

**The original documents are located in Box 23, folder “Speech Material” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE WHITE HOUSE  
WASHINGTON

Date 2-18-75

TO: NETA

FROM: CHARLES LEPPERT

Please Handle \_\_\_\_\_

For Your Information \_\_\_\_\_

Per Our Conversation \_\_\_\_\_

Other: *Please file for future  
reference such as a speaking  
material file.*



THE TREND OF GOVERNMENT SPENDING  
1955 to 2000

Twenty years ago, spending by all levels of government--Federal, State, and local--claimed about one-quarter of our gross national product. This year, government spending will amount to one-third of the Nation's output.

The source of this relative growth in spending was not the direct operations of government; rather, it was benefit payments to individuals.\* In real terms--that is, after adjusting for price changes--outlays for direct governmental operations rose substantially less rapidly than the gross national product. In fact, real defense spending declined over this period. On the other hand, benefit payments to or on behalf of individuals rose more than twice as fast as our Nation's output--by an average of 8.8 percent per year. At least three-fourths of this growth was accounted for by new programs and expansions of existing ones--not by normal growth in the beneficiary population.

Continuation of this trend for any extended period of time would produce fundamental changes in our Nation, as well as in the budget. Projections to the year 2000 illustrate the point. If the gross national product, nondefense spending, and benefit payments to individuals were to continue to grow in real terms at their average rates of growth of the past two decades, governments would lay claim to more than 55 percent of the Nation's output in the year 2000--even if real defense spending were held constant.

This is not a forecast of what the budgets of our governments will look like in fiscal year 2000--merely a projection of past trends. Nonetheless, it is a useful reminder of the longer-range implications of decisions to establish or expand governmental programs under which qualified persons or groups are automatically entitled to benefits.

Governmental spending in the year 2000 need not exceed one-third of the Nation's output. A number of alternative growth paths can be chosen that are consistent with both holding government's share of GNP at about today's percentage and serving the Nation's essential needs--including those of beneficiary populations of social insurance programs. If we are to choose one of these paths and change the course of the past 20 years, now is the time to start.

---

\* Social security, Railroad retirement, Federal employees' retirement and insurance (including Military retired pay), Unemployment assistance, Veterans' benefits, Medicare, Medicaid, Housing payments and Public assistance.

## GOVERNMENT SPENDING -- IN CONSTANT 1976 DOLLARS

(In billions)

Fiscal Year	TOTAL GOVERNMENT SPENDING		
	Direct operations	Payments for individuals	Total
1950.....	177	36	212
1951.....	192	26	218
1952.....	251	26	277
1953.....	272	26	298
1954.....	259	29	288
1955.....	248	33	281
1956.....	246	35	281
1957.....	251	38	288
1958.....	254	45	299
1959.....	269	49	319
1960.....	273	52	325
1961.....	270	57	328
1962.....	293	60	352
1963.....	298	63	361
1964.....	309	65	374
1965.....	305	66	372
1966.....	331	73	404
1967.....	367	84	451
1968.....	393	93	486
1969.....	383	103	486
1970.....	371	110	481
1971.....	357	130	487
1972.....	364	143	507
1973.....	353	156	510
1974.....	351	165	516
1975 estimate.....	350	180	531
1976 estimate.....	358	183	541
2000 projection <sup>3/</sup> .....	724	1,298	2,022
1955-74 <sup>4/</sup> .....	1.9%	8.8%	3.2%
Used in projections to year 2000 <sup>4/</sup> .....	3.0%	8.8%	5.7%

Footnotes are on page 3.

