

9-12

	Date: -0
TO:	Clay Whitehead
FROM:	J. Patrick Garner Pot
-TAON-	101

ACTION:

Approval/Signature	_
Comment	
Information /	
File	
Draft response for	
Roy L. Ash's signature	
For your handling	

REMARKS:

o This package is now with Bill Transmer for sign eff let you know if I'll let you know if there are any change

White of R-267 x 2903

## THE WHITE HOUSE

August 12, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ROY L. ASH

KEN COLE/

BILL TIMMONS

Attached are 16 decision and information memoranda that deal with the most pressing policy issues that now confront you.

Attachment

- Agriculture-Environmental and Consumer Protection Appropriation Act, 1975
- 2. Campaign Reform Legislation
- 3. Cargo Preference Legislation
- 4. Consumer Protection Agency (CPA) Legislation
- ERDA (Energy Research and Development Administration);
   Status of Legislation to create
- 6. Freedom of Information Act Amendments (H.R. 12471)
- 7. Juvenile Delinquency Legislation (S. 821)
- 8. Mass Transit
- 9. National Health Insurance
- 10. OEO Community Action Program
- 11. Omnibus Housing Bill of 1974
- Private Pension Reform Legislation "Employee Retirement Income Security Act, H. R. 2"
- 13. Safe Drinking Water Legislation
- 14. Surface Mining
- 15. Veterans Education Bill
- 16. White House Authorization Bill

### INFORMATION

August 12, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ROY L. ASH

SUBJECT:

Agriculture-Environmental and Consumer Protection Appropriation Act, 1975

On August 8, 1974, the President vetoed the 1975 appropriation bill providing funds for the Department of Agriculture, the Environmental Protection Agency, and other related agencies and programs. The major reasons are:

- -- It would have increased budget outlays by about \$150 million in 1975 and \$300 million in 1976, largely as a result of increased grants for rural water and sewer facilities and agricultural conservation practices.
- -- It would have further added to inflationary pressures by increasing USDA loan programs by about \$500 million.
- -- It would have transferred from HUD to EPA a \$175 million program to clean up the Great Lakes, even though the feasibility of such a program has not been proven.

House action, if any, will not be taken before August 22. We do not believe that either House will override the veto. Therefore, the likely course of action will be to prepare a new bill. We are working with Secretary Butz and the Appropriations Committee to develop an acceptable compromise.

WASHINGTON

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ROY LASH

INFORMATION

SUBJECT:

Campaign Reform Legislation

The Senate and House are now ready to confer on campaign reform. A serious effort in conference is not expected prior to the Labor Day recess since conferees have not yet been appointed. Final Congressional action prior to elections is unlikely because of wide differences on every major provision and most minor ones as well.

These are the main features of the bills, as contrasted with the Administration bill on which you and Bryce Harlow labored:

- -- PUBLIC FINANCING. House For Presidential elections only; full funding for general election, matching of small contributions for primaries. Senate For Presidential and Congressional elections; full funding in general elections; matching of small contributions in primaries. Administration No public financing provision (but under present law Presidential candidate can elect public funding for general election).
- -- EXPENDITURE LIMITATIONS. Imposed by both House and Senate bills; for Congressional races, House has much lower limitations. Administration no limitations but preserves existing limits for Presidential candidate opting for public financing. (Both Houses will compromise on limitations.)
- -- CONTRIBUTION LIMITATIONS. For individuals, relatively low in House bill, higher in Senate and Administration bills. For groups, similar limitations in House and Senate, no limitation in Administration bill. "In kind" contributions by groups prohibited in Administration bill; House and Senate permit up to contribution limitation.
- -- "DIRTY TRICKS". Administration bill contained several specific prohibitions; Senate contains a few; House bill silent.
- -- FEDERAL ELECTIONS COMMISSION. House Appointed by Speaker and President of Senate; lacks prosecutorial power. Senate appointed by President; has prosecutorial power. Administration appointed by President with consent of Senate; lacks prosecutorial power. (House clearly vulnerable to the charge that it is policing itself.)

Since both the House and Senate bills contain some form of public financing and expenditure limitations, the conference could well produce a final product in serious conflict with the Administration position which favors neither.

## OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

ROY L. ASH

SUBJECT:

Cargo Preference Legislation

Senate floor action on the Energy Transportation Security Act of 1974, S.2089, is imminent. The bill would require a fixed percentage of all petroleum imported into the US to be carried on US flag vessels.

All concerned Agencies and Departments have opposed the bill on grounds that it runs contrary to the foreign and domestic economic and political goals of the Administration. In spite of agency opposition, the legislation passed the House by vote of 266 to 136. The prospect of defeat on the Senate floor is uncertain. A veto signal was recommended to President Nixon by Rush, Simon, Timmons, Eberle, Flanigan and me, while Baroody and Cole were opposed. The veto signal was not given to the Congress, but Executive Agencies were urged to continue their opposition and to warn that they would recommend veto to the President.

Advocates of this legislation cite increased employment for shipyard workers and seamen, improved security of oil supply in emergencies due to an increased tanker fleet, and a balance of payments benefit. The Maritime industry strongly supports enactment.

Opponents argue that passage would whet protectionist appetites, increase domestic cost of oil and feed inflation, and violate our international treaties and obligations. They argue that the best means to expand the US-flag tanker fleet is through the direct subsidy program which has provided the largest shipbuilding program in our peacetime history.

### Recommendation:

That you authorize a veto signal. All concerned Departments and Agencies support this recommendation.

Agree	
Disagr	ee

WASHINGTON, D.C. 20203

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: Roy L. Ash

Paul H. O'Neill Weir FROM:

SUBJECT: Consumer Protection Agency (CPA) Legislation

### Background

The House passed legislation (H.R. 13163) to create a nonregulatory, Federal consumer protection agency in April by a vote of 293 to 94. The Senate has been filibustering a more liberal CPA bill (S. 707) since late July. Two cloture votes have failed by margins of 56 to 42 and 59 to 39. Another cloture vote is expected later this month.

### Key Facts

As a result of Administration negotiations with the House and Senate sponsors over the past year, the legislation has been moderated in a number of respects. S. 707 still has three features which the previous Administration indicated were totally unacceptable.

### Current Position

In a letter to Senator Curtis, President Nixon threatened to veto S. 707 if passed in its present form. Substitution of H.R. 13163 for S. 707 in the Senate is a remote possibility should the next attempt at cloture fail. Senator Ervin -- the leader of the S. 707 opposition -- is confident that he has the votes to block such a move. The Administration has not taken a position on H.R. 13163 since its passage by the House. Your options are to:

- -- remain silent pending the outcome on the Senate floor, or
- -- signal now a veto of H.R. 13163 should it be substituted by the Senate.

### Recommendation

We recommend that you indicate your opposition to S. 707 but that you take no position on H.R. 13163 since a veto threat seems unnecessary at this point to prevent Senate passage of CPA legislation.

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM:

ROY L. ASH

SUBJECT:

Status of Legislation to create an Energy Research and Development Administration (ERDA)

Last year the Administration submitted legislation to Congress to create an Energy Research and Development Administration (ERDA) by combining the nuclear R&D activities of AEC with nonnuclear R&D activities to be transferred from Interior, EPA, and NSF. The same legislation would also remove AEC's current licensing and regulation activities and set them up in a new independent Nuclear Energy Commission (NEC).

This legislation has already passed the House, and the full Government Operations Committee in the Senate. It is scheduled for floor debate in the Senate this week.

The bill which cleared the Senate Government Operations Committee is generally acceptable except for a provision creating a Council on Energy Policy. We feel that the Council would overlap and duplicate the role of existing mechanisms.

Our greatest concern, however, centers around numerous further amendments to the bill which may be pressed on the floor. Many about which we have information would be irrelevant and controversial and might be unacceptable to the Administration. Our intent is to oppose such amendments, with some prospect that Representative Holifield can clean up in conference those which we may not be able to prevent.

Timing remains critical. Our problems in managing our expanding energy R&D effort make it urgent that ERDA be enacted as soon as possible. Continued top level Administration support is needed to keep this legislation moving and to avoid unacceptable Senate amendments. OMB is also directing a substantial amount of planning time to insure an orderly transition when the bill is enacted. One short-term concern is the early designation of an Administrator for ERDA, and of the five-person Commission to head NEC. Recommendations will be made to you in the very near future for these appointments.

WASHINGTON

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ROY L. ASH

INFORMATION

SUBJECT:

Freedom of Information Act Amendments (H.R. 12471)

The Report of the Conference Committee on the Freedom of Information Act Amendments is imminent. The Committee is due to meet tomorrow (August 13) to resolve a final point of disagreement.

The probable amendments raise a number of serious administrative, financial, and Constitutional problems including provisions which would: set stringent deadlines for agency responses to requests for information; permit the award of attorney fees to successful plaintiffs in litigation over withheld information; permit in camera judicial examination of any withheld information (including classified information) to determine whether the information is appropriately withheld, with the burden of proof on the agency; limit the present law enforcement exemption to instances such as a clear invasion of personal privacy; and require court imposed sanctions against officials who withhold information "without a reasonable basis in law."

