Tuesday 4/6/76

3:20 Mr. Parson's office invited you to a briefing on Drug Abuse by Dick Parsons and Jim Cannon for the President in the Cabinet Room tomorrow (Wednesday 4/7) at 11 a.m.

Attached is the draft Presidential statement on drug abuse.

(A copy has been sent to Ken -- Bobbie is at the reception)

Could not attend
P.

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: April 5 Time: 615pm

FOR ACTION: Phil Buchen
Max Friedersdorf
Jim Lynn
Brent Scowcroft
Robert T. Hartmann

cc (for information): Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, April 6 Time: 300pm

SUBJECT:

Draft Presidential Statement on Drug Abuse

ACTION REQUESTED:

____ For Necessary Action

____ For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

x For Your Comments

____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

WASHINGTON

April 5, 1976

MEMORANDUM FOR: PHIL BUCHEN
MAX FRIEDERSDORF
ROBERT T. HARTMANN
JIM LYNN
BRENT SCOWCROFT

FROM: JIM CANNON Jim

SUBJECT: Draft Statement on Drug Abuse

On Wednesday, April 7, the President will meet with a number of Federal officials to receive a report on where we are with the drug abuse problem. We are proposing that at the conclusion of that meeting a statement by the President be issued.

Attached for your review and comment is a draft statement. I would like to receive your comments by 3 p.m. Tuesday, April 6.

Thank you very much.

Attachment

DRAFT

STATEMENT BY THE PRESIDENT

I have just concluded a meeting with the government's senior officials who have responsibility for various aspects of the Federal drug abuse control program. I called the meeting amid continuing signs of increasing availability and use of heroin and other dangerous drugs so that plans can be developed for an intensified Federal effort to reverse the trend. Various proposals ranging from stepped-up diplomatic initiatives to secure greater cooperation from foreign governments in disrupting worldwide trafficking networks to intensified law enforcement aimed at major narcotic traffickers were discussed. Also reviewed were ways of more effectively mobilizing and coordinating the vast resources of State and local governments and of private industry in a national effort to combat drug abuse.

As a result of this meeting, I have directed the Attorney General to inform all of the United States Attorneys, who are responsible for prosecuting violators of Federal drug laws, of my concern about drug abuse. Additionally, I have directed the Domestic Council Drug Abuse Task Force to give me a monthly report on what progress we are making in this area.

Finally, I will shortly send to the Congress a special message on drug abuse. In it I will outline my specific proposals for dealing with the growing problem of drug abuse and propose legislation to provide mandatory minimum sentences for, and pre-trial detention of, major drug traffickers.

THE WHITE HOUSE

WASHINGTON

April 13, 1976

MEMORANDUM FOR: JIM CANNON

THROUGH: PHIL BUCHEN

FROM: KEN LAZARUS

SUBJECT: Social Security: Long-Range Financing

Counsel's Office has reviewed your draft memorandum to the President on the subject noted above, and offers two comments.

First, the memorandum would appear to be more technical and detailed than necessary to present the basic concepts under consideration.

Second, we would support a third option, delaying announcement of any decision in this area until such time as a complete plan is designed. Alternatively, we would support Option A as preferable to Option B.

THE WHITE HOUSE

WASHINGTON

DRAFT
DECISION

April 6, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Social Security: Long-Range Financing

PURPOSE

The purpose of this memorandum is to provide you with alternatives for carrying out your December decision to "decouple" the Social Security system.

Because of the complexity and importance of this subject, it is recommended that in considering the alternatives, you meet with the Cabinet secretaries and staff advisers most closely involved and concerned with this issue so that views and assumptions may be carefully discussed.

BACKGROUND

In December you addressed three major problems threatening the financial integrity of the Social Security system:

1. The system is experiencing annual deficits. Your response to this problem was a proposal to increase revenues through a .6% (.3% each for employers and employees) Social Security tax increase, effective in 1977. This would solve the problem through the early 1980's, although there now appears to be little chance Congress will act this year.

2. The system's cost-of-living indexing provisions enacted in 1972 are now expected to overadjust ("double-index") for inflation. The problem is often referred to as a "coupling" problem because it unintentionally "couples" two adjustments for inflation -- one tied directly to cost-of-living increases, and the other due to that portion of wage increases caused solely by inflation. The net effect over the long term is to increase benefits of future retirees faster than the rate of inflation and real wage growth. Your 1977 budget and Special Message on the Elderly promised legislation this session to correct this flaw by "decoupling" the system.

3. The system faces major long-term financial pressures. Congress expects the trustees to project at least 75 years into the future to estimate the impact of current provisions. Revised projections now indicate huge deficits by 2050 of hundreds of billions of dollars. About half the deficit is attributable to the "coupling" problem, and the rest is due to revised economic and demographic (i.e., birthrate) assumptions.

In order to determine how best to "decouple" the system, it is important to consider some related developments.

CONGRESSIONAL SITUATION

Both the House Ways and Means Committee and the Senate Finance Committee have indicated that they will not accept your proposal to increase Social Security taxes by .6% in January 1977.

However, there is considerable concern among the members of both committees about the long-range fiscal impact of "coupling."

A House Ways and Means Subcommittee headed by Representative James Burke retained last year a panel of six economists and actuaries to advise on Social Security issues, and on February 19, 1976, received the preliminary recommendations of this panel.

The group, chaired by Harvard economist William Hsiao, recommended to Representative Burke's subcommittee a decoupling approach that would go beyond the elimination of the overadjustment for inflation. In brief, the Hsiao proposal would begin a gradual reduction of the projected role and scope of the Social Security system, and -- over time -- thereby eliminate all of the long term deficit.

ALTERNATIVES FOR ACTION

The basic question confronting you is what sort of decoupling plan you wish to propose:

Option A: A plan designed only to eliminate the overadjustment for inflation, which otherwise has minimal effect on the projected role and scope of social security and on the benefit formula. This option would eliminate only 50% of the long-term deficit and leaves open the question of how the remaining deficit will eventually be financed.

Option B: A plan which decouples in a manner that slowly alters the benefit structure over time and gradually reduces the projected role and scope of social security. This option could eliminate 100% of the long-term financing problem.

With either option, it is our recommendation that you order additional analysis of major issues which need in-depth study before further changes in the system are proposed. (Option A requires this complementary analysis because it leaves unresolved 50% of the long-range financing problem.) Some of the issues requiring study are:

- The long-range role of social security vis-a-vis private pension and savings plans.

- The impact of social security on capital formation in the economy.
- The preferred means of funding social security (i.e. should general revenues finance a portion of the system?).
- The extent to which social security should redistribute income, and its relationship to public assistance programs.
- The fairness of spouse benefits.
- The increasing trend by state and local governments (e.g. New York City, State of Alaska, Fairfax County, etc.) to announce their intention to leave the system.
- The impact of social security taxes on unemployment and of benefits on work incentives.
- Other related issues (e.g. sex discrimination, the retirement test and earnings' rules governing the receipt of benefits, etc.)

Further analytic work would enhance our understanding of these issues. Ultimately, however, any reform of the system will require fundamental value judgments. Several of your advisers believe that some of those judgments can be made on the basis of existing knowledge.

DISCUSSION

To understand the mechanics of both Options A and B, it is useful to review how the current system operates. Social security benefits after retirement are often described by the extent to which they replace a certain percentage of a retiree's previous earnings. This percentage, known as the replacement rate, currently averages 43% for all wage earners. For various earnings' levels, the replacement rate is the following:

- Approximately 62% of the wages of a worker earning $3400 (a relatively "low" wage worker).

- Approximately 42% of the wages of a worker earning $8600 (a "medium" wage worker).

