The original documents are located in Box 59, folder “1976/06/11 - Economic Policy Board” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING

AGENDA
8:30 a. m.
Roosevelt Room

June 11, 1976

1.	Report of Commodities Policy Coordinating Committee	State-Treasury
2.	Analysis of Esch-Kemp Bill	Gorog-OMB-Treasury
3.	Commerce Trade Figure Releases	Commerce

THE WHITE HOUSE

WASHINGTON

June 9, 1976

MEMORANDUM FOR ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEMBERS

FROM: WILLIAM F. GOROG WFG

SUBJECT: Esch/Kemp Job Creation Legislation

Congressmen Esch, Kemp and others have drafted a proposed alternative to H.R. 50 (Humphrey-Hawkins) to be offered as a substitute when the bill is brought up in the House -- probably after the Democratic National Convention in July.

The Esch/Kemp proposal contains the following add-ons to our package of existing Administration proposals:

- o "Zero budgeting", involving a four-year phased review of all Federal program authorizations with first-year priority on employment and training programs, a complicated system of GAO reports and audits, and mandated MBO budgeting by OMB. Also, Treasury would develop a consolidated financial report for the U.S. using accrual accounting.

- o A 4 percent decrease in the corporate tax rate phased over three years (2, 1, and 1 percent).

- o A boost in the investment tax credit to 12% across the board, plus an additional 1% for contributions to employee stock ownership (ESOP) plans.

- o Extension nationwide of our accelerated depreciation program for high unemployment if found beneficial by Treasury upon evaluation.

- o A special capital recovery amortization schedule providing for five-year accelerated double declining balance depreciation for equipment and ten-year accelerated double declining balance depreciation for buildings.

- One-year amortization of pollution control facilities.
- A 10% tax credit (with maximum limit of $1,000, $2,000 for joint returns) for increased personal savings.
- A year-round youth employment program plus establishment of a Youth Conservation Corps.
- An employment tax credit program partly dependent on unemployment rates.

Attached are memoranda from Treasury (Tab A) and OMB (Tab B) commenting on the tax and fiscal policy impact of the proposal as now drafted.

Attachments

TAB A

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

JUN 9 1976

MEMORANDUM TO: Economic Policy Board
Executive Committee

FROM: Charles M. Walker CW

SUBJECT: Esch-Kemp Bill

This memorandum is an analysis of the revenue effects over the next 5 fiscal years of the draft Esch-Kemp Bill, which combines pending Administration tax proposals with a number of additional capital formation proposals.

The revenue cost of the total package is enormous. After taking into account the effects on the economy, the total cost would be $48 billion in Fiscal Year 1977 and $83 billion in Fiscal Year 1981, which are, respectively, $20 billion and $26 billion more than the cost for pending comparable Administration proposals.

The revenue estimates for the Esch-Kemp Bill have first been estimated using income levels consistent with Troika projections (line 1 of Table 1, the detail of which is shown in Table 2). These Troika projections underlie the President's proposed tax cuts for Fiscal Year 1977. However, the tax cuts in the Esch-Kemp Bill substantially exceed those recommended by the President, by more than $25 billion in Fiscal Year 1977 alone. The proposed additional tax cuts can therefore be expected to generate substantially higher levels of nominal GNP as a result of which there will be some offsetting revenue pick-up by the Treasury (line 2). The last line of Table 1 indicates the net reduction in receipts beyond the President's tax cuts and job creation proposals after taking into consideration offsetting revenue gains.

It should be noted that no judgments are rendered here on the division of nominal GNP between real income changes and price changes. However, massive tax cuts such as those recommended here should substantially increase inflation in the economy particularly after the first year or two when the economy may be expected to be much closer to its full employment potential.