The Conference Committee will be requested to delay for one week its final meeting so that the conferees may have the benefit of your views prior to completing their report. Hopefully this process will permit further accommodation and make the bill more acceptable. This course is preferable to a decision now on whether to veto or approve the bill.

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

From: Paul H. O'Neill

Through: Roy L. Ash

Subject: Juvenile Delinquency Legislation (S. 821)

### Background:

The Administration sought a simple extension of HEW's juverile delinquency program, and proposed funding it at \$15 million in fiscal year 1975. (The Justice Department, through the Law Enforcement Assistance Administration, expends approximately \$140 million on juvenile delinquency activities.) Both the Senate and House have passed bills authorizing major new programs.

### Key Facts:

The House bill, passed by 329 to 20, would establish a \$75 million program in HEW. The Senate bill, passed by 88 to 1, would establish a program in Justice (LEAA), by adding \$75 million to Justice's current level of \$140 million. We understand that at the initial meeting of the conference committee, agreement was reached to place the program in Justice. The conference committee meets again on Thursday, August 15.

### Current Position

The Administration has opposed both bills, on the basis that another Federal categorical service delivery program is not necessary in this area. Extension of the present HEW program, along with LEAA funding, is a sufficient Federal response to the problem of juvenile delinquency.

### Recommendation:

Continue to oppose both bills. Either the House or Senate version should be regarded as a potential veto candidate.

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

FROM: Walter D. Scottaltaltal

THRU: Roy L. Ash

SUBJECT: Pending Mass Transit Legislation

Pressures have been building to expand Federal-aid to mass transit to include operating as well as capital costs. H.R. 12859, which supports one approach, is scheduled for House floor action on 8/14. Arguments in favor of Federal operating subsidies include:

- ... They would permit cities to receive adequate Federal transit funding without creating incentives for planning major uneconomic construction projects.
- ... They would help arrest deterioration of local service and/or prevent fare increases thus saving ridership.

Arguments opposing operating subsidies include:

- ... They would weaken local resolve to take a strong bargaining position in labor negotiations.
- ... They would substitute Federal funding for existing State and local funds.
- ... In a discretionary, non-formula, format, they would mandate detailed Federal involvement in wage negotiations, fare policy, and route structure.

### Principal approaches to operating subsidies in connection with H.R. 12859:

- Support H.R. 12859 which provides discretionary (non-formula) subsidies for about 10 cities and formula subsidies for others.
- 2. Oppose present H.R. 12859 subsidy structure. Support operating subsidies only on a formula basis which would permit local capital/operating trade-offs.

Recommendation: DOT: Support Option #1. With a tough stance on funding levels and other aspects of program structure, we can achieve a relatively acceptable bill. Otherwise, there may be risks of worse legislation. OMB/Domestic Council: While Option #1 may be acceptable as a fallback position later in the legislative cycle, we recommend that you support Option #2 now: operating assistance to be acceptable only in a formula format and preferably with a low matching share. Believe we can resist other potential worse legislation.

Agree wi	it	h	*
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Option	#1		Option	#2	
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WASHINGTON, D.C. 20503

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: Roy L. Ash
FROM: Paul H. O'Neill

SUBJECT: National Health Insurance

### Background

On behalf of the Administration, HEW submitted to Congress the "Comprehensive Health Insurance Plan" (CHIP) legislation in February. While there are a dozen bills in Congress, major competitors to CHIP are the Kennedy-Mills bill and the Iong-Ribicoff bill.

### Key Facts

All three bills would provide for (1) cost-sharing to discourage over-utilization of services and (2) the regulation of hospital reimbursement rates and physician fees.

CHIP, however, is voluntary and it relies on State financial participation and regulation and builds on the private insurance industry. The Kennedy-Mills bill would mandate comprehensive benefit coverage and "federalize" health care by financing benefits through increased Social Security payroll taxes with Federal administration; private health insurance would be virtually eliminated. The Long-Ribicoff bill is a "gap filler," stressing insurance for catastrophic care and improvements in the Medicaid program for low income people. Medicare would be continued under all three bills.

### Current Position

We are still pressing Congress to act on CHIP and we have indicated that there is room for compromise. On national television, Secretary Weinberger reaffirmed your support for CHIP and indicated you had participated in its development.

### Recommendation

We recommend that you indicate support for national health insurance along the lines of CHIP, but that you strongly oppose a federalization of health care financing or an increase in social security payroll taxes for health insurance.

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WASHINGTON, D.C. 20503

Opin MEMORANDUM FOR THE PRESIDENT

Paul H. O'Neill

Through: Roy L. Ash

Subject: OEO Community Action Program

### Background:

The Nixon Administration, from 1969 on, considered direct Federal support of the Community Action Program inappropriate. They first considered folding this program into Urban Community Development Revenue Sharing, but that option was subsequently dropped. The budgets for 1974 and 1975 then proposed termination of OEO and Community Action.

### Key Facts:

The Congress is considering bills which would either continue Community Action in a new, separate agency, or transfer it to HEW. (A transfer bill has passed the House 331-53.) State and local officials across the political spectrum strongly support Community Action as a Federal program. The Community Action appropriations authorization expired June 30, 1974, and the program currently operates under the Continuing Resolution. The basic authorization for the program itself expires June 30, 1975.

### Current Position:

The Administration has proposed a bill to discontinue the program and authorize HEW to oversee the orderly phase-out of Community Action activities in 1975.

### Recommendation:

Maintain current position.

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

THROUGH:

ROY L. ASH

FROM:

PAUL H. O'NEILL

SUBJECT:

OMNIBUS HOUSING BILL OF 1974

Mine

Background

A conference committee has recently completed work on the first major revision of housing legislation since 1968. The bill authorizes major changes in the provision of Federal assistance for community development and housing. Features of proposals originally submitted by the Administration—the Better Communities Act and the Housing Act of 1974—have been incorporated in the new bill. Final congressional action is expected this week.

Key Facts

The bill contains a community development block grant program which conforms in most major respects with the Administration's proposed Better Communities Act. It also authorizes changes in the provision of low-income housing assistance through a leasing approach similar to the Administration's current proposal.

Several features of the bill have not been supported by the Administration: extension of the below-market interest rate subsidy programs, reinstatement of a direct loan program for elderly housing, guarantee of State housing agency bonds and other provisions which would loosen insurance and other Federal financing authorities.

Current Position

The Administration has generally supported the community development and housing features of the House-passed (351-25) bill which included some of the reforms originally proposed by the Administration. The Senate passed bill (76-11) has been regarded as unacceptable and a veto threat was given. The bill reported out of conference appears to be an even mixture of provisions from both bills.

Recommendation

The complete text of the bill is not yet available, thus the ultimate programmatic and budgetary impact is not yet known. We recommend that no public position be taken on the bill until a full analysis of the provisions has been completed.

## OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

THRU:

ROY D. ASH

FROM:

PAUL H. O'NEILL

SUBJECT:

Private Pension Reform Legislation - "Employee

Retirement Income Security Act, H.R. 2"

### Background

An omnibus pension reform bill, H.R. 2, is expected to be filed in the House this week. The bill would (a) establish minimum standards for participating, vesting and funding in private pension plans, (b) establish more stringent fiduciary standards based upon a "prudent man rule" and a stiffer set of prohibited transactions, (c) increase the reporting and disclosure requirements, and (d) establish a new government corporation, the Pension Benefit Guaranty Corporation, which will provide mandatory insurance of pension benefits. The bill would correct many of the defects in the Nation's private pension system. However, the termination insurance program contains provisions which may leave the Pension Benefit Guaranty Corporation open to significant abuses.

### Key Facts

The bill has broad support. The Senate passed its version by a vote of 93 to 0 and the House passed its version by 375 to 4. Early effective dates for Termination Insurance will make implementation difficult.

### Current Position

The Administration has made numerous recommendations to the Conference, some of which have been accepted. No position has been taken on the final Conference bill. The affected agencies will probably recommend approval.

### Recommendation

Although the bill contains a number of significant technical deficiencies, on balance it would deal with the major defects of the private pension system and should be approved.

### EXECUTIVE OFFICE OF THE PRESIDENT

### OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Safe Drinking Water Legislation

Purpose: The purpose of the legislation is to meet the growing public concern that drinking water supplies meet standards for the protection of public health,

Background: The prior Administration introduced a Safe Drinking Water bill (H.R. 5368) in February 1973. The bill would provide for national drinking water standards and would insure that the public be informed of the quality of the water it drinks. Enforcement would remain with the States and with an informed citizenry. The Federal Government would retain enforcement powers only in cases of imminent hazard.

The House bill (H.R. 13002) extends the scope of Federal standards to include regulation of intake water supplies, the manner in which plants are operated, and the siting of new plants. This bill also pre-empts the State's right of enforcement, to be returned to the States only if they meet certain Federal requirements. In all cases, the Federal Government would retain an item veto power over State decisions on the enforcement of standards, with the possibility of back-up Federal enforcement. Finally, the House bill contains provisions for a Federal regulatory program for underground injection wells.

Status: The Senate passed a bill in June of 1973 (S. 433) that is similar to the House bill in major respects. The House bill has cleared the Committee on Interstate and Foreign Commerce and is about to go to the floor.