- Approximately 30% of the wages of a worker earning the covered maximum of $15,300 (a relatively "high" wage earner).

These figures reflect the progressivity of the benefit structure under Social Security, i.e., the lower a person's earnings, the higher the percentage of wages replaced by social security benefits.

The difference between Options A and B is how they would have replacement rates behave in the future. Option A would maintain the current degree of progressivity in the benefit structure by treating a person on the basis of his relative status among all wage earners.

Option B, on the other hand, would gradually modify the current progressive structure (as the society grows wealthier) by treating a person on the basis of his real level of earnings.

Under Option A, replacement rates for all wage earners would approximate 43% over time. As wages increase due to inflation and real wage growth, replacement rates would keep pace, continuing to replace the same portion of pre-retirement wages for persons similarly placed in the earnings spectrum.

Under Option B, replacement rates would remain constant over time for given levels of real income (or constant 1976 standards of living). Since all persons are expected to enjoy increasing real wages (and improved standards of living), average replacement rates are expected under Option B to decline gradually to 21% by 2050. Option B assumes that as living standards rise average workers will be able to afford to rely more heavily on private pensions and personal savings to supplement their social security income.

Examples: Assume a 6% annual increase in wages consisting of a 4% increase in prices and a 2% increase in real wage growth. (Over a period of 75 years, this 2% increase compounded annually represents more than a four-fold increase in real wages.)

For today's "medium" wage worker earning $8,600, this translates to a predicted level of earnings in 2050 of $37,000 (in 1976 dollars). Since all other workers are assumed to enjoy similar increases, this worker would still be a "medium" wage worker in 2050. Therefore, under Option A this "medium" worker would receive a replacement rate similar to today's 42% (actually 44%, or $16,000). With Option B, however, this worker would receive a benefit calculated similarly to the current formula -- i.e. $7,800 (or 21%).

(All rates are for single retirees. Under current law, spouse benefits add an additional 50% -- See Tab 1.)

Applying similar assumptions, today's "low" wage worker would be earning nearly $15,000 in 2050. Option A would continue to view him as a "low" wage worker and replace a high proportion of his wages (63%, or about $9,000). Option B would apply a formula providing a benefit similar to the current rate for this income (i.e. 30%, or $4,500).

Finally, today's "medium" wage worker earning $8,600 receives a benefit of about $3,600 (42%). Under the assumptions applied, a worker with this income (in 1976 dollars) in 2050 would be near the bottom of the economic scale (similar to a person today earning $2,000/year). Therefore, Option A would treat him as a "very low" wage worker and replace 100% of his wages. Option B considers the person able to enjoy the same standard of living as today's $8,600 worker and would replace approximately the same portion of his income upon retirement -- $4,000 (or 46%). (Tab 2)

In terms of cost, Option A would require 16.2% of taxable payroll in 2050 (current rate is 9.9%), while Option B would require only 8.8%. (Tab 3)

Pros and Cons

OPTION A: Decouple -- Index Future Benefits To Growth In Prices and Real Wages (Average benefits grow with average earnings.)

Pros:

- Option A represents very little change in the existing structure of the system, thus it is not vulnerable to a charge that the Administration is using decoupling as a means of deliberalizing the program. This should assure its acceptability to the social security constituency, thus avoiding a major political controvery. Even if the Congress fails to act on this proposal, Option A's relative political neutrality implies the least political risk among the three options.

- It allows the Administration an opportunity to go on the offensive for its efforts to preserve the integrity of the social security system. The Congress seems disinclined to initiate anything on its own, so the Administration can portray this move as a major step towards bringing the system back under control.

- It still provides pressure to address broader issues about social security on a deliberate basis due to the long-run financing problem. This permits consideration of various changes falling between the somewhat extreme positions represented by Options A and B.

- It permits you to fulfill your commitment to "decoupling" while indicating it is not the final word on the subject. You could simultaneously announce the establishment of a study team to develop more far-reaching, long-term recommendations.

Cons:

- Option A solves only 50% of the long-term financing problem.

- It could be portrayed as an inadequate response to a major future financial crisis, requiring steep social security tax increases (or general revenue funding) in the long run. Such revenue demands could have adverse impact on employment, work incentives, and the rate of capital formation.

- It fails to take advantage of the unique opportunity presented by the "coupling" problem to re-structure the entire system. As time passes, the system is likely to grow and become increasingly less susceptible to change.

- It may add to growing concern about long-term payroll tax increases, and encourage the emerging groups of people seeking to withdraw from the system (particularly state and local government employers with legal withdrawal rights.)

OPTION B: Decouple -- Index Future Benefits to Price Growth Only. (Average benefits grow less rapidly than average earnings.)

Pros:

- Option B would eliminate the entire long-range deficit, thus putting the Administration on the side of prudent fiscal management. It presents the strongest possible argument that the Administration is acting to preserve the financial integrity of the system.

- It takes advantage of an opportunity to re-structure the system (because of "coupling")which may not occur again, and it is in keeping with the independent findings of the non-partisan Hsiao study panel.

- It would reduce the potential long-range burden of the social security tax on wage earners and the economy. It would stabilize payroll tax rates at a fairly constant percentage and may trigger increased individual savings and capital formation.

- It may enjoy some political appeal because it returns to Congress more flexibility to make discretionary increases in the future.

Cons:

- Option B raises serious political questions. It would almost certainly be viewed as a significant deliberalization of the system by its constituency. Whether or not this is a fair characterization of Option B, the issues are sufficiently complex that this is the inevitable political interpretation.

- It replaces a steadily declining amount of a worker's pre-retirement income with no reduction in payroll taxes. This may promote public dissatisfaction with the system, particularly among higher paid workers who already have the highest taxes and the lowest replacement rates.

- It makes significant changes in the system without detailed analysis and public debate of the underlying role, economic implications, and philosophy of social security. It also hampers the potential interest in and impact of a major, in-depth social security study.

- It invites the Congress periodically to raise benefits, thus reducing the predictability of costs and benefits in the system.

RECOMMENDATIONS:

1Ab L

Table 1. Comparison of real benefits under Options A and B for the average worker whose earnings rise over time and of required tax, 1976-2050.

Option A. Average benefit grows as fast as average earnings (replacement rates rise at each level of earnings)

Year	Annual pre-retirement earnings (1976 $'s)	Annual Benefit (1976 $'s) Single person	Married couple	Replacement Rate 1/ Single person	Married couple 3/	Payroll tax required 2/ (percent of taxable payroll
1976	$8,600	$3,612	$5,418	42%	63%	10.9%
1990	11,348	4,993	7,490	44	66	11.2
2000	13,833	6,087	9,131	44	66	11.5
2030	25,056	11,069	17,535	44	66	17.0
2050	37,232	16,382	24,573	44	66	16.2

Option B. Average benefit grows more slowly than average earnings (replacement rates constant at each level of earnings)

Year	Annual pre-retirement earnings (1976 $'s)	Annual Benefit (1976 $'s) Single person	Married couple	Replacement Rate 1/ Single person	Married couple 3/	Payroll tax required 2/ (percent of taxable payroll
1976	$8,600	$3,612	$5,418	42%	63%	10.9%
1990	11,348	3,972	5,958	35	53	10.1
2000	13,833	4,565	6,848	33	50	9.3
2030	25,056	6,037	9,056	24	36	10.7
2050	37,232	7,819	11,729	21	32	8.8

1/ Primary insurance amount at age 62 as a percent of earnings in the preceding year.

2/ Social security expenditures as a percent of taxable payroll.

3/ Married couples refer to couples where the wife has no social security benefit in her own right.

Note: Projections assume that earnings rise 2 percent faster each year than the CPI and that the fertility rate rises from 1.8 to 2.1.