At an earlier meeting of the EPB Executive Committee it was agreed to repackage the various pending Administration proposals relating to capital formation and job creation as a single bill, but not to identify the Administration at this time with additional proposals. The draft Esch-Kemp Bill contains a number of costly additional proposals:

-- A permanent 12 percent investment credit, rather than the 10 percent permanent investment credit recommended by the President,

-- An additional 1 percent investment credit for contributions to employee stock ownership (ESOP) plans,

-- Larger corporate tax reductions than recommended by the President,

-- One-year amortization for pollution control facilities,

-- A 10 percent tax credit (with maximum limit of $1,000, $2,000 for joint returns) for increased individual savings,

-- A special capital recovery amortization schedule providing for five-year accelerated double declining balance depreciation for equipment and ten-year accelerated double declining balance depreciation for buildings,

-- A tax credit based on employment of individuals, partly dependent on unemployment rates.

Individually, a number of these proposals present very serious difficulties from a tax policy standpoint and we would strongly oppose them. Collectively, they represent a package of tax reductions of such a magnitude that their espousal would be irresponsible.

We very strongly recommend that the Economic Policy Board adhere to its previous decision.

Table 1

Comparison of Estimated Receipts Effects Resulting from the Esch Substitute to H.R. 50 and the President's Comparable Proposals (1976 Law) ($ billions)

	Fiscal Years					
	TQ	1977	1978	1979	1980	1981
Gross revenue loss resulting from Esch substitute to H.R. 50 1/	-9.5	-54.4	-70.2	-83.1	-95.4	-105.5
Offsetting revenue gain due to economic stimulus on nominal GNP 2/	+0.7	+6.0	+9.7	+14.3	+18.4	+22.1
Net revenue loss	-8.8	-48.4	-60.5	-68.8	-77.0	-83.4
Net revenue loss resulting from the President's tax cut and job creation proposals 3/	-5.5	-28.2	-36.6	-42.0	-49.1	-57.4
Difference in net receipts (Esch proposals minus the President's proposals)	-3.3	-20.2	-23.9	-26.8	-27.9	-26.0

Office of the Secretary of the Treasury
Office of Tax Analysis

June 9, 1976

1/ Assumes same underlying economic assumptions as under the President's program.

2/ Estimated revenue gain resulting from additional stimulus on nominal GNP.

3/ Consists of the President's tax cut proposals plus rapid amortization in areas of high unemployment, BSOP, financial institutions reform, corporate integration, and estate and gift tax reform.

Table 2

Estimated Reduction in Receipts Resulting from
Congressman Esch's Substitute to H.R. 50

(1976 Law)

($ billions)

Esch Substitute to H.R. 50		Fiscal Years					
Section	Provision	TQ	1977	1978	1979	1980	1981
203	Personal exemption changes	2.4	10.8	11.5	12.1	12.7	13.3
204	Standard deduction changes	.7	4.5	4.6	4.8	5.0	5.3
205	Individual rate reductions	1.6	7.0	7.4	7.8	8.2	8.6
207	Per capita credit	1/	---	---	---	---	---
207	Optional taxable income credit	1/	---	---	---	---	---
208	Earned income credit	1/	---	---	---	---	---
211	Permanent 12 percent investment credit plus additional 1 percent ESOP credit - Individuals	*	.4	1.0	1.1	1.1	1.2
	Corporations	.3	2.6	4.4	4.7	5.0	5.4
212	Corporate tax rate reductions	.9	4.4	5.9	7.1	7.7	8.2
213	Rapid amortization in high unemployment areas- Individuals	---	*	*	.1	.1	.1
	Corporations	---	*	.1	.3	.5	.6
214	One-year amortization for pollution control facilities	.5	2.0	1.6	1.6	1.5	1.5
215	10 percent personal savings credit	.6	6.4	6.7	7.4	8.1	8.9
216-20	Broadened stock ownership plans	---	.3	.4	.5	.6	.7
222	Corporate tax integration - Individuals	---	---	---	.7	3.3	6.8
	Corporations	---	---	1.1	3.0	4.6	6.5
223-29	Estate and gift tax relief	*	.1 2/	1.1	1.5	2.0	2.6
230	Capital recovery allowances - Individuals	.1	1.3	2.7	3.8	5.0	5.1
	Corporations	1.2	7.4	12.1	16.9	20.1	20.6
312	Job creation tax credit - Individuals	.1	.6	.9	1.0	1.0	1.0
	Corporations	1.2	6.6	8.5	8.7	8.9	9.2
	Total individual	5.4	31.4	36.4	40.7	47.2	53.5
	Total corporations	4.1	23.0	33.8	42.4	48.3	52.0
	Grand total	9.5	54.4	70.2	83.1	95.4	105.5