Last November, Administrator Train wrote, with OMB encouragement, a strong letter to Chairman Staggers supporting the prior Administration's position. Several weeks ago, we wrote a letter to Congressman Rhodes soliciting his support to lead a fight against the House bill on the floor.

Next Steps: I plan to talk to Congressman Rhodes to confirm our earlier position and work out the best possible resolution before the House takes final action on this bill. Please indicate below whether you concur.

Roy L. Ash Director

AGREE DISAGREE SEE ME

# OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

August 12, 1974

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Strip Mining Legislation

### Background

Prior Administration proposed legislation to establish reclamation and environmental standards for mining of all types of minerals. Bills, limited primarily to surface (strip) mining of coal, have passed both houses with much controversy in the House, particularly because of potential coal production losses.

### Major Remaining Issues (in approximate order of importance)

- The Senate bill among other things prohibits surface mining where the Federal Government owns mineral rights but not the surface rights (Mansfield amendment) thus affecting large areas of several western States. The House bill does not prohibit such mining, but in requiring consent of the surface owner is likely to give him windfall profits.
- . Unique unemployment and economic assistance provisions would set precedent by providing benefits to one narrow group, undermining the principles of our unemployment programs.
- . House bill earmarks revenue from OCS leasing for reclamation of orphan strip mined lands and is inflationary.
- . Gives Federal Government too large a role in enforcing State programs.
- . Interim Program requirements of the Senate bill are likely to cause partial moratorium on surface mining.
- . Abandoned Mine Reclamation program in both bills could lead to windfall profits for private landowners.

### Actions Taken and Underway

- . Conferees have met once and are expected to continue negotiations on August 15.
- . Interior Secretary Morton informed conferees of Administration desires on the bills and his staff is working for adoption of a number of very important changes including deletion of some provisions in both bills.

Roy L. Ash

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

THROUGH:

ROY L. ASH

FROM:

PAUL H. O'NEILL

SUBJECT:

VETERANS EDUCATION BILL

### Background

The 1975 budget proposed an 8% increase in the monthly benefits to allow for a cost-of-living increase. The Administration bill was introduced. House and Senate sponsored bills were independently introduced. The House passed bill (382-0) raised the benefits 13.6%. The Senate passed bill (91-0) raised the benefits 18.1% and contained provisions authorizing tuition payments, a direct loan program, and nine additional months of education entitlement (36-45 months).

### Key Facts

The monthly benefits need to be raised in order that veterans can keep pace with the cost of living.

The tuition payments, the direct loan program and the entitlement extension are the most objectionable provisions. They would add over \$800 M to the 1975 budget. The House Committee leadership has joined the Administration in opposing the Senate on all three provisions. The Conference has been stalemated. A veto threat letter was sent to the Senate Committee Chairman regarding the provisions of the Senate bill other than the rate increase. The Administration is committed to accepting a cost-of-living increase consistent with the cost of living since the last change in benefits.

### Recommendation

The Administration should continue to oppose the tuition assistance payments, the direct loans, and the entitlement extension. We should push hard for the long overdue cost-of-living increase.

WASHINGTON

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: ROY L. ASH

SUBJECT: WHITE HOUSE AUTHORIZATION BILL

On August 7 the Senate tabled H.R. 14715, the conference bill to provide authority for White House and Vice Presidential Office appropriations which had already been agreed to by the House. This placed pending appropriations for the White House and related activities, which depend in part on the expected enactment of the authorization bill, in some jeopardy.

Through a parliamentary maneuver the House has today passed the conference bill once again, sending it to the Senate for agreement. The Senate plans to take it up this Wednesday, and hopefully will clear it for your action. To do so, however, will require some accommodation with Senator Weicker, whose efforts to secure an amendment limiting access to Internal Revenue Service tax records were chiefly responsible for tabling the conference bill.

H.R. 14715 does not provide everything we sought, but it represents a reasonable compromise which overall is acceptable. Even though we have some indication that the Appropriations Committees may modify their conference report to take into account possible non-passage of H.R. 14715, we still feel pressing for an authorization bill is warranted. With Bill Timmons' help we will continue on this course.

WASHINGTON

August 13, 1974

MEMORANDUM FOR:

CLAY WHITEHEAD

FROM:

WARRENDRIKS

SUBJECT:

Presidential Memorandums

Per your conversation with Ken Cole earlier this morning, I am forwarding several memorandums which Ken sent to the President today which may be of interest to Don Rumsfeld and other members of the Transition Group.

These memorandums have been sent through the normal Staff Secretary routing system. Should you have any questions or need additional information, please let me know.

Attachments

OEO CA.P.

WASHINGTON

MEM	ORAL	NDUM	FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Enrolled Bill H. R. 15074 - the District of Columbia Campaign Finance Reform and Conflict of Interest Act

This is to recommend early signature of Enrolled Bill H. R. 15074. Enrolled Bill H. R. 15074 sets forth campaign contribution and expenditure limits, reporting requirements, and financial disclosure requirements for local elections in the District of Columbia. The bill was received on August 7, 1974, and ordinarily would not require a signature decision until August 17. Because of the proximity of the primary election date of September 10, 1974, the District of Columbia requests an early signature in order to permit the maximum candidate reporting time prior to the primary. If signed on August 14, 1974, the bill deadline for candidate reporting (21 days after enactment) would be September 4, 1974.

### Recommendations

Mr. William Timmons, Mr. Dean Burch, and the Office of Management and Budget concur.

### Recommendation

That you sign Enrolled Bill H. R. 15074 - the District of Columbia Campaign Finance Reform and Conflict of Interest Act.

Approve	Disapprove	
TT	- Toubbrote	

THE WHITE HOUSE WASHINGTON August 13, 1974

MEMORANDUM FOR

THE PRESIDENT

FROM:

KEN COL

SUBJECT:

TRANSIT OPERATING SUBSIDY

The House will consider tomorrow a mass transit bill. This is a \$20 billion 6-year bill which includes funds for operating subsidy. Our bill provided \$9.3 billion and allowed for a limited operating subsidy program which would go out on a formula basis, thus forcing local and State officials to make the decision whether to use the funds for capital or operating purposes. The Committee bill would put the funds out on a discretionary basis which could result in detailed Federal involvement in local wage negotiations, fare policy, etc.

Representatives Rhodes and Harsha have indicated serious problems with the operating subsidy provision of the Committee bill. Although amendments will be offered on the floor to tighten up this provision, they are expected to run into severe opposition by the Democrats, especially those from the large cities. Mr. Harsha has requested an Administration position on the funding level and operating subsidy issues.

Secretary Brinegar is prepared to respond, stating that we still support our funding level of \$9.3 billion as meeting transit needs consistent with our fight against excessive Federal spending. He will not draw a firm line but indicate some flexibility.

I recommend you approve as does Bill Timmons and Roy Ash.

							4 4		-			
The	Secret	ary	is	also	prepared	to	endor	se	the	Rho	des-F	arsi
arqu	ments	agai	nst	the	Committee	hi	7710			-		Jan

Disapprove

na bill's operating subsidy provision. He will leave the door open for a narrower, formula-based subsidy similar to the Administration bill.

I recommend you approve as does Timmons and Ash.

Approve

Approve		Disapprove	
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WASHINGTON

August 13, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CAVANAUGH

SUBJECT:

AL QUIE

You mentioned you would be calling Al Quie later in the day.

Al called about 3:00 p.m. this afternoon to determine what your position might be at CEO and the Community Action Programs. You will recall that our previous position has been to oppose any extension of OCO or any transfer of Community Action Programs to HEW. In spite of this opposition, the House passed a bill transferring the Community Action Programs to HEW. The Senate has yet to act.

Al reports that there is some interest now in the Senate in passing a simple one year extension of OEO and providing authority at the end of 12 months for the President to reorganize OEO into other agencies.

It seems you have four possible options:

- Continue to oppose an extension of OEO and/or transfer of Community Action Programs to HEW;
- Support House passed bill transferring Community Action Programs to HEW;
- Support Gaylord Nelson's idea of a simple one year extension of OEO with reorganization authority for the President;
- 4. Support Javits' idea to establish a separate agency for the Community Action Programs.

I simply wanted to call this to your attention before you telephoned Al Quie. We are working on a brief option paper giving you the pros and cons on each of the four alternatives and you should have this available for your review tomorrow.

WASHINGTON

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

MEETING WITH GEORGE MEANY

You may wish to raise with George Meany the subject of a possible national coal strike. The current United Mine Workers of America contract expires on November 12. Negotiations may begin as early as August 12 but your labor advisers, principally Bill Usery, Director of the Federal Mediation and Conciliation Service, 'conclude that a strike is nearly inevitable.

Arnold Miller has announced that the United Mine Workers will conduct a memorial shut-down next week beginning August 19 and running through August 23. This will dramatize the position of the mine workers and to draw down coal inventories.

Although the AFL-CIO does not have particularly close ties with the United Mine Workers, George Meany's position will be a critical factor in determining the reaction to the use of Taft-Hartly if this becomes necessary and the success of any legislative remedies if Taft-Hartly fails.