TMS 2

Table 2. Comparison of real benefits under Options A and B for a worker with a constant level of real earnings and of required tax, 1976-2050.

Option A. Replacement rates rise at each level of earnings (average benefit grows as fast as earnings)

Year	Annual pre-retirement earnings (1976 $'s)	Annual Benefit (1976 $'s)		Replacement Rate 1/		Payroll tax required 2/ (percent of taxable payrol
		Single person	Married couple	Single person	Married couple 3/	
1976	$8,600	$3,612	$5,418	42%	63%	10.9%
1990	8,600	4,902	7,353	57	86	11.2
2000	8,600	5,590	8,385	65	98	11.5
2030	8,600	7,138	10,707	83	125	17.0
2050	8,600	8,600	12,900	100	150	16.2

Option B. Replacement rates constant at each level of earnings (average benefit grows more slowly than earnings)

Year	Annual pre-retirement earnings (1976 $'s)	Annual Benefit (1976 $'s)		Replacement Rate 1/		Payroll tax required 2/ (percent of taxable payrol
		Single person	Married couple	Single person	Married couple 3/	
1976	$8,600	$3,612	$5,418	42%	63%	10.9%
1990	8,600	3,784	5,676	44	66	10.1
2000	8,600	3,956	5,934	46	69	9.3
2030	8,600	3,956	5,934	46	69	10.7
2050	8,600	3,956	5,934	46	69	8.8

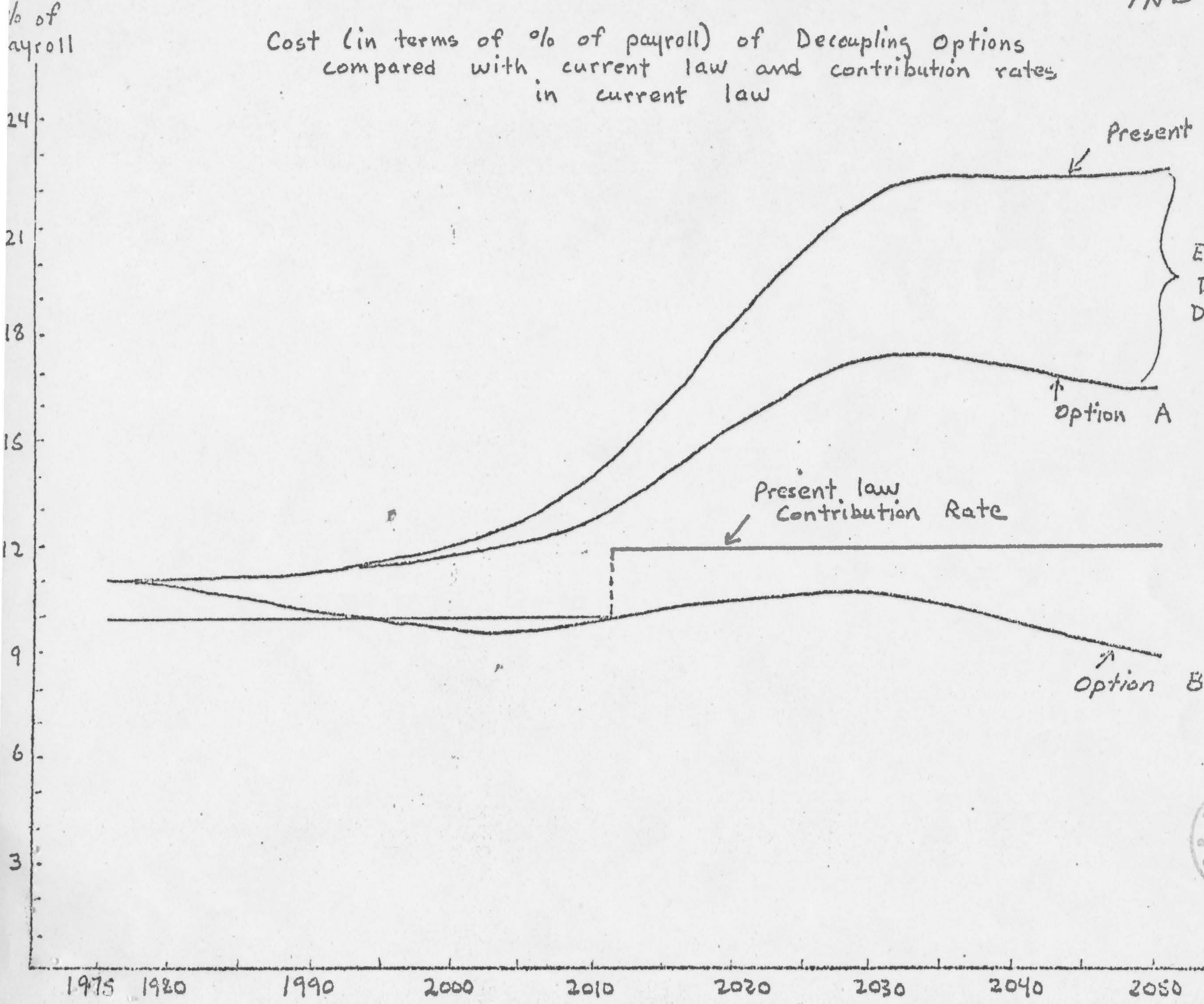
1/ Primary insurance amount at age 62 as a percent of earnings in the preceding year.

2/ Social security expenditures as a percent of taxable payroll.

3/ Married couples refer to couples where the wife has no social security benefit in her own right.

Note: Projections assume that earnings rise 2 percent faster each year than the CPI and that the fertility rate rises from 1.8 to 2.1.

TAB 3



% of payroll
Cost (in terms of % of payroll) of Decoupling Options compared with current law and contribution rates in current law
24
21
18
15
12
9
6
3
Present law
Expenditures Due to Double-indexing
Option A
Present law Contribution Rate
Option B
1975
1980
1990
2000
2010
2020
2030
2040
2050

THE WHITE HOUSE

WASHINGTON

April 22, 1976

MEMORANDUM FOR: JIM CONNOR

THROUGH: PHIL BUCHEN P.

FROM: BOBBIE GREENE KILBERG Bobbie

SUBJECT: Secretary Coleman's Letter about Women's Salaries

The Counsel's Office approves Jim Cannon's attached memorandum to the President but requests that the following additional facts be added to Cannon's statistical statement:

The fact that women, as a class of workers, have had different job patterns than men only partially accounts for salary differentials between men and women with equal years of education in the same job categories.

There is also statistical evidence that women who have the same educational level, the same number of years of job experience, and substantially the same job description as their male counterparts make less money than those men.

Attachment

cc: David Lissey
cc: Jeanne Holm

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: April 22, 1976 Time:

FOR ACTION: cc (for information):

Phil Buchen
Jeanne Holm
Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Monday, April 26 Time: 2 P.M.

SUBJECT:

Jim Cannon memorandum 4/20/76
re: Secretary Coleman's Letter about
Women's Salaries

ACTION REQUESTED:

___ For Necessary Action	X___ For Your Recommendations
___ Prepare Agenda and Brief	___ Draft Reply
X For Your Comments	___ Draft Remarks

REMARKS:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

April 12, 1976

The President
The White House
Washington, D.C.

Dear Mr. President:

A friend of mine called my attention to the statistics which appear on the attached paper. You will note that even though the average years of education for a U.S. woman are slightly higher than for a U.S. man, the incomes are strikingly less for women than for men. For example, the average income of a male college graduate is $16,576 and for a woman college graduate it is only $9,771.