January 31, 1975

GOVERNMENT SPENDING -- IN CONSTANT 1976 DOLLARS

(In billions)

Fiscal year	FEDERAL SPENDING				STATE & LOCAL SPENDING <sup>2/</sup>		
	Defense <sup>1/</sup>	Other direct operations	Payments for individuals	Total	Direct operations	Payments for individuals	Total
1950.....	41	75	31	146	60	6	66
1951.....	68	62	21	151	62	5	67
1952.....	129	59	21	209	64	4	68
1953.....	146	62	22	229	64	4	69
1954.....	136	54	25	214	70	4	74
1955.....	112	60	28	200	76	5	80
1956.....	107	60	30	197	79	5	84
1957.....	107	61	33	201	81	5	86
1958.....	107	60	40	207	86	6	92
1959.....	108	72	44	223	90	6	96
1960.....	105	68	45	218	91	6	97
1961.....	105	69	51	225	96	6	102
1962.....	114	79	53	245	100	7	107
1963.....	115	79	56	250	104	7	110
1964.....	113	88	58	258	108	7	115
1965.....	100	92	58	250	113	8	121
1966.....	112	99	64	275	120	9	130
1967.....	136	103	73	311	128	11	140
1968.....	151	109	80	340	134	13	146
1969.....	145	96	88	329	142	15	157
1970.....	130	97	94	321	144	16	160
1971.....	114	94	111	319	149	18	168
1972.....	108	104	123	335	152	20	172
1973.....	96	105	133	333	153	23	176
1974.....	91	96	141	328	164	23	188
1975 est...	87	98	157	343	165	23	188
1976 est...	87	103	160	349	168	23	192
2000 proj. <sup>3/</sup>	87	185	1,132	1,404	452	166	618

Average annual rates of change:

1955-74....	-1.1%	2.5%	8.8%	2.6% <sup>4/</sup>	4.2%	8.7%	4.6% <sup>4/</sup>
Used in projection to year 2000	0	2.5%	8.8%	6.1% <sup>4/</sup>	4.2%	8.7%	5.0% <sup>4/</sup>

Footnotes are on page 3.

January 31, 1975

## Footnotes

1/ National defense function excluding military retired, pay which is included in payments for individuals.

2/ State and local spending from own sources, Federal grants to State and local governments are included in Federal spending, not State and local spending.

3/ The projections to the year 2000 show what would happen if outlays for nondefense operations and payments for individuals continued to grow at the same average annual rate as from 1955 to 1974. Defense outlays in 1976 dollars which declined from 1955 to 1974 were assumed constant to the year 2000. The computations were made yearly between 1976 and 2000 on this basis, but only the terminal year (2000) is shown on these tables.