One serious difficulty is that Meany and Secretary Brennan do not get along at all. Further, we might have difficulty in using Bill Usery to provide this link with the AFL-CIO because it could undercut his position as the impartial mediator.

I recommend that you raise the coal strike subject with George Meany and seek his advice on what actions the government should be considering both in terms of the labor situation and in terms of protecting the national interest.

If the question comes up as to who in your Administration will be the point of contact with the AFL-CIO, I recommend that you do not make any firm commitment at this time but rather seek Meany's advice.



WASHINGTON

August 13, 1974

MEMORANDUM FOR THE PRESIDENT

FROM: KEN COLE

SUBJECT: OEO Community Action Program

Al Quie has requested your views on this issue.

### Background:

The Nixon Administration, from 1969 on, considered direct Federal support of the Community Action Program inappropriate. They first considered folding this program into Urban Community Development Revenue Sharing, but that option was subsequently dropped. The budgets for 1974 and 1975 then proposed termination of OEO and Community Action.

### Key Facts:

The Congress is considering bills which would either continue Community Action in a new, separate agency, or transfer it to HEW. (A transfer bill has passed the House 331-53.) State and local officials across the political spectrum strongly support Community Action as a Federal program. The Community Action appropriations authorization expired June 30, 1974, and the program currently operates under a Continuing Resolution. The basic authorization for the program itself expires June 30, 1975.

### Current Position:

The Administration has proposed a bill to discontinue the program and authorize HEW to oversee the orderly phase-out of Community Action activities in 1975.



- 1. Support the House bill which would eliminate OEO and transfer Community Action to HEW.
  - Pro -- This would recognize the strong House sentiment for Community Action.
  - Con -- Would probably rule out any future chance of phasing out Community Action.
- Support the House bill with an amendment providing Executive reorganization authority to break up Community Action within HEW at the end of 12 months.
  - Pro -- Would give you an opportunity to reassess the situation after one year.
  - Con -- It could be both difficult and unwise to move this program twice in such a short period of time.
- 3. Support Gaylord Nelson's proposal for a 12 month extension of OEO with reorganization authority at the end of the year.
  - Pro -- Would put the issue to rest for now and give us the opportunity for a better deal next year.
  - Con -- Would continue a crippled OEO for 12 months with the possibility Community Action would end up in HEW after all.
- 4. Indicate support for Javits' proposal for an independent community action agency within the Executive branch.
  - Pro -- Would be recognizing support for Community Action.
  - Con -- Such an agency could be more difficult to phase out than an HEW program.

- 5. Maintain opposition to any legislation to continue Federal support of Community Action.
  - Pro -- Would be consistent with philosophy that Community Action is more properly a State/local program and save the Federal Government over \$300 million.

Con -- Veto may not be sustained.

### Staff Views

Ash (O'Neill) Option 5 - maintain our current position of opposition "I don't have \$300 million."

Timmons

Option 5 - maintain opposition.

### Recommendation

I recommend we maintain opposition - for time being - we can always switch later.

### Decision

Option	1.					
	2.					
	3.					
	4.					
	5	(Recommended	by	Ash,	Timmons,	Cole)

go Production & typus Sat+ Som. TRANSITION TEAM DISCUSSION with the President Oval Office August 15, 1974 The Transition Team is working on five principal subjects which we plan to present to the President next Tuesday or Wednesday. The purpose of this meeting is to review the approach we are taking to make sure it is what will be most useful to the President. White House and Executive Office Organization 2-390 Fri 12:00CTW A. Principale 5 B. Discussion of economic policy organization Specific Opportunites as you move forward the Ford Presidency over the next few months Specific new ideas Review of Nixon Administration's policy proposals in process for more CTWIII. Meetings with Key Individuals DR IV. Implementation AM June 16 DR. long charts

### TRANSITION TEAM DISCUSSION FOR MEETING WITH THE PRESIDENT 5:00 P.M. -- August 15, 1974

We are working on five principal areas which we will present to you in our final report on Tuesday or Wednesday, depending on your schedule. The purpose of this meeting is to review the approach we are taking and to make sure it is what will be most useful to you.

### I. White House and Executive Office Organization

### Considerations

Organizational considerations with respect to the White House staff and the Executive Office of the President, which could contribute to the establishment of a successful Ford Presidency:

- A. First, the needs of the President must be met. The Executive Office of the President must provide assistance on legal matters, personnel, press, Congressional relations, schedule services, speeches and public liaison. The President also will require coordination for National Security policy, domestic policy, economic policy and budget. The President must find arrangements for dealing with these areas of responsibility that suit his needs, his working preferences and the circumstances of the country.
- B. Second, the arrangements should be such to avoid isolation of the President by providing a flow of information, access to the President, a span of control that can be handled while still allowing time for reflection, and an orderly but inclusive decision-making process.
- C. Third, the arrangements should help to set a tone that truly reflects the man and the times and turn the White House from a besieged bastion into the residence and offices of the people's President. Examples include steps such as reducing the size of the White House staff by belt tightening as well as having more functions performed in the Departments, reducing the number of prerequisites and trappings of power to minimize the danger of a self-contained White House. For example, it might be healthy if more members of the White House staff ate lunch, and had their hair cut outside the complex and if fewer used government vehicles.

Windshe ong Mit maked

- D. Fourth, a strengthened Cabinet department system would suggest greater access for Cabinet officers, improved policy guidance to Cabinet departments; less White House and OMB involvement at the present levels of specificity.
- E. Fifth, while change is in order in terms of relationships with the press, Congress, and Cabinet departments, the country cannot be run like the United Nations and the President is not a Secretary General. There is but one President and, while full communication during the decision-making process is needed, it must end in a decision, and this requires an orderly process with someone responsible for seeing that it works.
- F. Sixth, any arrangement decided upon will evitably change and be adjusted during the term of office, as the President changes and the times change. And that is good. The danger is not change, it is that resistance to change which is a fact of life in such an organization might inhibit those changes as they are needed.

Our suggestions, therefore, are simply suggestions as a way to begin or, in some instances, a direction to point.

### Example: Economic Policy Organization

You specified five areas of organization you particularly wanted us to consider: economic, press and public affairs. domestic policy, personnel, and legal.

As an example of the approach we expect to give you next week, here is a preliminary report on economic structure:

### Present Economic Arrangements:

The Rush Office seems to have been established to ameliorate a Simon-Ash conflict. The Council on International Economic Policy was established to reduce conflicts among State, Treasury and the Special Trade Representative. And the CEP was designed for George Shultz' special role as Assistant to the President for Economic Policy.

Most everyone we have talked to favor elimination of the Rush Office.

- Greenspan believes the Council of Economic Advisers should be a "consulting operation for one client, not 'the' spokesman for economic policy."
- There is considerable feeling that the President will want to personally deal with economic policy. To do so, he will need strong and not fragmented staff support.

Major options include:

- A. The Rush Office
  - 1. Eliminate
  - 2. Status quo
  - 3. Strengthen and make this person your spokesman on economic policy
- B. Council of Economic Advisers
  - 1. Make Chairman your spokesman and chief economic coordinator
  - 2. Use Chairman as your "consultant" while you are chief spokesman
  - 3. Focus CEA on domestic economic policy
- C. Council on Economic Policy
  - 1. Eliminate
  - 2. Focus on domestic economic policy under chairmanship of the Secretary of the Treasury
  - 3. You chair CEP, use it for all economic policy, and establish separate subcommittees for domestic and international matters

### D. Council on International Economic Policy

- 1. Eliminate by legislation at an about try now.
- 2. Change chairmanship from the President to the Secretary of State and use to coordinate all international economic policy
- 3. Merge with Office of the Special Trade Representative

### E. Special Trade Representative

- 1. Status quo
- 2. Merge with CIEP
- 3. Merge into Department of State
- 4. Merge into Department of Commerce

Our recommendation on this complex issue would take the form of one option from each category. For example,

	A-1
	B-2
or	C-3
	D-2
	E-3
	or

Thoughts on establishing the Ford Presidency over the next few months

Rationale

### A. Specific New Ideas

To start establishing a Ford Presidency, there are some specific actions you might take, both in approach and in substantive areas, over the next two or three months. We expect to have a number of such items for consideration early next week. Some examples:

1. There has been much positive comment about your commuting from your Alexandria home. Although this cannot continue, you might consider extending a personal invitation to King Hussein for cocktails at your home Friday evening, and then drive with him to the State Dinner at the White House.

Sta Partiers

2. There is some feeling that you could unite most of the country around an appropriate proposal of earned immunity (as opposed to amnesty) for the Vietnam war draft evaders and desserters. This would have to be checked carefully on the Hill beforehand. Very likely it could best be done soon if you are interested.

3. Former Presidents have established the pattern of having the Hill come to them. You could consider going through with the invitation you accepted earlier for luncheon with Mike Mansfield and the Murphy Commission on Organization of Foreign Policy, hosted by Arend Lubbers.

B. Review of policy proposals now in process

The OMB and Domestic Council are preparing a number of memoranda for your review on the policy proposals and pending legislation "in the pipeline." You will receive information and options on these items from them. We are reviewing these items and will call some to your attention before we disband the Transition Team with suggestions on how you might wish to handle them in a way significantly different from the current thinking of the OMB and Domestic Council staffs.