Office of the Secretary of the Treasury, Office of Tax Analysis — June 9, 1976

* Less than 50 million.
1/ No change over present law.
2/ Differs from estimate for President's proposals because of deferral on small gifts.

TAB B

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 7, 1976

MEMORANDUM FOR: DOUG METZ

FROM: RUDY PENNER RP

SUBJECT: Esch/Kemp Bill

Attached are two memos. The memo from White to Shipley makes cost estimates for those outlay programs not in the President's Budget. The memo noted "Title I" states why OMB has testified against such measures in the past.

Attachments

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DATE: June 4, 1976

REPLY TO ATTN OF: CVA/Labor

SUBJECT: Esch/Kemp Bill, June 2 version

• Jerry Shipley

1. The following sections in prior drafts have, appropriately, dropped out: reauthorization of the regular CETA titles; reauthorization of CETA Title VI; the UI amendments. The last two would have been harmful to present Administration objectives.

2. A new Youth Incentive Program title has been added. This is essentially the same as the Youth Title from Mr. Esch's proposal of October 9, 1975, H.R. 10160, except for the elimination of the requirement that the school year jobs pay at least minimum wage, and some minor technical changes. Attachment A provides a set of assumptions and methods used to calculate the cost of the new title. In summary, the net estimates are:

Youth Incentive Program
Net Outlays in Millions
(amounts over President's Budget)

1977	1978	1979	1980	1981
3,830	4,293	4,756	5,179	5,602

We note that the new Youth title makes no reference to the existing CETA Title I youth activity. Under that authority, prime sponsors are expected to spend about $750 million for youth in FY 1977. The bill's sponsors may wish to make some reference to this resource in their explanatory material. Perhaps they could state that their intent is that all youth needs be met by the new title, thus freeing the Title I money, if prime sponsors so desire, for service to the long-term unemployed and other priority groups. This is not quite consistent with the inclusion of the "school to work" language in Title I, but it would help explain at least one way the present resource could be accounted for. As a practical matter, the new Title I authorities for Youth would be hard to distinguish from the existing programs at the operating level. Of course, the whole title is another step away from the consolidation achieved with the enactment of CETA. However, the Administration cannot object on principle, since we have proposed separate summer youth programs.

3. Part B of the Esch/Kemp Title III, Programs for the Long-Term Unemployed, does not have cost implications over existing resources. Some additional experimentation or labor market information activity might result, but there are ample discretionary resources now available to accommodate this. The majority of the amendments provide for heightened sensitivity on the part of the prime sponsors and the Secretary to the problems of the long-term unemployed and problems caused by the transition from school to work.

4. The bill still contains the language giving added emphasis to the development of job banks/job matching. The sponsors should be made aware that the Department has been unable to date to come up with a plan to spend effectively the resources now available for the expansion and further refinement of the system. GAO has recently reported to an oversight committee on the Employment Service that its analysis indicates that the Department is not ready to expand the system; further testing and development is needed. We recognize the attraction in theory of speeded job matching and enhanced labor market information made available through job banks. However, it is quite likely that more harm than good will be done by putting added pressure on the Department.

