter the scheduling because of "economic, social, legal, administrative and other factors"; WHO recommendations are only binding on "scientific and medical matters. Once it is scheduled, all parties to the Convention must place at least minimal controls on the substance. There are licensing and record-keeping requirements for all manufacturers, distributors, importers and exporters of the substance. Parties must submit reports to the International Narcotics Control Board (INCB) manufacture, stocks, imports, exports and illicit traffic problems, and must have penal provisions or treatment provisions for abuse and trafficking. The INCB is "empowered to issue reports which shall become public documents, thereby subjecting any lack of cooperation by a Party to unfavorable publicity." As of June 1974, 17 countries have signed the Convention; 40 signatures are required to make it binding.

Those in favor of ratifying the Convention believe:

A. That the Convention will stop diversion of psychotropic substances from the licit international market, which is how most barbiturates and amphetamines reach the illicit market.

B. That the U.S. must ratify this treaty which deals with drugs produced by the more industrialized countries to demonstrate to the non-industrialized countries which grow the narcotic drugs our seriousness about all forms of drug abuse. They feel that ratification by the U.S. of the Psychotropic Convention is a quid pro quo for ratification of a proposed amendment which strengthens the Single Convention by those countries which produce narcotic drugs.

Those who are not in favor of ratification assert:

A. That the Convention is worthless because there is no enforcement body or provisions for enforcement.

B. That the scheduling procedure will remove control over domestic drug policy from the hands of the established U.S. system for scheduling drugs and put the U.S. at the mercy of a decision by the U.N. Commission. If we sign and the Commission votes to put marijuana in Schedule I, for example, we are forced to put certain controls on marijuana in this country. The Convention could potentially be contrary to the provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970, and possibly place drugs under domestic control without the approval of the Secretary of HEW.

C. That the drug abuse problems in the various nations are too varied, and the legitimate drug needs too varied, for one scheduling of substances which have both legitimate medical uses and abuse potential.

The arguments on both sides are convincing. The Convention is both a politically useful tool and a potential hindrance to U.S. internal drug policy. More study of the particular issues involved is necessary before substantive recommendations can be made. Possibly amendments to the Convention could be proposed in Geneva which would eliminate some of the negative aspects of the Convention as it now stands.

Response to Assertion #4

It should be explained that for the United States the Psychotropic Convention is a mixed blessing. Before committing our nation to a series of internationally determined controls, we must assess both their beneficial and negative results. The Convention certainly has positive features which it would be in the interest of the United States to pursue. However, further study is necessary to explicate, and hopefully mitigate, any restricting or contrary effects of ratification. The United States must certainly demonstrate its willingness to cooperate in the field of drug abuse, and in this sense

the recommendations are laudible. It is, also necessary, however, to assure the ability of the United States to formulate its own appropriate domestic policy.

#### Analysis of Assertion #5

At present no synthetic substitute for opiates has been discovered. Both the government and private industry have invested substantial sums and efforts on research of this nature, and continue to do so today. Synthetic antitussives and analgesics are available on the market which may be used in some cases instead of opium derivatives, however, they have several disadvantages. None are preferable to the opiates, and many have unfavorable side effects. These research processes need to be supported and continued.

On a more optimistic note, the U.S. Department of Agriculture sees the poppy Papaver bracteatum as a very promising substitute for the traditional opium poppy, Papaver somniferum. Discovered growing wild in Iran, the Papaver bracteatum is a potentially rich source of codeine and has the advantage that morphine and heroin cannot be synthesized from it. It produces thebaine, from which codeine can be manufactured by a process patented by the French. Mallinckrodt Chemical Works in the U. S. is licensed to use the French patent and is researching methods to improve the extraction process.

In addition to the fact that heroin cannot be manufactured from Papaver bracteatum, it has other advantages. It is a very hardy plant and, according to present knowledge is not afflicted by unusual pests or diseases. It produces 3-5 times as much codeine per acre as Papaver somniferum. The only disadvantage is that it is a perennial, and would require 3 years to reach maturity, after which harvest would take place annually.