I do feel that you should ask someone in the Administration to study this matter in detail and if what appears on the attached sheet of paper is correct, we should think about policies and programs which would change the situation. Another reason I am sending this paper to you is I am sure you would want to share it with Mrs. Ford.

Respectfully,

Bill

William T. Coleman, Jr.

Enclosure

Some interesting statistics

Average years of education U.S. Men - 12.2 U.S. Women - 12.5

Average incomes of year-round full-time workers:

Men - $11,000 Women - $6,480

Average income by job category:

	Men	Women
Sales	$12,296	$4,650
Professional	14,306	9,000
Administrative	14,519	7,667
Clerical	10,627	6,469
by education level:		
College graduate	$16,576	$9,771
High School graduate	12,017	6,623

Source: Women's Bureau, U.S. Department of Labor

Year: 1974

mtg
5/6/76
11 am

THE WHITE HOUSE

WASHINGTON

May 5, 1976

This is a copy of the decision memorandum on Social Security long-range financing (decoupling) which was sent to the President on April 30. His copy also included the recommendations and comments of all principals.

For removal from binder & filing
D

THE WHITE HOUSE

WASHINGTON

DECISION

April 30, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Social Security: Long-Range Financing

PURPOSE

The purpose of this memorandum is to respond to new developments and significant new opinions regarding the issue of "decoupling" the Social Security system. The memo includes an expanded presentation of the issue, some new information relevant to the subject, and revised policy alternatives.

Because of the complexity and importance of this matter, the Trustees, OMB, and I recommend that in considering the alternatives, you meet with the Cabinet secretaries and staff advisers most closely involved and concerned with this issue so that views and assumptions may be discussed.

BACKGROUND

In December you addressed three major problems threatening the financial integrity of the Social Security system:

1. The system is experiencing annual deficits.

   Your response to this problem was a proposal to increase revenues through a .6 percent (.3 percent each for employers and employees) Social Security tax increase, effective in 1977. This would solve the problem through the early 1980's, but both the House Ways and Means and Senate Finance Committees have indicated that they will not attempt to enact such an increase this year.

2. <u>The system's cost-of-living indexing provisions enacted in 1972 are now overadjusting for inflation.</u>

   This problem is often referred to as "coupling" or "double-indexing" because two automatic adjustments for inflation are made in the determination of benefits -- one tied directly to CPI increases, and the other due to wage increases caused by inflation.

   (Technically, the current formula incorporates both an automatic adjustment for increases in the CPI <u>and</u> corrects for inflation a second time because growth in wages causes benefits to rise -- and wage growth also tends to incorporate CPI increases.)

   The projected net effect over the long term is to increase benefits faster than the rate of inflation and real wage growth.

   Your December decision on this issue was to "decouple" the system in a manner equivalent to Option A below. This decision was described specifically in your 1977 budget, the Economic Report of the President, and OMB's Seventy Issues book (see specific language at Tab A).

3. <u>The system faces major long-term financial pressures</u>.

   Cost estimates are customarily made on a long-term basis at least 75 years into the future, to estimate the impact of current provisions. Projections based on revised long-range assumptions (the revisions are currently under consideration by the Trustees) indicate huge deficits of about 8 percent of annual taxable payroll between now and 2050.

   This translates to an estimated actuarial deficit approaching $3 trillion. About half the projected deficit is attributable to the "coupling" problem, and the rest is largely due to revised economic and demographic (i.e., fertility rate) assumptions.

THE DECEMBER DECOUPLING DECISION

We are asking you to review your December decision on decoupling for two reasons:

1. The belief held by some of your advisers that the complexities of this issue and its potential long-term implications require more detailed presentation and discussion than was provided in December; and

2. Recent Congressional developments.

   Both the House Ways and Means Committee and the Senate Finance Committee have indicated that they will not accept your proposal to increase Social Security taxes by .6 percent in January, 1977. However, there is concern among the members of both committees about the long-range fiscal impact of "coupling."

   To advise them on "coupling" and other major Social Security issues, these two committees last year retained a panel of four economists and actuaries, chaired by Harvard economist William Hsiao. The final report of this panel was submitted to the Congress on April 5.

   It recommends a decoupling approach (essentially equivalent to Option B below) which is more fiscally conservative than Option A, and which would eliminate most, if not all, of the projected long-term deficit with minimal tax increases. To the best of our knowledge, neither committee has yet responded positively or negatively to the Hsiao report.

For these reasons, we are asking you to review your decision of last December.

RELATED LONG-TERM ISSUES

Since the coupling problem is not the only major long-term Social Security issue requiring attention, we want to remind you of some of the others. Certain of these may be addressed implicitly in your decoupling decision, but all of them require additional in-depth study and analysis. Several major issues are:

- The long-range role of Social Security vis-a-vis private pension and savings plans.
- The acceptable economic limits of the Social Security program (e.g. its impact on capital formation).
- The preferred means of funding Social Security (i.e. should general revenues finance a portion of the system?)
- The impact of Social Security on unemployment and work incentives.
- The extent to which Social Security should redistribute income, and its interaction with income maintenance programs.
- The mandatory inclusion of all workers under Social Security (including Federal civil servants and employees of State and local governments who now have optional coverage).
- Other related issues (e.g. sex discrimination, the treatment of one vs. two worker families, the retirement test and earnings' rules governing the receipt of benefits, etc.)

Further analytic work would enhance our understanding of these issues, and it is our recommendation that an order to proceed with this additional analysis accompany your decision on decoupling. Ultimately, however, any reform of the system will require fundamental value judgments about the scope and role of the system.

ALTERNATIVES FOR ACTION

Although there exists a virtually unlimited number of ways of correcting for the coupling problem, only two are presented here. They represent the two basic alternative directions for the program to take over time. (A third alternative, to defer the decision, is also included for your consideration.)

Both decoupling options would eliminate the overadjustment for inflation in the current formula. They differ in the manner in which they would calculate initial benefits in the future (and, therefore, the extent to which they would eliminate projected deficits). This difference is not particularly significant for the financing of the system in the next ten to twenty years, but becomes increasingly dramatic after that.