5. As a technical matter, since the reauthorization of Title VI no longer is included, Section 307, which adds priorities for the long term unemployed within Title VI, should be dropped. The Title VI authority expired December 31, 1975.

6. The Youth Conservation Employment Program was reviewed by the YCC examiner (Satterfield). The judgment on this program is that, while there will always be work that can be done, the present budgets for Agriculture and Interior are adequate to do what can be justified on reasonable cost/benefit grounds. Attachment B provides the assumptions and methods used in estimating the cost of this program. All costs are additive to the President's Budget. In summary, the estimates are:

Youth Conservation Employment
Outlays in Millions

1977	1978	1979	1980	1981
10	1,500	1,687	1,500	1,500

7. The EDA examiner (Howland) reviewed the directives to the Secretary of Commerce (pp. 138-9) to focus on areas of high unemployment. There are no direct cost implications to these portions. However, the sponsors should be aware that the President's budget for 1977 includes reductions of $137 million in EDA from the 1976 level, principally in the areas cited in Esch/Kemp. The remaining EDA activity is to be targetted as the bill would direct.

Barry White

Barry White
Budget Examiner

Attachment A

Costing of Esch/Kemp Title III Youth Incentive Program

Enrollment level

There is no statement in the bill as to the expected size of the program. CETA Section 304, the Summer Youth Employment Program is repealed, and the minimum appropriation for the Youth Incentive Program is the 1976 appropriation for Section 304, or $528 million, which provided almost 900,000 jobs. Since the level has gone up each year, we assume starting in 1977 at 1 million, and increasing 100,000 each year thereafter. Since the summer program is to be closely related to the school year program, we assume the same average level throughout the year.

Unit cost

We presently calculate average unit cost for a summer youth job as follows: 234 hours times the minimum wage ($2.30 per hour); add 7% for benefits; add 6% for administrative cost; minus out 3% lapse. This gives an FY 76 cost of $595 per summer job.

For Esch/Kemp we make the following assumptions:

-- retain the minimum wage as the average. Even though the bill allows going lower, we assume that the number below and the number above the minimum are likely to cancel out. We assume no increase in the statutory minimum.

-- retain the 7% for benefits.

-- increase the administrative cost to 10% even though the bill allows up to 15%, and permits equipment and space rental. We would see the types of jobs as not requiring major equipment and space costs. Administrative cost would increase, but using the Prime Sponsor mechanism ought to permit some continued absorption.

-- retain the 3% lapse.

-- hours per week and number of weeks breaks three ways:

(1) For the summer: 40 hours per week for all participants for 10 weeks. Some would clearly work fewer hours, but the bill emphasizes the full-time work authority. It also provides for increased efforts for training, which increase cost.

(2) For school year: 1/2 the participants part-time at 20 hours; 1/2 the participants full-time for 40 hours. Each slot funded for 40 weeks.

President's Budget

Esch/Kemp repeals Section 304 of CETA, which is the present Summer Youth Employment Program. The Budget provides preliminary estimates for this program each year. It is the President's intent to reserve judgment on the size of the summer program needed each year until March, when the data become available projecting youth unemployment and other relevant factors. Allowances in the budget estimates are:

1977	1978	1979	1980	1981
400	360	320	320	320

Costs by Fiscal Year ($ in millions)

FY 1977:	1,050	1 million summer youth slots
	2,100	500,000 full-time school year slots
	1,080	500,000 part-time school year slots
	4,230	
	-400	President's budget estimate for summer
	3,830	
FY 1978:	1,155	1.1 million summer youth slots
	2,310	550,000 full-time school year slots
	1,188	550,000 part-time school year slots
	4,653	
	-360	President's budget estimate for summer
	4,293	

FY 1979:	1,260	1.2 million summer youth slots
	2,520	600,000 full-time school year slots
	1,296	600,000 part-time school year slots
	5,076	
	-320	President's Budget estimate for summer
	4,756	
FY 1980:	1,365	1.3 million summer youth slots
	2,730	650,000 full-time school year slots
	1,404	650,000 part-time school year slots
	5,499	
	-320	President's Budget estimate for summer
	5,179	
FY 1981:	1,470	1.4 million summer youth slots
	2,940	700,000 full-time school year slots
	1,512	700,000 part-time school year slots
	5,922	
	-320	President's Budget estimate for summer
	5,602	

Cost Estimate for Esch/Kemp Youth Conservation Employment

Estimate of costs is based on a number of assumptions including the following:

100,000 employed for 9 months
300,000 employed for 3 months.