### III. Meeting with Key Individuals

One legacy you face is the accumulated hostilities with a number of segments of our society. While it is assumed that your Administration will continue many of the same policies, it is important to avoid carrying over the hostilities. We are preparing a list of individuals from business, the arts, religious, academic, and other interest groups to meet with you. This group will contain a number of distinguished leaders in their fields, and also some small businessmen, small town law enforcement officials, etc., who are not normally found on such a list.

When these lists are completed, we will pass them on to Al Haig for consideration in the normal scheduling process, except perhaps for one or two key groups that we think you should meet with in the next few weeks.

burg diquesto we should go Implementation

The recommendation in our final report will be designed to be carried out through the White House structure. Other items. such as organization and key personnel changes, may best be handled through some special procedures. We will make recommendations as to how you might wish to proceed after we have submitted our report. ments to lighting and

### Transition Team

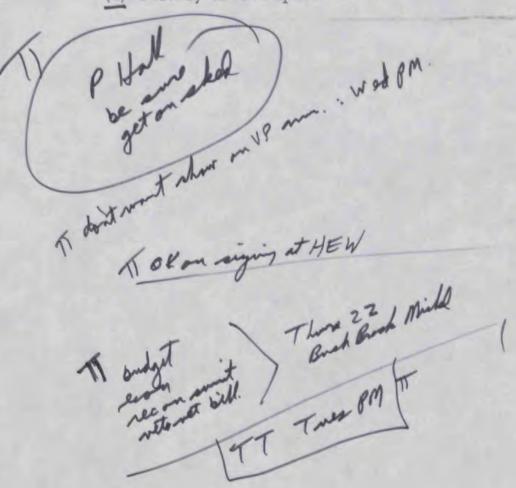
We suggest a meeting be scheduled Tuesday or Wednesday of next week to discuss with you our final report. At that time, we recommend that this phase of the transition be considered completed and the Transition Team disbanded.

(1) Date for next and final meeting of Transition Team

(2) Approval of our recommended approach

(3) Press guidance

(4) Privacy of our report



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Date	Economic	Budget	Policy and Programs	Congressional	Press
Aug. 23- Sept. 4 Aug. 23- Sept. 11				Senate in recess House in recess	
Sept. 1	Pre-summit	FY 75/76 budget estimate	Legislative and program review	Vice Presidential Hearings	
		Gross option development	Identify policy options	FY 75 Appropriations	Vetoes?
Oct. 1	Summit	Summit	Summit	Summit	Summit
		Options analysis	Options analysis		President Announces FY75
	Preparation for Summit No.	Major defense and domestic alternatives	Major domestic policy tradeoffs		Budget
		Preparation for Summit No. 2	Preparation for Summit No. 2		
Nov. 1	Elections	Elections	Elections	Elections	Elections
	Summit No. 2	President makes ma	jor policy and budget decisions	Summit No. 2	Summit No. 2
		Budget decisions for President developed	FY 76 program development		VP installed Japan?

Date	Economic	Budget	Policy and Programs	Congressional	Press
Dec. 1		Final budget decisions	Final Presidential program decisions	Congress leaves	
	Economic Message preparation	Budget preparation Budget Message preparation	State of the Union preparation		Holiday Spirit
Jan. 10	State of the Union	State of the Union	State of the Union		
Jan. 15	Economic Message	Economic Message	Economic Message		
Jan. 20	Budget Message	Budget Message	Budget Message		
Feb/Mar.	FY 76 spending limit	Congress votes		Congress sets Budget limits	Presidential Messages
Mar/April	International Economic Summit			Authorization and appropriations	on New
	+				Programs
					¥ ,
,				*	193

Defense	Domestic	<u>Total</u>
\$85	A. \$230	A. \$315
	B. \$235	B. \$320
	C. \$235	C. \$320
\$90	A. \$230	A. \$320
	B. \$230	B. \$320
	C. \$235	C. \$325
\$95	A. \$235	A. \$330
	B. \$235	B. \$330
	C. \$240	C. \$335

# Defense Option 1 Domestic Options A, B, C

#### Human

	Resources	Commercial	Other
Non-Legislative	A B \$50(-3) C		
Impounding	A B C		
Legislative	A B C		

Bryce tather to f Tower re Grayeon Vil relations + ability. Byrne: still ought be name of "party flavor"

Any had one Republ, unexime on Afric flavor

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eg. Form state cher (Wisconin) Got to be conful from les on out. Castion! Buly to polis:

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Who's reaching on new andget ato? 7 An office of Sec 4 shiftle calle to Everyone's calling the people who have their names in the paper. Exop info office

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#### Introduction

## I. First Principles

During his activities of the very first week there are several first principles which the new President will have in mind, put into practice, and project to others both inside and outside of the government. They should, in other words, guide him both with regard to the actions he takes and the signals he conveys, as they will limit or expand the scope of his future options. Such first principles can be set forth as follows:

- 1. Confidence and trust of the American people in their political leadership, institutions, and processes. This is the major principle and the others relate to it.
  - 2. Assumption of control which is firm and efficient.
    - -- Take charge of the executive machinery of the government.
    - -- Set up an orderly and efficient transition system.
    - -- Begin to make personnel changes which bring his own, able men in to replace those who are deeply involved in the previous regime.
    - -- Start the process of education which any President must undergo to (a) bring him up to speed on the most urgent defense and foreign policy issues and (b) identify the key upcoming policy problems and get on top of them, particularly the economy.
    - -- Avoid premature decisions and commitment on major issues.
- 3. National feeling of unification and reconciliation enabled by the character and style of the new President.
  - -- Projection of basic decency and honesty; steadiness; respect rather than paranoia, defusing "enemies" mentality.

- -- Openness, candor in dealing with American public and basic institutions of government such as Congress, Courts, Cabinet Departments, States, Party; confidence in America's diversity and pluralism.
- -- Accessibility rather than isolation; consultation and delegation rather than secrecy and one-man control.
- 4. Continuity and stability particularly in the defense and foreign areas of U.S. policy. The new President must make the policy in all areas his own, and this will take analysis and reassessment of U.S. interests, objectives and strategy, but at the beginning there is a need for public reassurance that we are not on a course of trauma and disruption.

## II. Personnel Policy

- 1. There is an imperative case that the new President establish his leadership in the area of important appointments early in his Administration by replacing many present incumbents with his own choices of strong, competent men. This must be done fairly, delicately and skillfully and without forgetting continuity, but he should act to separate himself from the existing policy machinery and cadre. This is because of the following factors:
- -- By and large, the men filling the most important jobs immediately around the President (this applies, but to a lesser degree, in the Cabinet) have lost their capacity to hold the confidence and trust of the body politic. There are a few special exceptions, and in other cases discrediting may be undeserved and valuable service performed but the ability to win back essential support nevertheless lost. The American public does not want retribution but it does want new people.
- -- There is too much of an image in the current Administration of men who played on an exclusive team, who lacked fundamental experience, who could be characterized by mediocrity rather than talent, and who put partisan and personal interest above public interest, the Constitution and the Republic. This must be turned around.
- -- Men presently serving are liable to be both exhausted physically and emotionally and quite naturally preoccupied, in some instances to the point of obsession, with justifying past behavior and record and protecting personal interests and futures. It is a fact of life that they do not owe their allegiance to the new President or his purposes.

- -- The intensively complex and crucial challenges to government leadership simply cannot be effectively addressed without a lot of competent and talented men of strength and stature who are first of all loyal and responsive to the new President and his Administration.
- 2. The kind of person the new President selects depends on the specific position and requires a great deal of work, but general criteria could include the following --

For interim transition appointments:

- -- Trusted by and loyal to the new President (personal acquaintanceship not needed in all instances).
- -- High intelligence and some substantive knowledge.
- -- Understanding/experience about structure and process in White House, Executive Branch and/or Washington.
- -- Politically savvy.
- -- Managerial skill (but not in all cases).
- -- Qualities of resourcefulness, sensitivity, and stature/"command" in working with, organizing/directing and judging people.
- -- "No future claim" on long-term jobs (doesn't require total exclusion from subsequent consideration).

And for high-level, long-term institutional posts; selected criteria from preceding list, plus:

- -- Independent public or political stature, assuring more accountability and less sycophancy.
- -- Highest competence in leadership and managerial qualities.
- -- Substantive expertise in area of responsibility so perceived and with respect in relevant community.
- -- Capable of grasping solutions to future problems with vision and imagination.

## III. President's Major Themes

There are several major themes or points of emphasis which could be usefully employed by the new President personally and explicitly in public statements during the first few days of his Administration. Many of these are inherent in the preceding discussions, but can be usefully and quickly enumerated here.