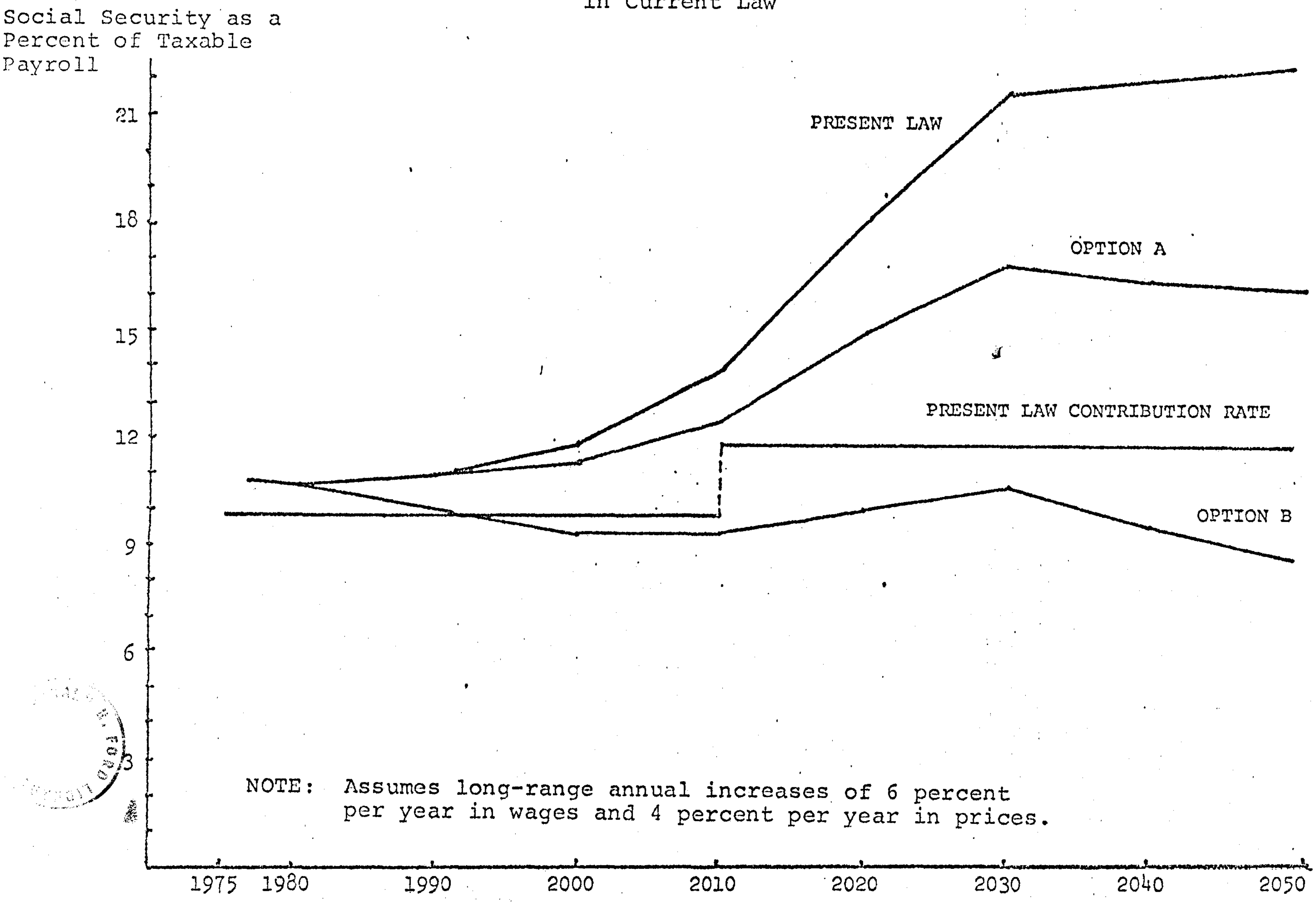
<u>Option A</u>: This plan (your December decision) would index future initial benefits to growth in prices and real wages. It guarantees that average initial benefits grow with average earnings in the economy. It would eliminate approximately half of the long-term deficit and therefore should be viewed as a major step toward solving the total problem, but not the complete solution.

<u>Option B</u>: This plan (essentially equivalent to the Hsiao panel recommendation) would correct future initial benefits for inflation, and reflect real wage growth to a much lesser degree than Option A. Average initial benefits grow somewhat faster than prices, but not as fast as average earnings in the economy. It would eliminate essentially all of the long-range deficit.

<u>Option C</u>: Postpone action on decoupling until a more sophisticated analysis of the alternatives (Options A, B, and others) can be completed -- possibly in conjunction with analysis of other, related Social Security issues.

A better indication of the projected long-range cost requirements of the current system and Options A and B is provided in the chart on the following page. It illustrates the percent of annual taxable payroll that the various options are expected to require.

Cost (in terms of percent of payroll) of Decoupling Options
Compared with Current Law and Contribution Rates
in Current Law



DISCUSSION

DISCUSSION

To understand the mechanics of both Options A and B, it is useful to review how the current system operates with an oversimplified example. Social Security benefits after retirement are often described in terms of the percentage of a retiree's previous earnings they replace. This percentage, known as the replacement rate, averages 43 percent in 1976 for single wage earners and about 65 percent for those retiring with a dependent spouse.* For various earnings' levels, the replacement rate is the following:

- Approximately 63 percent of the wages of a single worker earning $3600 (a relatively "low" wage worker).
- Approximately 42 percent of the wages of a single worker earning $8600 (a "middle" wage worker).
- Approximately 30 percent of the wages of a single worker earning the covered maximum (in 1975) of $14,100 (a relatively "high" wage worker).

These figures reflect the progressivity of the benefit structure under Social Security, i.e., the lower a person's earnings, the higher the percentage of wages replaced by Social Security benefits.

The major difference between Options A and B is how they would have replacement rates behave in the future. (Benefit formulas for Options A and B are at Tab D.)

Option A would treat a person <u>on the basis of his relative status among all wage earners</u>, by indexing future initial benefits to wage increases. Under Option A, replacement rates for all wage earners on average would approximate 43 percent over time. As wages increase due to inflation and real wage growth, replacement rates would continue to replace the same portion of pre-retirement wages for persons similarly placed in the earnings spectrum.

Option B, on the other hand, would treat a person <u>on the basis of his real level of earnings</u>, by indexing future initial benefits to price increases. Under Option B,

* Since Social Security benefits are tax free, these rates understate the relationship to after tax (net) income.

replacement rates would remain the same over time for constant levels of real earnings. Since all persons are expected to enjoy increasing real wages, average replacement rates are expected under Option B to decline gradually to 21 percent by 2050 due to the progressivity in the formula. Option B assumes that as living standards rise average workers will rely more heavily on private pensions and personal savings to supplement their Social Security income, just as wealthier workers are expected to do when they retire today.

(At Tab C is a chart which plots the behavior of average replacement rates under current law and Options A and B.)

Comparative Benefits and Replacement Rates

The illustrative figures in the table below are based on the 1975 assumptions -- 6 percent annual increase in wages consisting of a 4 percent increase in prices and a 2 percent increase in real wages (over 75 years, this 2 percent increase compounded annually results in more than a fourfold increase in real wages).

Four categories of wages are used in the table -- "low," "middle," "high," and "constant." Wages are expressed in constant 1976 dollars and all figures are for single retirees. Under current law, spouse benefits add an additional 50 percent.

Today's "low" wage worker earns about $3600. Because of real wage growth, a comparable earner in 2050 is expected to earn $15,000. Option A continues to treat him as a low wage earner and replaces 63 percent of his salary. Option B treats him like today's high wage earner and replaces 30 percent of his salary. The "middle" and "high" wage worker (and, of course, all other wage earners experiencing real wage growth) would experience a similar decline in replacement rates.

The "constant" wage worker experiences no real wage growth and finds himself at the bottom of the theoretical 2050 earnings scale (similar to the relative position of a person today earning $2,000/year whose current replacement rate approximates 100%). Option A treats him as a "very low" worker and replaces 100% of his wages, whereas Option B treats him in essentially the same fashion as he is treated today. Additional detail is provided at Tab B.

COMPARISON OF OPTIONS A AND B FOR "LOW," "MIDDLE," "HIGH," AND "CONSTANT" WAGE EARNERS, 1976/2050

WAGE LEVEL	ANNUAL PRE-RETIREMENT EARNINGS (1976 $)	ANNUAL BENEFIT AMOUNT (1976 $)*		REPLACEMENT RATES (%)*	
		Option A	Option B	Option A	Option B
"Low"					
1976	$ 3,600	2,300	2,300	63	63
2050	15,000	9,000	4,500	63	30
"Middle"					
1976	8,600	3,600	3,600	42	42
2050	37,000	16,000	7,800	42	21
"High"					
1976	14,100	4,800	4,800	34	34
2050	63,800	22,500	11,000	34	17
"Constant"					
1976	8,600	3,000	3,600	42	42
2050	8,600	8,600	4,000	100	46

*All figures are for single retirees. Spouse benefits would add 50 percent to annual benefit amounts and replacement rates (see Tab B). It should also be noted that the benefits are tax free. Therefore, the replacement rates understate the relationship to after tax (net) income.