Full-year employment cost:

100,000 @ $10,000 average annual cost = $750,000,000
300,000 @ $10,000 average annual cost = $750,000,000

Facilities cost: $750,000,000

Average annual cost based on:

Wages and benefits	-	5,200
Administration (direct)	-	2,800
Overhead	-	2,000
		10,000

Facilities cost based on:

Construction cost $10,000 per man if 50 man camp
New facilities will be necessary to facilitate 25% of program.

Program would not reach full operation until 1980. Also assumes that other constraints in bill would allow this level of operation.

Costs by FY ($ in millions)

	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981
Planning	10	--	--	--	--
Construction	--	375	375	--	--
Operation	--	1,125	1,312	1,500	1,500
Total	10	1,500	1,687	1,500	1,500

TITLE I

The Administration supports the basic intent of Title I of the Esch amendment to H.R. 50. The Administration has gone on record in support of periodic quality assessments (evaluations) of the various activities of the Federal Government, along with the full use of such assessments in decision-making as to the future of such activities.

However, this proposed amendment to H.R. 50 shares the overriding problem found in other similar legislative proposals. It is far too mechanical and inflexible. The following comments focus on provisions that directly affect the Executive Branch agencies. The Legislative Branch agencies, such as the General Accounting Office and the Congressional Budget Office, are in a better position to assess the effect of provisions that directly affect them.

Required authorizing legislation coupled with program control reviews

Sections 102-113 would impose a series of requirements designed to ensure that existing and proposed new programs be reviewed intensively before they are renewed. These sections would require, among other things:

- -- that legislation authorizing new budget authority (except when financed by a trust fund) be terminated on October 1, 1980 (Sec. 102);
- -- that, generally, subsequent bills, resolutions, or amendments authorizing budget authority for programs be limited to not more than four fiscal years (Sec. 103);

-- that new program authorizations be further limited to one fiscal year and programs previously authorized be limited to two additional fiscal years (Sec. 104);

-- that proposed changes to programs funded by trust funds or permanent budget authority be preceded by a report of "program control review" (Sec. 105);

-- that whenever legislation authorizing new budget authority is required, a prior congressional committee report on a "program control review" be conducted (Sec. 110);

-- that agency heads submit an analysis of their programs and activities and an evaluation of the effectiveness of the programs and activities whenever requested to do so by authorizing committees conducting the "program control review" (Sec. 112(1)); and

-- that, when requested by those committees, OMB submit a similar report from the standpoint of the budget functions, as well as the impact of the program or activity on the economy (Sec. 112(2)).

These requirements would impede rather than induce serious program evaluation. They would discourage selectivity and the assignment of priorities in program evaluation efforts and would substitute for it the grinding out of reports that struggle to discuss all the items of information required for the program control reviews for all the required reauthorizations. These sections of the amendment would, in short, overload the ability of agencies to produce thorough program evaluation studies and flood the Congress with reports of less than adequate quality.

Intentionally or otherwise, the proposed amendment would add to the paper flow required by the Congressional Budget Act. The President is required by the Congressional Budget Act of 1974 to request the enactment of legislation authorizing a new program or activity for at least the first two fiscal years. The substitute would limit the Congress to report new program authorizations for only one fiscal year.