- 1. In the event that the new President wants to say something appropriate but brief at his swearing-in he could include the following tonal points: simple and sober message; neither strident nor defensive; showing strength and humility; stressing unification and healing; demonstrating that he is representative of all the people.
- 2. For his first nationally televised message to the people, basic themes could include the following:
- -- Respect for and reliance on the great institutions of the Constitutional system as mutually reinforcing participants.
- -- Openness, access, candor, fairness, broad-based representative Administration (but not going overboard as RMN has done and appearing phoney).
- -- Creating a system which will lead and manage the Government efficiently, effectively and responsively: transition arrangements, early identification and addressing of critical issues, quality appointments.
- -- Most important issues facing the nation are credible government, national security, inflation.
  - -- Continuity in defense and foreign policies.
  - -- Adequate priority will be given to domestic problems.
- -- Intention as first order of business to nominate a new Vice President.

## Foreign and National Security Policy

## Key agencies and functions:

## Military and Foreign Policy

State and Defense have the major roles in making and executing policy.

The Central Intelligence Agency (CIA) was established by the National Security Act of 1947 to collect and analyze intelligence information. By law, the Director of CIA reports to the National Security Council.

The National Security Council (NSC), composed of the President, the Vice President, the Secretary of State, and the Secretary of Defense, was established by the National Security Act of 1947, amended by the National Security Act Amendments of 1949, to advise the President with respect to the integration of domestic, foreign and military policies relating to national security.

The position of executive director of the NSC and a staff are established by statute in the Executive Office of the President. However, in the Nixon Administration the NSC staff has been directed by the Assistant to the President for National Security Affairs and his deputy or deputies on the White House staff.

By calling meetings of the National Security Council, the President can

- -- dramatize his concern and involvement in major foreign policy issues and crises
- -- explain his views and policies to his principal national security advisers
- -- afford his advisers an opportunity to explain their views to him.

In addition, President Nixon and his national security adviser created within the NSC framework an elaborate system of committees and procedures to direct and coordinate the making and execution of national security and foreign policy. It worked as follows:

-- the President would direct an Agency or Task Force to study a major issue via a National Security Study Memorandum;

- -- the study report would be reviewed by the NSC Review Group, chaired by his national security adviser and composed of number two men in the affected agencies:
- -- an NSC meeting would be held to review the report and its recommendations;
- -- if Presidential decisions were called for, the President, after the NSC meeting and following discussions with his national security adviser and others, would issue a National Security Decision Memorandum.

For some purposes, permanent committees composed of Under/Deputy Secretaries, often supported by assistant/deputy assistant secretaries level working groups, would be created to direct a continuing program of studies and investigations, from time to time reporting to the President. Such committees have included:

- -- a Verification Panel to deal with strategic arms control issues,
- -- a Vietnam Special Studies Group,

4 11 . .

- -- a Defense Program Review Committee,
- -- a Washington Special Actions Group for crisis management,
- -- committees dealing with intelligence programs and operations.

Because of his active supervising and coordinating role, the national security adviser has been supported by a sizeable staff (100-150 members).

The President is advised from time to time by the President's Foreign Intelligence Advisory Board, established by Executive Order 11460 of March 20, 1969. This board of nongovernmental Presidential appointees advise the President on the national Intelligence effort, reviews intelligence activities of the Federal Government, and recommends actions to increase intelligence effectiveness.

# International Economic Policy.

On January 19, 1971, the President created the Council on International Economic Policy (CIED), composed of 15-20 Cabinet officers and other senior officials. The Council was statutorily authorized by the International Economic Policy Act of 1972. It was created as a coordination mechanism

for the more than 60 agencies or other units of the Federal Government involved in some aspect of foreign economic affairs. An Assistant to the President is executive director of the Council and supervises its activities and a small staff.

As a practical member, the Council itself rarely meets; it is much too large to be useful. It mainly is used as a vehicle for the Council staff to direct studies, oversee agency activities and coordinate policy development.

The Office of the Special Representative for Trade Negotiations was established as an agency in the Executive Office of the President by Executive Order 11075 of January 15, 1963, as amended. The Office carries out its functions under the authority of the Trade Expansion Act of 1962 and Executive Order 11075, as amended.

International economic policy making and execution is, however, largely fragmented, supervised on a largely ad hoc basis by senior White House staff. New machinery, or the adaptation of NSC machinery and staff, is needed because the issues are rapidly growing in importance, complexity, and political significance.

#### Objectives for Transition:

Maintain NSC and CIEP machinery and staff intact until a review of their roles in the new Administration is completed.

# People Needed:

Decisions must be made on retention of Secretary of Defense, Secretary of State, and the Director of CIA. If they are retained, they can continue to play their roles with respect to the NSC system.

A separate issue that must be faced during the transition is whether the new President should have a White House foreign policy adviser independent of Kissinger. Since such an adviser, unless he is an "eminence gris," will have to seek staff assistance and maintain communications with NSC staff and the agencies, a sticky situation with Kissinger will arise. Answer might be for new President and Kissinger to agree to rely materially on Kissinger's deputy for general staff assistance, select him with this in mind.

A member of the transition team should be designated to maintain liaison with officials and agencies in the national economic matters until a review of personnel, institutions and procedures is completed.

#### Contacts:

Brent Scowcroft (NSC), Larry Eagleburger (Kissinger), Marty Hoffman (Schlesinger), ? for GIA, and Council for International Economic Policy.

#### Needed Actions:

- 1. Direct continued operation of NSC system.
- Z. Direct Transition Team to use NSC, CIEP staff as a resource to review policies and programs.
- 3. Direct a review of international economic policy development and execution by a White House special assistant brought in for this purpose, then decide on permanent arrangements.

#### Pitfalls to Watch For:

- 1. Permitting Kissinger to become even more the President for Foreign Affairs through excessive deference; unwittingly undermining the present NSC system by failing to use it.
- 2. Allowing international economic policies to drift through inattention to needed reforms, failure to develop mechanisms for White House.
- Exacerbating budget problems by endorsing defense budgets without adequate review.

# Additional Discussion:

The energy crisis is only the most dramatic evidence that our economic relationships with other countries are increasingly important in U.S. foreign policy. Economic issues may be becoming much more important than security issues. Such issues are not now being faced in anything like a systematic way, even though the consequences of mishandling them are serious.

Rather than rely on routine bureaucratic devices, the President may want to dramatize his concern for international economic issues by appointing a Gabinet rank Presidential assistant of considerable personal skill, intellect and reputation to fill the vacuum.

## Economic Policy

## Key agencies and functions.

OMB, the Council of Economic Advisers (CEA), and the Treasury are the key "Troika" in formulating and executing economic policy: OMB for its expertise on Federal expenditures and programs, GEA for its expertise on the state of the economy and its key sections, Treasury for its expertise in the Federal revenue system and taxation.

The Council of Economic Advisers was established in the Executive Office of the President by the Employment Act of 1946. The Council consists of three members appointed by the President with the advice and consent of the Senate. The President designates the Chairman.

CEA's functions are to analyze the national economy, appraise the economic policies and programs of the Federal Government, and recommend to the President policies for economic growth and stability.

The Federal Reserve System is responsible for the supply and management of money and credit in the economy. It is supervised by the Board of Governors, composed of seven members appointed by the President and confirmed by the Senate. Members are appointed for 14 years; one term expires every two years in an effort to insulate the Board from political pressures.

In an effort to improve the coordination and execution of economic policy, the President created the Council on Economic Policy on February 2, 1973, with George Shultz as Chairman and a dozen agencies and offices as members. Gounsellor Kenneth Rush recently assumed the responsibility for coordination.

Because of the complexity and political importance of economic issues, White House staff, subcabinet officers or Cabinet officers with special competence will, depending upon the circumstances, assume leadership roles. In general, personalities, the relative strengths of staffs, and the President's political instincts are significant in determining who emerges as economic policy spokesmen. Coordination is a continuing problem.

# Objectives for Transition:

1. Insure early in the transition that the President, key members of his Transition Team are thoroughly and objectively briefed on status of the economy and the Federal budget.

- Indicate the high priority achieving a sound economy will have and announce the intent to create machinery to insure timely and effective Presidential action on economic issues.
  - 3. Begin a review of economic policy making machinery.

## People Needed:

A senior Presidential assistant with competence in economic affairs should be named acting chairman of a temporarily resurrected Council on Economic Policy.

#### Contacts:

## Actions Needed:

- 1. The acting chairman of the Council of Economic Policy should be directed to review the government's economic policy making machinery and make recommendations for improving its effectiveness within thirty days.
- A select group of previous CEA chairmen and members should be requested to make independent recommendations to the President concerning improvement in economic policy making procedures in the light of past experience.
- 3. A new budget director should be appointed with respectable economic credentials.

# Timing:

Because of the bread-and-butter importance of economic policy and the low level of confidence in Administration, the initial steps discussed above should be taken within first week.

## Pitfalls to Watch For:

- 1. Making premature commitments on economic budgetary issues.
- Allowing strong-minded officials to advocate their views in public before President has made up his mind.

#### Additional Discussion:

We tend to hold the President responsible for the state of the economy. His primary policy goals must be full employment, price stability, and equilibrium in our balance of payments, even though these goals conflict. Should there be unemployment, inflation or serious balance of payments problems, we expect the President to propose and/or take the necessary corrective steps. In ordinary times, nothing is quite so dangerous to a President's political survival than to be blamed for economic instability, uncertainty, and hardship.