Long Term Costs

Long-term cost is also an extremely important consideration. Under the 1975 actuarial assumptions, Option A was expected to require 16.2 percent of taxable payroll in 2050. The current law's tax rate is 9.9 percent with a scheduled increase to 11.7 percent in 2011. (These costs and rates do not include Medicare.) Option B was estimated to require 8.8 percent. As stated earlier, the proposed 1976 assumptions would result in significantly larger deficits. Tab B has additional comparative cost data.

A strong cautionary note with regard to actuarial assumptions should be made at this point because they have such a tremendous impact on the figures.

Actuarial Assumptions

The key assumptions used for predictive purposes are inflation, real wage growth, and the fertility rate. The problems with using a given set of assumptions over a 75 year period is that they have a compounding effect which can build in large distortions. When the 1972 amendments were passed, the coupled system was projected to have long-range costs which would not require unscheduled payroll tax increases. Under significantly modified 1975 actuarial assumptions (2 percent real wage growth, 4 percent inflation, and a fertility rate of 2.1), the system was projected to have an actuarial deficit of 5.3 percent of taxable payroll -- this resulted in an actuarial deficit of approximately $2 trillion and generated widespread public reaction.

In this year's draft Trustee's Report now under review, further revisions in the actuarial assumptions are under consideration (specifically 1.75 percent real wage growth, 4 percent inflation, and a fertility rate of 1.9). In conjunction with other changes, the revised assumptions result in deficits averaging 8 percent of taxable payroll and an actuarial deficit closer to $3 trillion. This is not to say that conditions are significantly different this year from last, but reflects the multiplier effect of even small changes in assumptions when projected over time.

At this point, the new assumptions have not yet been ratified by the trustees, and some disagreement exists among them on whether the new assumptions should be adopted. Most economists caution against relying on a single set of assumptions and prefer that a range be used. (The draft Trustee's Report uses an "optimistic," "intermediate," and "pessimistic" set but refers often to the results caused by the "intermediate" set).

SUMMARY TABLE -- "INTERMEDIATE" ACTUARIAL ASSUMPTIONS

Assumptions	Inflation	Real Wage Growth	Fertility	Average Annual Deficit (% Payroll)
1975	4%	2.0%	2.1	5.3%
1976*	4%	1.75%	1.9	8.0%

*Under consideration for inclusion in 1976 Trustee's Report.

No one seems to believe that the decoupling question should be decided by the results of the revised assumptions because they are so inherently speculative. However, you do need to be aware of their existence and their vulnerability to public misunderstanding. You also need to know that under the revised assumptions, Option A is expected to reduce the 8 percent annual deficit to 4.3 percent, whereas last year's figures for Option A indicated a reduction from 5.3 percent to 2.7 percent. Under the revised assumptions, Option B is still expected to eliminate most of the long-term deficit.

PROS AND CONS

PROS AND CONS

OPTION A: Decouple -- Index Future Initial Benefits To Growth In Prices and Real Wages (Average benefits grow in direct proportion to average earnings.)

Pros:

- Option A eliminates the overadjustment for inflation and reflects the recommendation of the independent 1975 Social Security Advisory Council. By holding these rates constant, the Administration is not vulnerable to a charge that the Administration is using decoupling as a means of deliberalizing the program. This should assure its acceptability to the Social Security constituency, thus avoiding a major political controversy.

- Option A was described as your decision in the 1977 budget and Economic Report. The labor movement and other Social Security watchers received the decision favorably. Even though it solves only 50 percent of the long-range financing problem, it still allows the Administration to go on the offensive for initiating action towards the preservation of the integrity of the system. A change from the announced position at this time would catch the Social Security constituency by surprise, and would draw their strong opposition.

- It provides ample opportunity to address broader issues about Social Security on a deliberate basis due to the remaining long-run financing problem. This permits consideration of various changes falling between the positions represented by Options A and B, but gives the Social Security constituency advance warning of possible changes, and perhaps a voice in the deliberations.

- It permits you to fulfill your commitment to "decoupling" while indicating it is not the total solution to the problem. You could simultaneously announce the establishment of a study team to develop more far-reaching, long-term recommendations.

Cons (Option A):

- Option A solves only 50 percent of the long-term financing problem. Under the proposed assumptions in the 1976 draft Trustee's Report, Option A translates to a long-term average annual deficit of 4.7 percent of covered payroll -- well in excess of $1 trillion. This could be publicly compared unfavorably with last year's estimated 5.3 percent average deficit for the coupled system.

- By itself, Option A could be portrayed as an inadequate response to a major future financial crisis, requiring steep Social Security tax increases (or general revenue funding) in the long run. Such revenue demands could have adverse impact on employment, work incentives, and the rate of capital formation.

- It fails to take advantage of the unique opportunity presented by the "coupling" problem to deal with other issues not directly linked to that problem. As time passes, the system may become increasingly difficult to change. Cost pressures may also make it impossible to give benefit increases to the retired population whose benefits increase only with the CPI.

- The remaining long-term projected deficits may further erode public confidence in the system -- especially in light of the proposed revised assumptions in the draft Trustee's Report.

OPTION B: Decouple -- Index Future Initial Benefits Proportionately to Price Growth and Less Than Proportionately to Real Wage Growth (Average benefits grow somewhat faster than prices, but significantly slower than average earnings.)

Pros:

- Option B would eliminate most of the long-range deficit, thus putting the Administration on the side of prudent fiscal management in a way that would preserve the financial integrity of the system without further tax increases.

- It is in keeping with the independent findings of the non-partisan Hsiao study panel.
- It would reduce the potential long-range burden of the Social Security tax on wage earners and the economy. It would stabilize payroll tax rates at a fairly constant percentage and may trigger increased individual savings and capital formation.
- It may enjoy some appeal because it returns to Congress more financial latitude for making discretionary increases or other popular reforms that could add to costs.

Cons (Option B):

- Option B will raise serious political questions. It would almost certainly be viewed by the Social Security constituency as a significant deliberalization of the system. Whether or not this is a fair characterization of Option B, the issues are sufficiently complex that this is the inevitable political interpretation.
- It would be viewed as a retreat from the decoupling plan described in the 1977 budget and Economic Report which is generally perceived as your position. This would catch Social Security watchers by surprise and could damage your political credibility.
- It replaces a steadily declining proportion of most workers' pre-retirement income, but does not permit a reduction in scheduled payroll taxes. This may promote public dissatisfaction with the system.
- It invites criticism for making major changes in the system without detailed analysis and public debate of the underlying role, economic implications, and philosophy of Social Security. (Option A is subject to the same criticism, but to a far smaller degree.)

OPTION C: <u>Postpone Action On Decoupling</u>

Option C would postpone any initiative on decoupling until a more thorough analysis of the implications of the various options could be undertaken. This would involve the development of a much more sophisticated model for forecasting changes in the system. At the same time, there would be time to study related issues.

In an effort to depoliticize the issue, you could announce your decision not to introduce a decoupling proposal now, emphasize the fact that there is still time to study these issues in depth before making changes, and cite the Hsiao panel recommendations as support of your own non-partisan position.

<u>Pros</u>:

- Option C would provide an opportunity for extensive analytic effort geared toward the preparation of a well-founded decoupling option (and, possibly, a comprehensive Social Security reform package). It would permit the development of a more sophisticated data base for making projections and comparisons among a wider variety of decoupling options.

- It would diffuse the politicization of the issue in an election year, since Option A is vulnerable to charges of fiscal irresponsibility and Option B will be labeled a significant deliberalization. It also may preserve the opportunity to link comprehensive structural reform to correction of the "coupling" problem.