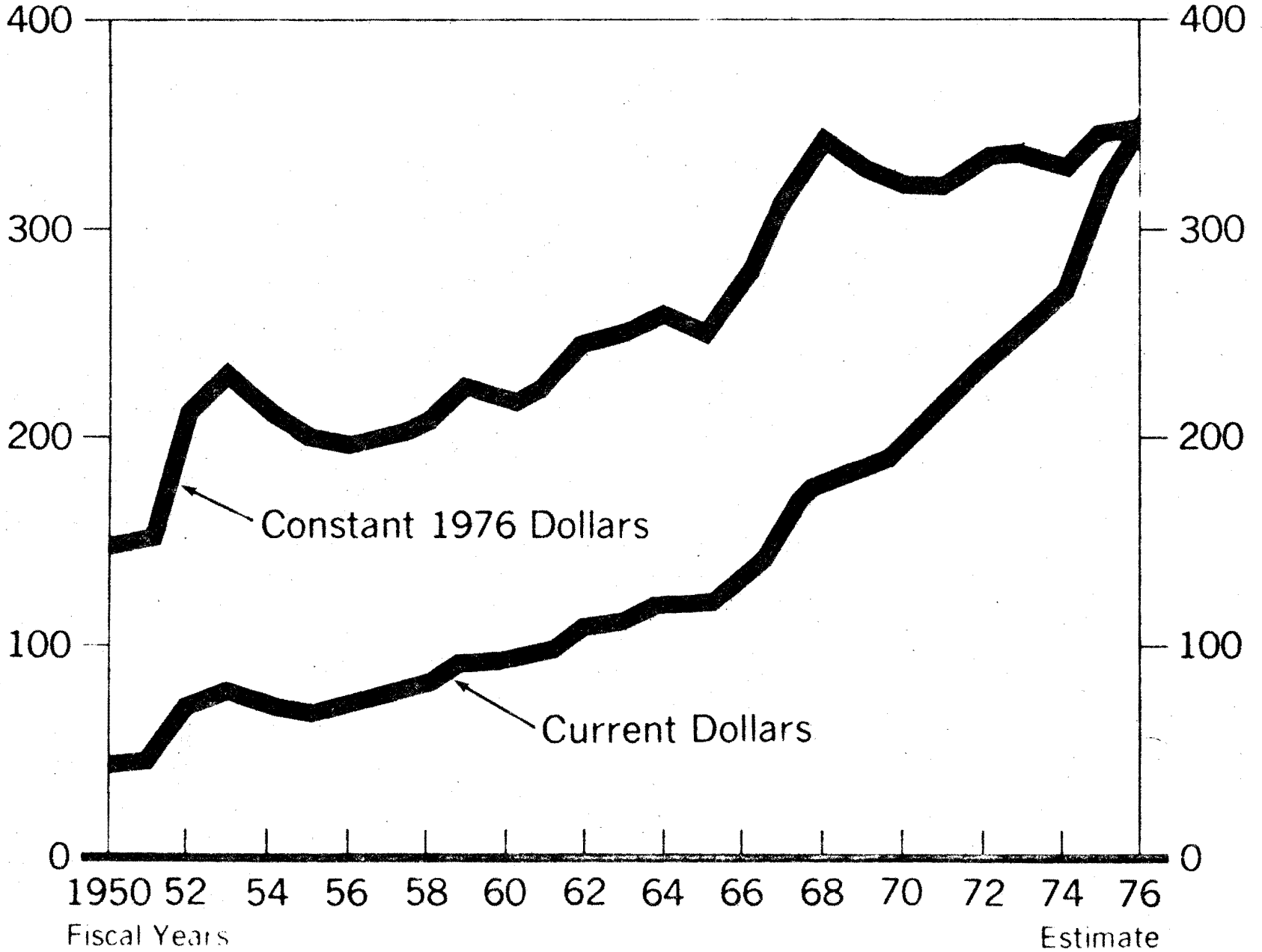
In projecting payments for individuals, the 1976 amount was decreased by \$10 billion to adjust it to what it would have been with the unemployment rate what it was in 1975 (5%).

4/ These are implicit rates of increase. The outlay projections on which they are based were not computed directly. They are sums of projections of their components.