The U.S.A has about 2.5 man/years of effort ongoing in research on Papaver bracteatum. This research is aimed at:

1. identifying the highest thebaine strains; and
2. determining cultural requirements: areas of adaptation, sowing time, rate, and depths, types and amounts of fertilizer and time of application, irrigation needs, and pest control.

This research effort should be supported and expanded, especially in light of the predicted world-wide codeine shortage in 1974. The USDA estimates that Papaver bracteatum could replace much of the current Papaver somniferum cultivation in about 10 years.

#### Response to Assertion #5

In response it should be emphasized that continuing research in the area of opium substitutes is an area of high national priority, specifically, Papaver bracteatum is viewed as a very promising possibility.

There are, however, some difficulties with Papaver bracteatum. The most obvious is the resistance of countries which have traditionally grown Papaver somniferum to substituting an, as yet, unproved plant. In addition, there are some alkaloids in Papaver bracteatum which have abuse potential. It would be precipitous to substitute Papaver bracteatum for Papaver somniferum before the abuse potential and marketability of these drugs were fully researched. The extraction process for Papaver bracteatum is also more complex and costly than that for Papaver somniferum.

It should be stressed that the recommendation for further research on Papaver bracteatum is both timely and astute. One should, however, conduct this research on all of the possible ramifications of Papaver bracteatum as a substitute crop.

MILITARY BUDGET, TAX SYSTEM, AND PRICING POLICIES  
Congressman Ronald V. Dellums

(and on MILITARY BUDGET by Congressman Andrew Young)

Summary of Principal Assertions and Recommendations

The country is suffering from faulty national priorities which have dominated its resource allocation decisions since the beginning of Vietnam. The size of the Defense budget is the basic problem of which inflation and "extremely high" unemployment are just two of several symptoms. It follows, then, that the President's intention to apply fiscal restraints to the civilian sector while holding the Defense budget "sacrosanct" is a very bad idea.

This is especially true since (1) there is fat in the Defense budget, (2) social programs are not inflationary while Defense expenditures are, (3) education suffers most in the guns vs. butter trade off, (4) sufficient sums have never been allocated to human needs and societal returns are greater from dollars spent on human resources.

The proper course, therefore, is (1) to cut the Defense budget, (2) increase revenues up to \$50 billion by closing tax loopholes and curtailing subsidies to inefficient business interests, (3) restoring economic competition while (4) reintroducing PEP in a

more problem-oriented form, and (5) "scrutinizing" the possibility of wage-price controls in a form which would cover interest and profits while allowing labor a certain amount of catch up.

#### Analysis of Assertions

Verified: It is true that inflation is high enough to be worth fighting; that reductions in private and public spending will help fight it while simultaneously causing more unemployment; that since Parkinson's law has not been repealed there is fat in the Defense budget; that tax "loopholes" do exist in the amount of some \$60 billion; that the restoration of competition would be anti-inflationary notwithstanding unpredictable adjustment problems; that Black employees are, nearly always, last on/first off; that today's minority unemployment rate may be accurately described as "extremely high" since it is over 9%.

Modifications should be made to the assertions that the military budget is or has been "sacrosanct" and that PEP was mostly beneficial to "highly skilled technical people."

In 1975 dollars, the military budget is down from \$124.6 B in 1969 to \$85.8 B in 1974. This is lower even than 1963 when it was \$93.7 B. Further, the President says it isn't sacrosanct.



It is inaccurate to assert that social programs are not inflationary while military ones are. In fact, there are more similarities than differences and it is the means of financing which is the crucial determinant for both.

Reasonable men disagree about the assertions that human resource programs have always been underfunded (if they don't work, they have been overfunded), that wage and price controls are desirable, and that the size of the Defense budget is directly related to the quality of our Defense (neither side can "prove" its case, since all contention can only rest on the speculated intentions of other countries).

Overlooked is the point that a garden variety tax increase would be deflationary, would obviate the "need" for cuts in social programs and would be paid for largely by the middle class.

#### Assessment of Recommendations

- Cut the Defense Budget: To the extent that changes in the Federal budget affect the economy (Mr. Ash, for instance, says it is slight), this is a sound proposal. Better yet if it is combined with the collection of more revenues as noted next below. A Brookings team asserts that some \$6 B can be saved without changing any Defense assumptions.