But the President has a dual handicap: (1) he cannot always get clear and consistent advice on what to do, and (2) even when he knows what to do, he often (perhaps usually) does not have the power to do it: he cannot raise or lower taxes, he has only limited ability to increase or lower Federal spending, and he cannot direct the Federal Reserve Board's monetary policy. He needs legislative authorization for policy innovations such as price controls. He faces political and ideological opposition no matter which way he turns.

Moreover, professional economic advice givers are currently in disarray. Inflation is the number one problem at the moment, both here and abroad, and most economists admit that we do not know much about inflation, its causes and cures. There are a growing number of voices predicting a worldwide depression, and there is evidence of mounting worry among consumers and investors. Maybe we can muddle through, but what if we can't?

In such unpleasant circumstances, the new President's objectives must be to

- -- devise a policy to deal with inflation that does not drive unemployment to politically dangerous and inhumane levels;
- -- set up machinery to insure that he receives timely information and advice on the state of the economy and objective assessments of the issues.

#### The Budget Process:

The President's budget proposals for each forthcoming fiscal year must be sent to the Congress within [ ].

The Office of Management and Budget has the responsibility for coordinating agency budget proposals and putting together the final budget documents. The Secretary of the Treasury and the Chairman of the Council of Economic Advisers, together with the Director of OMB, have principal responsibility for budget matters, although the President may give his personal staff major responsibilities in this process. The budget is a major determinant of fiscal impact on the economy and of the programmatic priorities of the Federal government.

#### Objectives for transition:

- 1. Before December 1974, try to adjust major budget elements to achieve desired outlay/deficit position and to delete or restore any items of particular political impact on the new President.
- 2. December-January, prepare to forward budget pretty much intact with appropriate disclaimer of priorities and fiscal aspects.
- 3. February 1975 and after, launch intensive review of amendments to Nixon budget and establish directions for FY 77 budget to be completed in December 1975.

# People needed:

New Director and Deputy Director of OMB.

## Contacts:

Roy Ash, Fred Malek, Paul O'Neill, Wilf Rommel.

## Mechanisms:

1. The new Director-designate of OMB should be picked early and brought in as a Special Consultant to the President until confirmed.

- 2. The OMB Director-designate (failing his selection, the President's senior domestic adviser) should be given principal responsibility for getting budget issues clarified.
- 3. The President's senior White House staff members for domestic and national security affairs should be directed to coordinate policy matters with the Director-designate.
- 4. The Director-designate or the Chairman of the CEA should be given responsibility for coordinating the Troika mechanism. (See paper on economic policy machinery)

#### Timing:

Filling the top two positions in OMB is urgent. Depending on the time of transition, it is urgent that the new President assert himself over whatever stage of the budget process he finds himself in.

#### Pitfalls:

- 1. Viewing the budget as an accounting matter.
- 2. Underestimating the time required to analyze and implement budget changes.

#### Domestic Council

Established by Reorganization Plan No. 2 of 1970, with duties prescribed by Executive Order 11541.

#### Members:

#### Statutory:

President
Vice President
Attorney General
Secretaries of Agriculture, Commerce, HEW, HUD,
Interior, Labor, Treasury
Director, OMB
Chairman, CEA

#### Others designated by President:

Heads of VA, EPA, CEQ
Deputy Director, OMB
Anne Armstrong
Ken Cole (Executive Director of the Council)

<u>Duties:</u> "Formulate and coordinate domestic policy recommendations to the President."

## Budget and Staffing:

FY 75 \$1,331,000 30 full-time staff members

Objectives for transition: Keep Council machinery and staff intact, but decoupled, until a review is made of the role of OMB and the Cabinet.

# People needed:

The senior White House staff person for domestic policy should be designated Acting Executive Director of the Council.

Contact: Ken Cole, Dana Mead

#### Mechanisms:

- 1. Appoint a senior White House staff member as Acting Executive Director.
- 2. Use staff as resource in review of policies and programs.
- 3. Review need for Council in light of OMB, White House staff, and Cabinet authorities.
- 4. Make specific decisions about Council disposition.

#### Timing:

Name Acting Executive Director as soon as possible; timing of the rest can be keyed to development of Cabinet's role, etc.

#### Pitfalls to watch for:

- 1. Automatic reliance on staff judgments because they know the ropes, rather than on new agency heads.
- 2. Keeping Council and staff intact without specific review of need and function.

## Functions:

As a practical matter, the Council itself rarely meets, serving principally as a vehicle for the Domestic Council staff which operates under White House direction. The Council was established to provide a mechanism for enlarging the staff resources of the Assistant to the President for Domestic Affairs and to establish better procedures for coordinating the many domestic policy proposals that come to the President from the heads of the departments and agencies.

The Council staff works closely with OMB to assure that budget and policy decisions are consonant and that the legislative clearance process reflects White House policy on domestic issues. The Council staff also works with the staffs of the Council members to provide communications between the White House and the member agencies.

Policy issues are staffed by memoranda circulated by the staff among the concerned agencies to assure that the President receives a relevant range of options and the views of each concerned Council member. The Council staffing process also seeks to eliminate inconsistencies between policy proposals and existing programs and to assure that sufficient information and analysis have gone into the development of the policy options.

The Council also serves as a mechanism for establishing administration committees on policy areas to develop initiatives or to recommend solutions to problems.

FROM:

THE VICE PRESIDENT

( NP ##

TO:

ALL STAFF MEMBERS (TO BE INDIVIDUALLY ADDRESSED

BY ROBOTYPE)

On a number of occasions in the past, I have told you that I was only the "front man" in our efforts. Behind the scenes, each of you worked, sometimes day and night, and often all weekend, to facilitate our joint efforts. Some have been with me longer than others, but all of you have combined in a short time to perform at a singular level of excellence.

As I assume the new responsibilities of the Presidency, I want you to know how mindful I am of your past labors -- and how grateful and indebted I am to you. You have contributed indispensably to the successful operation of the Office of the Vice President and to my ability to assume my new responsibilities. Our staff has been close to one another, much as a family, and I hope all of you understand the depth of my appreciation and affection. Although I am moving to another office, my loyalty and esteem for you remain unchanged.

I have asked some old friends to come in and help us during this difficult period, which we all hoped would not come. I hope you will render all possible cooperation to those who will be here to facilitate the transition, as well as to those of Mr. Nixon's staff for whom this time is even more difficult than it is for us.

With heartfelt thanks,

Released to prese

#### MEMORANDUM FOR THE WHITE HOUSE STAFF

FROM: The Vice President

I know this has been a difficult and confusing time for each of you.

You must have feelings of sorrow, as I do, but you also should be proud -
proud of the President you served and of your efforts for him and the

country.

Many of you will want to go on to other pursuits now that your service to him has ended. I understand and respect that, but I also need your help. I ask each of you to stay on long enough to assure a steady and informed transition of the Presidency.

I have asked some friends whose counsel I respect to help me with the transition. They will form a bridge for me to my Vice Presidential staff office and to the officials of the Executive Branch until a permanent organization is established. I ask your help and cooperation for them as well as myself.

President Nixon fought long and with all his might to serve the American people well, ending his Presidency with a selfless and courageous act. You can still serve him and the Nation by helping us to carry on the essential functions of the Presidency. I will meet with the senior officials of the White House immediately after I take the oath of office to discuss transition arrangements and responsibilities.

## MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

Just as President Nixon kept up the business of government so long as he was President, I know each of you has worked diligently to carry out the responsibilities you hold. I am sure you have a feeling of sorrow, as I do, but you can also take pride in the many constructive accomplishments made by the Nixon Administration.

Some of you may now want to pass your responsibilities on to others. But I need your help. I ask each of you to continue to carry on the mission of your agency and to give me the advice I need as I take on my new responsibilities.

I have asked some friends whose counsel I respect to help me with the transition. They will form a bridge for me to my Vice Presidential staff office and to the officials of the Executive Branch until a permanent organization is established. I ask your help and cooperation for them as well as myself.

President Nixon fought long and with all his might to serve the American people well, ending his Presidency with a selfless and courageous act. You can still serve him and the Nation by helping me to carry on the essential functions of the Presidency. I will hold a Cabinet meeting Saturday morning at 10:00 a.m. I will meet with heads of other government agencies and with the sub-cabinet as soon as my schedule permits.

Gerald R. Ford

Mr. Chief Justice, etc. and my dear friends:

The Bible upon which my hand just rested was opened to

Proverbs, third chapter, the fifth and sixth verses. I learned

these verses many years ago, and have often said them as a prayer.

Trust in the LORD with all thine heart;
and lean not unto thine own understanding.
In all thy ways acknowledge him, and he shall direct thy paths.

-Proverbs 3:5-6-

My fellow Americans:

The oath I have just taken is the same oath that was taken by George Washington and by every President under the Constitution. But I assume the Presidency under extraordinary circumstances, never before experienced by Americans. This is an hour of history that troubles our minds and hurts our hearts.

Therefore, I feel it is my first duty to make an unprecedented compact with my countrymen. Not an inaugural address, not a fireside chat, not a campaign speech. Just a little straight talk among friends. I intend it to be the first of many.