# Federal Budget Outlays, 1950-1976

\$ Billions

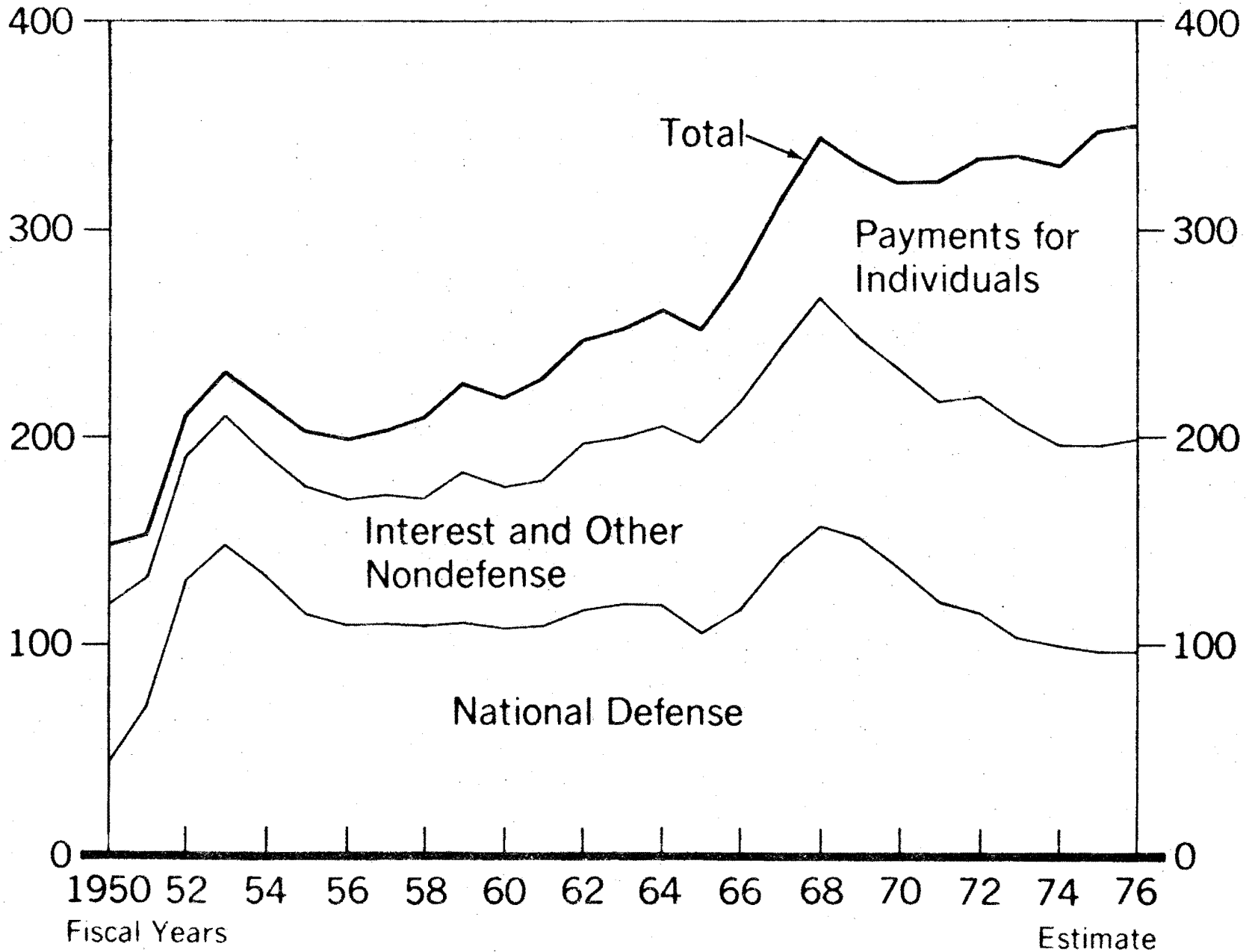
\$ Billions



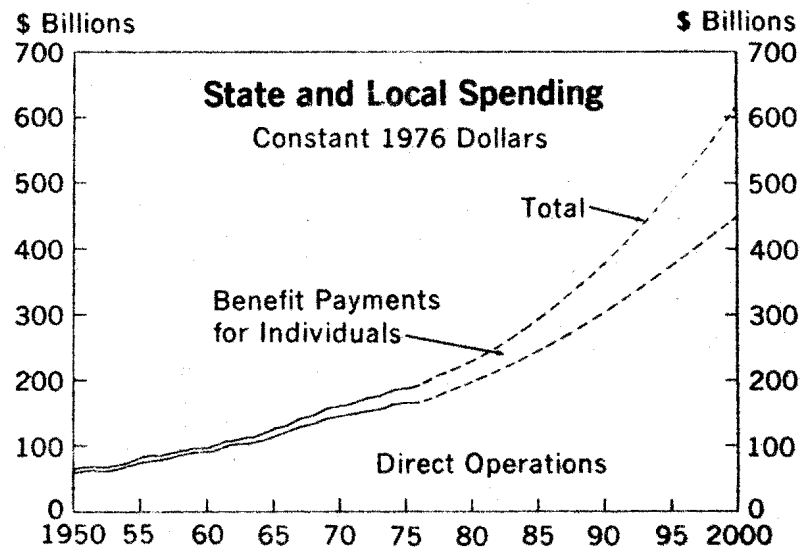
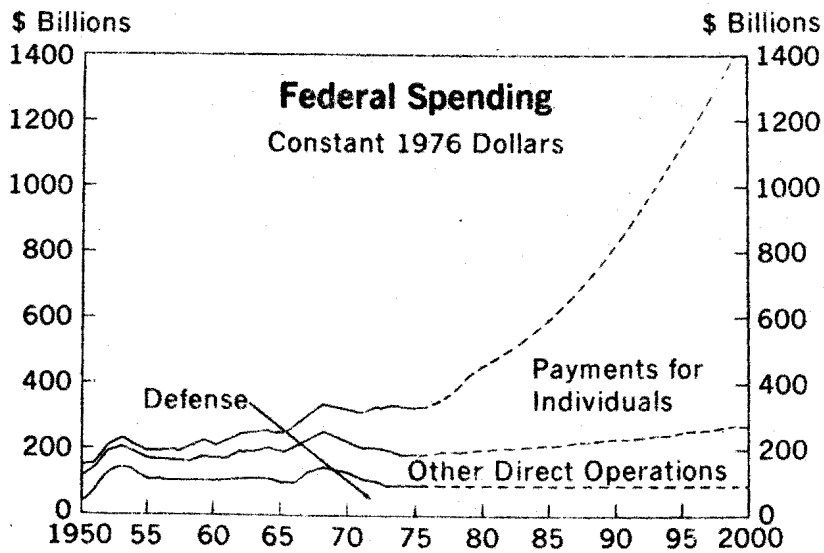
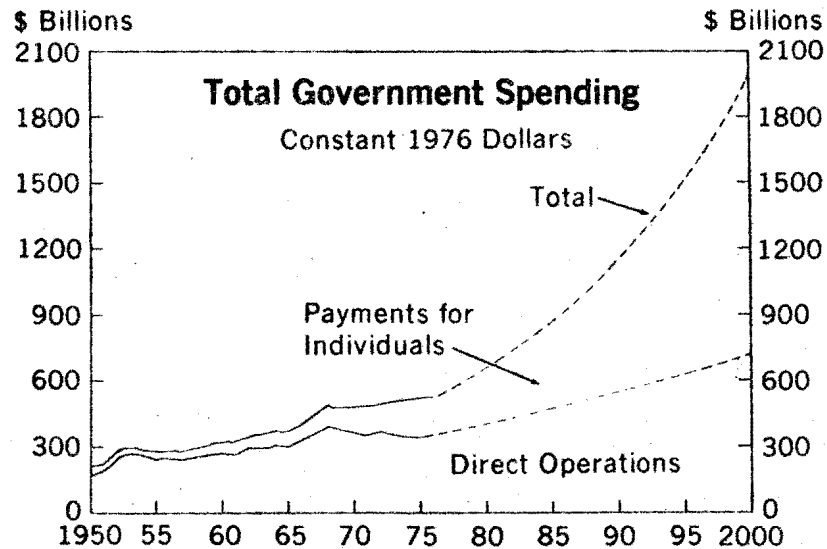
# Federal Outlays — Constant 1976 Dollars

\$ Billions

\$ Billions







THE WHITE HOUSE  
WASHINGTON



Frank:

File this letter  
as we may have to  
make further reference  
to it.

Chas.

JOHN P. DINGELL, MICH.  
CHAIRMAN

TOM STEED, OKLA.  
FERNAND J. ST GERMAIN, R.I.  
JOHN J. LAFALCE, N.Y.  
JOHN KREBS, CALIF.  
MARTIN A. RUSSO, ILL.  
HERMAN BADILLO, N.Y.  
FLOYD J. FITHIAN, IND.

United States House of Representatives  
Committee on Small Business  
Subcommittee on Energy and Environment  
Ninety-fourth Congress  
2361 Rayburn House Office Building  
Washington, D.C. 20515  
April 5, 1976

SILVIO O. CONTE, MASS.  
HAMILTON FISH, JR., N.Y.  
WILLIAM S. COHEN, MAINE  
M. CALDWELL BUTLER, VA.  
MICHAEL J. WARD,  
SUBCOMMITTEE COUNSEL  
202-225-4351  
PAUL E. KNITZER,  
ASSISTANT MINORITY COUNSEL  
202-225-4038

*Sub-Nuclear  
DIVERSION  
MATTER*

*Copies to AG,  
DAG, FBI,  
Kearney (ARM)*

Honorable Edward H. Levi  
Attorney General  
Department of Justice  
Washington, D. C. 20530

Dear Mr. Attorney General:

For over a year, the Subcommittee on Reports, Accounting and Management of the Senate Government Operations Committee and the Subcommittee on Energy and Environment of the House Small Business Committee have been participating in a joint investigation of the accuracy of the accounting methods used by government contractors in handling special nuclear materials and of the adequacy of government required safeguards for processing and protecting such materials. By mutual agreement, the Subcommittee on Energy and Environment will complete this investigation.