<u>Cons</u>:

- Option C will invite criticism of indecisiveness and playing politics on such a critical issue in an election year. This is particularly so in light of the widespread belief (and 1977 budget and Economic Report statements) that you already decided on Option A.

- There is no guarantee that a more sophisticated computer model (or a comprehensive study of issues) will lead automatically to a consensus position on major questions which are inherently difficult to answer, require important value judgments, and invite controversy.

TAB A
ADMINISTRATION'S
DECOUPLING DECISION

ADMINISTRATION'S PUBLIC STATEMENTS ON THE DECOUPLING DECISION

The Budget of the U.S. Government FY 1977

"The Administration is also proposing legislation to delete the inadvertent feature of the 1972 Social Security amendments which not only assures new retirees of future benefit increases as the CPI rises, but also -- under present projections -- raises the initial benefit levels more rapidly than wages increase. Under this proposal, future initial benefit levels will continue to reflect the general rise in covered wages in the economy, and maintain the same proportion of a retiree's prior earnings as at present." (p. 137).

Economic Report of the President

"The Administration will propose a specific plan to modify the (Social Security) system so that benefit levels will rise at the same rate as average wages. The goal is to make a person's benefits rise solely in accordance with wages during his working years and in accordance with the CPI in years after his retirement." (p. 117)

Seventy Issues, FY 1977 Budget, January, 1976

"The Administration is proposing to eliminate this flaw by maintaining for all future beneficiaries the same ratio of benefits to pre-retirement earnings that exists for people who retire today. By making this change, roughly half of the projected long-term actuarial deficit would be eliminated." (p. 185)

TAB B
COMPARISONS OF
OPTIONS A AND B

Comparison of real benefits under Options A and B for the average worker whose earnings rise over time and of required tax, 1976-2050.

OPTION A

Year	Annual pre-retirement earnings (1976 $)	Annual Benefit (1976 $) Single Person	Married Couple	Replacement Rate 1/ Single Person	Married Couple 3/	Payroll Tax required 2/ (% of taxable payrol
1976	$8,600	$3,600	$5,400	42%	63%	10.9%
1990	11,300	5,000	7,500	44	66	11.2
2000	13,800	6,000	9,000	44	66	11.5
2030	25,000	11,000	17,500	44	66	17.0
2050	37,200	16,400	24,600	44	66	16.2

OPTION B

Year	Annual pre-retirement earnings (1976 $)	Annual Benefit (1976 $) Single Person	Married Couple	Replacement Rate 1/ Single Person	Married Couple 3/	Payroll Tax required 2/ (% of taxable payrol
1976	$8,600	$3,600	$5,400	42%	63%	10.9%
1990	11,300	4,000	6,000	35	53	10.1
2000	13,800	4,600	6,900	33	50	9.3
2030	25,000	6,000	9,000	24	36	10.7
2050	37,200	7,800	11,700	21	32	8.8

1/ Primary insurance amount at age 62 as a percent of earnings in the preceding year.

2/ Social security expenditures as a percent of taxable payroll.

3/ Married couples refer to couples where the wife has no social security benefit in her own right.

NOTE: Projections assume that earnings rise 2 percent faster each year than the CPI and that the fertility rate rises from 1.8 to 2.1.

Comparison of real benefits under Options A and B for a worker with a constant level of real earnings and of required tax, 1976-2050.

OPTION A

Year	Annual pre-retirement earnings (1976 $)	Annual Benefit (1976 $) Single Person	Annual Benefit (1976 $) Married Couple	Replacement Rate 1/ Single Person	Replacement Rate 1/ Married Couple 3/	Payroll Tax required 2/ (% of taxable payroll)
1976	$8,600	$3,600	$5,400	42%	63%	10.9%
1990	8,600	4,900	7,400	57	86	11.2
2000	8,600	5,600	8,400	65	98	11.5
2030	8,600	7,100	10,700	83	125	17.0
2050	8,600	8,600	12,900	100	150	16.2

OPTION B

Year	Annual pre-retirement earnings (1976 $)	Annual Benefit (1976 $) Single Person	Annual Benefit (1976 $) Married Couple	Replacement Rate 1/ Single Person	Replacement Rate 1/ Married Couple 3/	Payroll Tax required 2/ (% of taxable payroll)
1976	$8,600	$3,600	$5,400	42%	63%	10.9%
1990	8,600	3,800	5,700	44	66	10.1
2000	8,600	4,000	6,000	46	69	9.3
2030	8,600	4,000	6,000	46	69	10.7
2050	8,600	4,000	6,000	46	69	8.8

1/ Primary insurance amount at age 62 as a percent of earnings in the preceding year.

2/ Social security expenditures as a percent of taxable payroll.

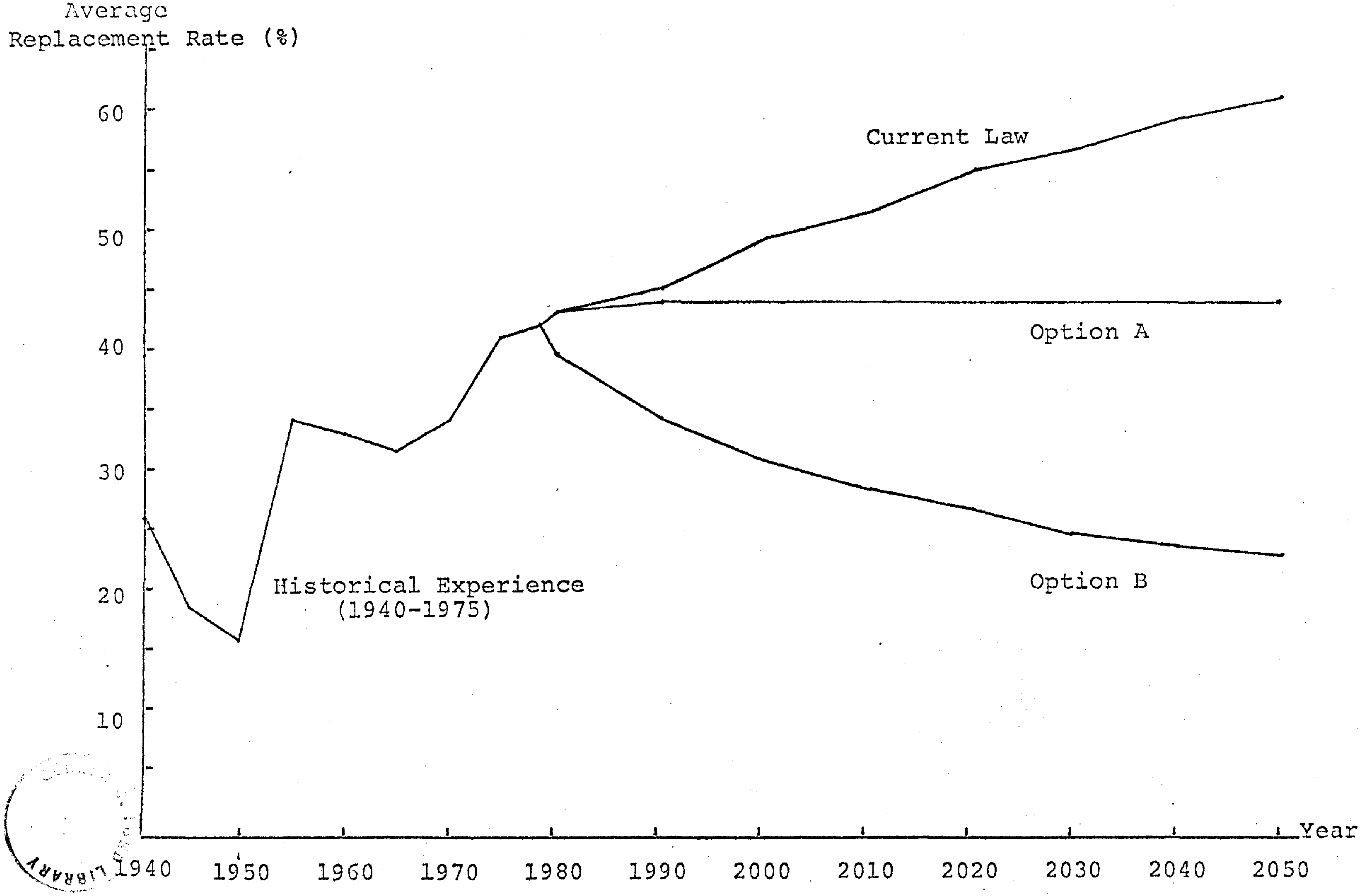
3/ Married couples refer to couples where the wife has no social security benefit in her own right.