I am acutely aware that you have not elected me as your President by your ballots. So I ask you to confirm me as your President with your prayers. And I hope that such prayer will also be the first of many.

If you have not chosen me by secret ballot, neither have gained office
I sought it by secret promises. I have not campaigned either for the Presidency or the Vice Presidency; I have not subscribed to any partisan platform; I am indebted to no man and only to one woman -- my dear wife Betty -- as I begin the most difficult job in the world.

I have not sought this enormous responsibility, but I will not shirk it, any more than I did the sudden summons to the second office of our government only eight months ago. Those who nominated and confirmed me as Vice President were and are my friends. They were of both parties, elected by all the people, and acting under the Constitution in their name. It is only fitting then, that I should pledge to them and to you that I will be the President of all the people.

Thomas Jefferson said the people are the only sure reliance for the preservation of our liberty. And down the years Abraham Lincoln renewed this American article of faith, asking: "Is there any better or equal hope in the world?"

I intend, on Monday next, to request of the Speaker of
the House of Representatives and the President pro tempore of
the Senate the privilege of appearing before the Congress to share
with my former colleagues and with you, the American people,
my views on the priority business of the nation, and to solicit
your views and theirs.

Even though this is late in an election year, there is no way we can go forward except together, and no way anybody can win except by serving the people's urgent needs. We cannot stand still or slip backwards. We must go forward, now, together.

To the peoples and governments of all friendly nations, and I hope that could encompass the whole world, I pledge an uninterrupted and sincere search for peace. America will remain

strong and united, but its strength will remain dedicated to the safety and sanity of the entire family of man as well as to our own precious freedom.

I believe that truth is the glue that holds government together, and not only government, but civilization itself. That bond, though strained, is unbroken at home and abroad. In all my public and private acts as your President, I expect to follow my instincts of openness and candor, with the confidence that honesty is always the best policy in the end.

My fellow Americans, our long national nightmare is over.

Our Constitution works; our great Republic is a government of laws and not of men. Here the people rule. But there is a higher power, by whatever name we honor Him, who ordains not only righteousness but love, not only justice but mercy.

As we bind up the internal wounds of Watergate, more painful and more poisonous than those of foreign wars, let us restore the Golden Rule to our political process, and let

brotherly love purge our hearts of suspicion and hate.

In the beginning I asked you to pray for me. Before closing I again ask your prayers for Richard Nixon and for his family.

May our former President, who brought peace to millions, find it for himself. May God bless and comfort his wonderful wife and daughters whose love and loyalty will forever be a shining legacy to all who bear the lonely burdens of the White House.

I can only guess at those burdens, although I have witnessed at close hand the tragedies that befell three Presidents
and the lesser trials of others.

With all the strength and good sense I have gained from
life, with all the confidence my family and friends and dedicated
staff impart to me, and with the goodwill of the countless
Americans I have encountered in recent visits to 40 States, I
now solemnly reaffirm my promise to you last December 6: to
uphold the Constitution, to do what is right as God gives me

to see the right, and to do the very best I can for America.

God helping me, I will not let you down.

# # #

## The transition team (5 principals, 10-12 assistants)

Objectives:

- (1) Serve as interim staff for the President until permanent arrangements are made
- (2) Establish liaison with essential individuals and institutions ASAP
- (3) Give the President time to make decisions on staffing, personnel, and policy in an orderly way.

## People needed

1. Team chief/coordinator: Must be known and trusted by President; capable of access, judgment, and administration; needn't be "out front" or particularly visible, except within team.

#### Subordinates:

- (a) Housekeeping/administration: payroll, living arrangements, offices, transport, Secret Service, EPS, etc.
- (b) Staff secretary: official actions (bill signing, executive orders, apportionments, etc.), President's signature, President's agenda, etc.
- (c) Liaison with Nixon, old White House staff, old Vice President's staff:

Contact: Haig, Jones, Lawson

2. Policy and agency liaison: Preferably known and trusted by President, but at least by Team Coordinator; knowledgable about executive branch procedures, agency's missions and roles, priority of policy issues, etc.; good feel for what is and isn't "Presidential" in significance and tone; adept at policy formulation, articulation, and follow-up management; liaison with NSC, Domestic Council, and CEA.

#### Subordinates:

- (a) Second-tier liaison: contacts with Under Secretaries or executive assistants, and Assistant Secretaries as needed; works with OMB and Team Staff Secretary to monitor paper flow for consistency.
  - (b) Writer(s)
  - (c) Legal counsel for President
  - (d) Substantive staff officer

Contact: Cole, Scowcroft, Ash, Stein

apprintments

3. Press officer: Preferably known and trusted by President; familiar with White House press corps, network news departments; good feel for how press makes assessments, responds to various explicit or implicit messages, and when to go out front or just pass information; active representation of me dia and press-play issues in transition planning.

#### Subordinates:

- (a) Writer
- (b) Detail man for TV appearances, press conferences, etc.

Contacts: Warren and Clawson

4. Political liaison: Known and trusted by President; handles Congress, governors, GOP, and key individual contacts; answers questions, passes problems on to other team members, follows up on items owed to outsiders; represents political considerations of transition agenda and planning; knows President's past contacts and relationships.

Subordinates: one or two with appropriate general background knowledge of Hill, governors, GOP, etc.

Contacts: Scott, Rhodes, Mansfield, Albert, Bush, Timmons

5. Personnel chief: Eminent man of national stature; knows outstanding people and how to judge their qualifications; knows something of governmental operation at Secretarial level; works largely independently of Transition Team except to get President consideration of his directions and action on his recommendations.

Subordinates: several from CSC and his own contacts.

Contacts: Hampton, Wimer, FBI

DUE DATE	RESPONSIBILITY	ITEM
Friday morning	Whitehead	Ford Presidency
Friday morning	Morton	Schedule meeting for 2:30 or 3:00 on Tuesday (after Packard)
Friday morning	Morton	Meeting, Cabinet Room, after meeting with the President breaks up
Friday noon	Whitehead	White House and Executive Office Organization Principles
Friday noon	Whitehead	Meetings with key individuals
Friday afternoon	Rumsfeld	Implementation
Friday evening	Whitehead	Economic organization
Friday evening	Cheney	Domestic policy
Friday evening	Rumsfeld	Personnel
Friday evening	Scranton/Buchen	Legal
Saturday morning	Cheney	Organizational charts
Saturday noon	Whitehead/terHorst	Press organization
Monday morning	Whitehead	Review with Morton, Marsh, Buchen, Hartmann
Monday afternoon	Whitehead/Cheney/Scranton	Redraft
Monday evening	Rumsfeld, et al.	Review and final typing

DUE DATE	RESPONSIBILITY	ITEM
Ted., Aug. 14	Whitehead/Griffin	1. Early Options for Ford Imprint
ed., Aug. 14	Buchen/Griffin	2. Individual Meetings
hurs., Aug. 15	Whitehead	3. President's Involvement in Politics
hurs., Aug. 15	Whitehead	4. RN Liaison
ri., Aug. 16	Scranton/terHorst	5. Press Office Organization
ri., Aug. 16	Scranton	6. OMB and Domestic Council Organization
ri., Aug. 16	Scranton	7. Personnel Organization
ri., Aug. 16	Scranton	8. Legal Organization

DUE DATE	RESPONSIBILITY	ITEM
Tues., Aug. 13	Seidman	1. Security of Presidential Papers
Tues., Aug. 13	Scranton	2. Economic Policy Organization
Wed., Aug. 14	Whitehead/Griffin	8. Early Options for Ford Imprint
Wed., Aug. 14	Whitehead	4. Procedure for Talking Points and Presidential Schedule
Wed., Aug. 14	Buchen/Griffin	3- Individual Meetings
Thurs., Aug. 15	Whitehead	6. President's Involvement in Politics
Churs., Aug. 15	Whitehead	7. RN/Garl Albert Liaison
Tri., Aug. 16	Scranton/terHorst	8. Press Office Organization
ri., Aug. 16	Scranton	6. OMB and Domestic Council Organization
Fri., Aug. 16	Scranton	17, Personnel Organization
Fri., Aug. 16	Scranton	1. Legal Organization

# Action List

	ITEM	RESPONSIBILITY	DUE DATE
1.	Security of Presidential Papers	Seidman Seidman	The August 13
2.	Vice President's Office	Seidman	7 August 13
3	Transition Team Organization	Whitehead	August 13 done.
4.	Economic Policy Organization	Scranton	August 13
5.	Press Office Organization	Scranton/terHorst	August 16
6.	OMB and Domestic Council Organization	Scranton	August 16
7.	Personnel Organization	Scranton	August 16
8.	Legal Organization	Scranton	August 16
9.	Early Options for Ford Impact	Whitehead/Griffin	August 13 - Wed 8/14 -
10.	President's Involvement in Politics	Whitehead	August 13 Thme 8/15
11.	Procedure for Talking Points and Presidential Schedule	Whitehead	August 13 Wal 8/14.
12.	Individual Meetings	Buchen/Griffin	August 14 V
	Precedure for Clearing and Scheduling	Whitehead/terHorst	August 12 doce
14	RN/col Albert lisson	Whitehead Whitehead	Thursday 8/15
15	them to way ment to very to		