You are invited to appear and testify before this Subcommittee on Tuesday, April 27, 1976, in Room 2359 Rayburn House Office Building, Washington, D. C. The hearing is scheduled to begin at 10:00 a.m. and is expected to continue for the remainder of the day and may be extended into the following day, should it be necessary.

You are to prepare a written statement of whatever length you feel necessary, together with any documents you wish to include, which will be inserted in full into the hearing record. You are to submit fifty (50) copies of this material to the Subcommittee counsel in Room 2361 Rayburn House Office Building by noon, April 19, 1976. No extensions will be granted. This will provide the Members and staff time to review the material prior to the hearing so that we can dispense with the reading of the statement and proceed directly to the questioning.

In addition to any general information you wish to discuss regarding the adequacy of the Federal Bureau of Investigation and the Justice Department's investigation of the issues under



review, you are to specifically include a thorough explanation of the following matters:

1) The status of the Justice Department's investigation of the charge that the rights of union members were violated at the Cimarron facility of Kerr-McGee in Crescent, Oklahoma.

2) Your Department's conclusion and the reasons and evidence therefor of:

(a) whether foul play was involved in the death of Karen Gay Silkwood on November 13, 1974;

(b) how special nuclear materials were taken from the Cimarron facility or any other facility and by whom, and what happened to this material;

(c) how Karen Silkwood came to be contaminated and, if applicable, by whom;

(d) whether Karen Silkwood's specimens were tampered with and by whom;

(e) whether Karen Silkwood possessed documentation of health and safety violations at the Cimarron facility, and if so, what became of such documentation;

(f) Who was responsible for scattering uranium pellets around the grounds at the Cimarron facility;

(g) how Karen Silkwood's apartment came to be contaminated.

3) The independence and adequacy of the Federal Bureau of Investigation's investigation of these matters and the degree to which the Bureau relied on information supplied by Kerr-McGee and the Atomic Energy Commission.

4) The thoroughness of the Justice Department's review of the evidence supplied by the Federal Bureau of Investigation.

5) The Justice Department's refusal to allow the Subcommittees' staffs access to all documents relating to the FBI's investigation of these matters.

6) The results of any investigation of the possibility of diversion of special nuclear materials from the NUMEC plant in Apollo, Pennsylvania in the mid-1960's and from the nuclear fuel service's plant in Erwin, Tennessee.

7) The name of anyone outside the Department who discussed the Silkwood case with any Justice Department employee and the nature of such discussions.



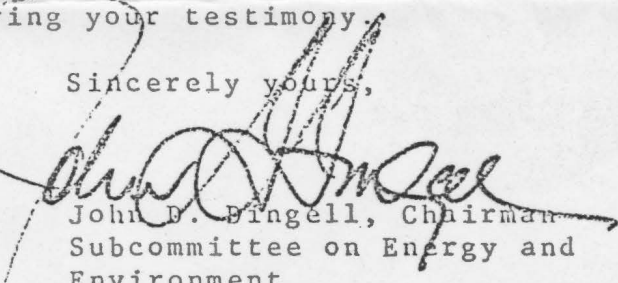
Hon. Edward H. Levi  
April 5, 1976  
page 3

You are requested to be accompanied by the following individuals: Deputy Assistant Attorneys General John Keeney and Kevin Maroney, Phil Wilens, Chief, Management and Labor Section, staff attorneys Joe Tafe and John Martin of the Statutory Unit which handled this case and appropriate officials of the Federal Bureau of Investigation, and specifically agent Larry Olsen.

Arrangements for your appearance may be made by contacting the Subcommittee counsel, Michael J. Ward, in Room 2361 Rayburn House Office Building, (202) 225-4351.

I look forward to receiving your testimony.

Sincerely yours,



John D. Dingell, Chairman  
Subcommittee on Energy and  
Environment