- Increase revenues by closing tax loopholes: Increased revenues is generally agreed to be anti-inflationary. The existence of the loopholes is attested to in Stanley Scott's book on "Tax Expenditures" wherein he lists some \$60 B of them.<sup>1/</sup> Also, a Brookings team proposes alternative packages of reforms bringing in from \$7 B to \$17 B a year.<sup>2/</sup>
- Restoring economic competition has just been widely expoused at the economist's meeting with the President. A Mr. Hendrik Houthacker has a list of 45 actions. Mayo Thompson, member of the FTC, is after price fixing. The Administration has been affirmatively studying deregulation for some time. It must be remembered that adjustment problems would be serious.
- The reintroduction of PEP is analyzed by Bill Bonsteel in "Full Employment and Poverty Programming."

#### Proposed Response

- Cut the Defense budget: A cut in this particular area would constitute the same sort of "signal" as the delayed Federal pay raises. It sets an even more compelling example because of the controversial nature of the subject matter. A cut of \$6 B should be made with the understanding that it does not effect the "bone and muscle" of national defense.

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<sup>1/</sup> "Pathways to Tax Reform"; Stanley S. Surrey; Harvard University Press; Cambridge, Massachusetts,

<sup>2/</sup> "Setting National Priorities - The 1974 Budget"; Edward R. Fried, Alice M. Rivlin, Charles L. Schultze, Nancy H. Teeters; The Brookings Institution; Washington, D. C.

- Increase revenue by closing loopholes. This recommendation combines two worthwhile ends. It promotes reform while at the same time collecting anti-inflationary tax revenues. With \$60 B of items to choose among, this should be undertaken.
  
- Restore economic competition: This should be tried, even though the country may be expected to have a very low tolerance for the inevitable adjustment casualties of deregularization. If, however, the leadership presents this approach as a fundamental anti-inflationary reform, it might be accepted.

## EDUCATION

Congresswoman Shirley Chisholm

### I. Principal Assertions and Recommendations

#### A. Assertions

1. That the American educational environment is chaotic and confused.

- Federal, state, and local governments are haggling over the costs of education
- school districts and the courts are struggling with the problem of who should sit next to whom in the classroom
- the policies affecting black children most are being made for them often without their best interest in mind
- poor quality education results in managerial, low-paying dead-end jobs.
- those who need education the most - the black and the poor - are being failed to the greatest extent.

2. School districts everywhere are being faced with dwindling resources.

3. The most severe fiscal crisis can be found in school districts which have the highest concentration of poor and minority students.

4. More attention and funding must be given to Black colleges and universities by the Federal government.
5. That the most important program to Black institutions is Title III of the Education Amendments of 1972.
6. There is a major fear that the Federal Student Financial Aid Program will be shifted to support relatively higher income groups than in the past.
7. Seventy percent or more of Black in colleges cannot continue without financial aid.

B. Recommendation

1. That national leadership in the Office of the President provide a commitment to real equal educational opportunity with achievement for all students in the nation.
2. In the development of subsequent changes in the education policy, that the President allow the Black Caucus to provide input as to the direction that policy might take.

## II. Analyze Assertions.

Simply stated, the assertions merely point out the confused and critical situation found today in the educational environment. The assertions contend that in this type situation, the poor and the minority, are failed to the greatest extent. Generally, these assertions accurately depict the conditions found in our educational environment today.

There is significant pressure in the Congress to provide more financial aid to students from higher income groups. But the administration is committed to providing assistance according to need - and that means targeting funds on those who need them most-the low income students.

## III. Assess Recommendation.

Recommendations are appropriate and should be given full consideration.

## IV. Proposed Response.

### Short term.

Request input to assist in the development of education policy. Indicate strong support for educational assistance to minorities and the poor. State the administration policy or intentions on the Federal Student Financial Aid Program as it relates to higher income groups.

Long term.

Maintain channels of communication with the Caucus --  
restate continued support for Title IV and other  
programs targeted for Black colleges.