The President's budget

Section 114 of the proposed amendment would require that, beginning with the 1979 budget, the President's budget include, for each Government program or activity, information on the budget-year objectives as well as a comparison of past year achieved objectives with planned objectives.

As Director Lynn has testified, this effort would be staggering. There are more than 1,000 Federal domestic assistance programs alone. The information required to be included in the President's budget would be so great that detailed analysis by the OMB and agency staff would--necessarily--give way to "pro forma" examination. The quality of the information would be suspect because, over and above the extremely difficult conceptual and technical problems associated with developing performance measurements, the development of measurements that would be acceptable to the several interested parties would require a managerial effort of a magnitude that neither the Executive Branch nor the Legislative Branch now has, or for that matter, would likely be willing to divert on such a scale for this purpose.

Printing of fiscal note on legislation

The Esch amendment would also require (Sec. 118) that every bill or joint resolution of "a public or private character which has been introduced in either House of Congress... shall be printed only when there appears at the bottom of the first page thereof a fiscal note." The fiscal note is required to cover five fiscal years or the authorized duration of any program authorized by the legislation and must be furnished by Executive Branch agencies within 72 hours. The note shall state estimates of the "direct and indirect costs and savings" that would result from the bill.

It is unrealistic to expect Federal agencies to review proposed bills and to provide useful estimates of direct and indirect costs and/or savings within such a short time. Moreover, to require the Federal agencies to provide this information for each of the more than 10,000 bills and joint resolutions expected to be introduced each year would impose a considerable and unnecessary workload burden. The

Congressional Budget Act now requires that <u>reports</u> accompanying legislation providing new budget authority or tax expenditures contain similar information. In fact, in recognition that five-year projections may not always be practical, that Act allows the exemption of such projections provided that the report accompanying the legislation contain a statement of the reason for such impracticability.

<u>Statement of purpose</u>

Section 2(6) of the proposed amendment cannot be supported by the Administration. The section states that "National policy over the past decade has been to discourage, rather than encourage, job creation and growth in the private sector." Surely, this is not this Administration's view of its national policy over the past eight years.

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MEMORANDUM FOR L. William Saidman
Executive Director, Economic Policy Board

SUBJECT: Commerce Trade Figure Releases

In response to the EPB Executive Committee's decision March 22. 1976, we have worked out with the Bureau of the Census a revised "Summary of U.S. Export and Import Merchandise Trade" release (attached) which we believe gives parity to the c.i.f. import numbers. The Bureau of the Census has discussed this matter with OMB, and it appears no formal clearance or review will be necessary.

Therefore, if the Executive Committee of the EPB concurs with the new format, we would propose to make the revision commencing with the release on June 25.

To meet this deadline, perhaps the EPB Executive Committee could deal with this matter the week of June 1.

John Thomas Smith II

Acting Secretary of Commerce

Attachment

SUMMARY OF U.S. EXPORT AND IMPORT MERCHANDISE TRADE

February 1976

FT 900-76-2

For Release
March 26, 1976
10:00 A.M.

Seasonally Adjusted and Unadjusted Data

(Including Unadjusted Data on Imports of Petroleum and Petroleum Products)

F.A.S. EXPORTS AND F.A.S. IMPORTS

Seasonally Adjusted

The Bureau stated that during February 1976, exports on a f.a.s. (free alongside ship) U.S. port of exportation basis, excluding Department of Defense (DOD) Military Assistance Program Grant-Aid shipments, were valued at $8,800.1 million and that general imports on a f.a.s. foreign port of exportation value basis, amounted to $8,940.9 million.[1 2 3]

Based on the above export and import figures, the February merchandise trade balance was in deficit by $140.8 million, as compared to the January 1976 deficit of $72.6 million.

During the 4-month period, November 1975 - February 1976, exports averaged $9,140.7 million per month, a level slightly above (about 1 percent) the $9,060.8 million average reported for the preceding 4-month period, July-October 1975. Imports on a f.a.s. value basis, averaged $8,711.6 million per month for the current 4-month period, about 9 percent higher than the $8,021.2 million average reported for the preceding 4-month period.