NOTE: Projections assume that earnings rise 2 percent faster than the CPI and that the fertility rate rises from 1.8 to 2.1.

TAB C
REPLACEMENT RATES

COMPARISON OF PROJECTED REPLACEMENT RATES:

CURRENT SYSTEM, OPTION A, AND OPTION B (1975-2050)



TAB D
BENEFIT CALCULATION
FORMULAS

BENEFIT CALCULATION FORMULAS

OPTION A: Provides benefits based on earnings indexed to increases in average wages through age 60. Benefit in 1978 computed using the formula 90% of the first $180 of average indexed monthly earnings (AIME), 33% of the next $875 of AIME, and 16% of all AIME over $1055. For future years the formula would be adjusted to increases in average wages.

OPTION B: Provides benefits based on earnings indexed to increases in the CPI through age 61. Benefit in 1978 computed using the formula 93% of the first $175 of average price indexed montly earnings (APIME), 33% of the next $860 of APIME and 17% of all APIME over $1035. For future years the formula would be adjusted to increases in the CPI.

DECISION

THE WHITE HOUSE

WASHINGTON

May 15, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON

SUBJECT: The Uranium Enrichment Bill Reported by the JCAE

This memorandum is to (a) report on your advisers' assessment of the Nuclear Fuel Assurance Act(NFAA) ordered reported on May 11 by the Joint Committee on Atomic Energy(JCAE); and (b) recommend that you consider the JCAE bill acceptable.

THE JCAE BILL

Briefly, the JCAE made two significant changes from the bill we had previously agreed to:

- The JCAE bill specifies that ERDA cannot enter into contracts with private ventures unless the Congress passes a concurrent resolution of approval within 60 legislative days after receiving the contract. Previously, the bill had provided that ERDA could sign the contract if the Congress had not passed a concurrent resolution of disapproval.
- The JCAE bill authorizes and directs ERDA to initiate construciton planning and design, construction and operation for expansion of an existing uranium enrichment plant and the draft JCAE report specifies this shall be Portsmouth. The bill authorizes $255 million for this purpose.

THE ISSUES

The three principal issues raised by the JCAE bill and your advisers views on them are as follows:

1. Is the Congressional review procedure constitutional?

   The Office of White House Counsel, after consulting with the Justice Department, has concluded that the review procedure does not raise significant questions of constitutionality, and that you have the option of accepting the bill as written. Counsel further advises that the principal question is whether your acceptance of this bill might be perceived as inconsistent with your veto of the Internation Security Assistance Arms Exports Control Act of 1976. Counsel, Congressional Relations and NSC staff concluded that this was not a significant problem.

2. Will it be feasible to get proposed contracts approved with the 60 days allowed?

Clearly,the requirement for positive Congressional approval action is a more difficult requirement than absence of disapproval. However, your advisers believe the new requirements is, on balance, acceptable because:

a. The bill itself sets up a timetable for Congressional action (30 days for JCAE; bill must become pending business in each House within 25 additional days and be voted upon within 5 days), though the bill also provides this could be changed.

b. We believe that Chairman Pastore is pursuing the matter in good faith and would work to get contracts considered within the time provided.

c. The implications of not approving contracts(i.e., need for large Federal budget outlays) will be clear.

d. Informal checks with prospective private enrichment firms indicates they aren't dissuaded by the change.

3. Is the requirement to initiate work on an add-on plant at Portsmouth acceptable?

This provision is undesirable because (a) it seeks to force or convey an irrevocable commitment to build a Portsmouth add-on; (b) building such an add-on may prove to be both undesirable and infeasible; (c) it could have a substantial Federal budget impact; and (d) it could dissuade private ventures from proceeding or potential foreign or domestic customers from signing up with one of the private ventures.

On balance, however, your advisers believe the provision is acceptable because:

a. There will, if fact, be future opportunities to evaluate the feasibility and desirability of proceeding with the add-on plant as (1) the need for higher authorizations and appropriations are considered; (2) as environmental impact is evaluated; and (3) uncertainties concerning electrical power supply and advanced diffusion technology are clarified.

b. There may be a need for the add-on plant(in addition the expected private plants) because:

   (1) Existing Government plants now appear to be over-committed in contracts already signed. This is the case because changes in the uranium market situation over the past year or two indicate that it may make more sense to increase enrichment capacity because this makes it possible to use less uranium.

   (2) The additional Government owned capacity, if built, could be used to add enriched uranium to the National stockpile, to back up your commitment that services will be available when needed by foreign and domestic customers, and as a hedge against delays in centrifuge plants or unexpected failure of private ventures.

c. The provision could be accepted without reopening the Government's "order book." Reopening the Government's order book would be in direct competition with the private ventures and probably prevent them from going ahead.

d. ERDA believes work necessary to an add-on plant could be sequenced so that it would not compete for excessively for talent and resources needed for private plants. Thus the add-on work would not prevent private ventures from going ahead.

RECOMMENDATION

That you consider the Nuclear Fuel Assurance Act as ordered reported by the JCAE on May 11, 1976, to be acceptable.

APPROVE ____________ DISAPPROVE ____________

Domestic Council

THE WHITE HOUSE

WASHINGTON

June 10, 1976

MEMORANDUM FOR: JIM CANNON
BILL SEIDMAN

FROM: PHIL BUCHEN P.

SUBJECT: Proposed amendments to the Clean Air Act

After participating with you in the recent meetings on this subject, I would like to call your attention to the pending petition before the U.S. Court of Appeals in the District of Columbia Circuit in American Petroleum Institute, et al. v. Environmental Protection Agency. This petition is for review of regulations by EPA that were issued to impose Federal non-degradation standards on the states. These regulations were issued as a result of the decision in Sierra Club v. Ruckelshaus, 344 F. Supp. 253, affirmed per curiam, by the Court of Appeals which, on review by the Supreme Court, was undisturbed because of an equally divided vote of that court as reported in 412 U.S. 541 (1973).

In the pending petition by the American Petroleum Institute and others, the argument has been made that a more recent decision of the Supreme Court in Train v. NRDC, 421 U.S. 60 (1975), has changed the holding in the Sierra Club case.

If the presently proposed legislation passes with the Moss amendment included, the pending litigation will continue, and petitioners in the pending court case have urged that we support the Moss amendment. Petitioners are quite confident of prevailing, if not in the Circuit Court of Appeals, then in the Supreme Court when the present case reaches that court.

I got the impression from our meeting that no one was particularly willing to recommend to the President that the pending Clean Air Act amendments would be acceptable if the Moss amendment were included, but you may want to reconsider this position in light of the pending petition brought by the American Petroleum Institute and others.

I have copies of the briefs filed by the petitioners in the present court case if you would like to see them.

cc: Frank Zarb