F.A.S. EXPORTS AND C.I.F. IMPORTS

Seasonally Adjusted

The Bureau stated that during February 1976, exports a f.a.s. (free alongside ship) U.S. port of exportati basis, excluding Department of Defense (DOD) Military Assistance Program Grant-Aid shipments, were valued a $8,800.1 million and that general imports on a c.i.f. (cost, insurance, and freight) U.S. port of entry bas amounted to $9,592.7 million.[1 2 3]

Based on the above f.a.s. export and c.i.f. import figures, the February merchandise trade balance was i deficit by $792.6 million, as compared to the Januar 1976 deficit of $776.3 million.

During the 4-month period, November 1975 - February 1976, exports averaged $9,140.7 million per month, a level slightly above (about 1 percent) the $9,060.8 million average reported for the preceding 4-month period, July-October 1975. Imports on a c.i.f. valu basis averaged $9,366.9 million per month for the cu 4-month period, about 9 percent higher than the $8,6 million average reported for the preceding 4-month p

Unadjusted

Table 1. U.S. Exports (f.a.s. Value Basis), General Imports (f.a.s. and c.i.f. Value Basis), and Merchandise Tr
Balance, Adjusted for Seasonal and Working-Day Variation, by Month: January 1975 to February 1976

(In millions of dollars. See Explanation of Statistics for information on coverage, definitions of export and i
values and trade balances, and sources of error in the data. All data shown for 1975 and 1976 reflect seasonal
adjustment factors introduced in January 1976)

Period	F.a.s. Exports and f.a.s. Imports			F.a.s. Exports and c.i.f. Impor		
	Exports [1]	Imports	Trade balance	Exports [1]	Imports	T ba
1975						
January-February	18,128.0	17,563.1	+ 564.9	18,128.0	18,878.9	–
January	9,373.4	9,635.5	– 262.1	9,373.4	10,377.7	–
February	8,754.6	7,927.6	+ 827.0	8,754.6	8,501.2	+
March	8,685.2	7,466.5	+1,218.7	8,685.2	8,039.2	+
April	8,647.6	7,958.5	+ 689.1	8,647.6	8,546.5	+
May	8,221.5	7,266.2	+ 955.3	8,221.5	7,816.7	+
June	8,716.1	7,103.5	+1,612.6	8,716.1	7,652.2	+
July	8,893.8	7,832.2	+1,061.6	8,893.8	8,413.0	+
August	8,979.2	7,877.2	+1,102.0	8,979.2	8,478.8	+
September	9,145.7	8,205.1	+ 940.6	9,145.7	8,829.9	+
October	9,224.6	8,170.4	+1,054.2	9,224.6	8,795.2	+
November	9,409.3	8,203.6	+1,205.7	9,409.3	8,829.8	+
December	9,249.9	8,525.7	+ 724.2	9,219.9	9,165.5	+
1976						
January-February	17,903.5	18,116.9	– 213.4	17,903.5	19,472.4	–
January	9,103.4	9,176.0	– 72.6	9,103.4	9,879.7	–
February	8,800.1	8,940.9	– 140.8	8,800.1	9,592.7	–
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						

[1] Represents exports of domestic and foreign merchandise excluding Department of Defense Military Assistance Prog
Grant-Aid shipments.

~~EYES ONLY~~

MINUTES OF THE
ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE MEETING

June 10, 1976

Attendees: Messrs. Simon, Seidman, Lynn, Ussery, Richardson, Zarb, Walker, Porter, Penner

1. Senate Finance Committee Tax Reform Bill

The Executive Committee reviewed a memorandum, prepared by the Treasury, on the Senate Finance Committee tax reform bill. The discussion focused on the legislative prospects for the bill and the Administration's position on specific provisions in the bill.

Decisions

The Executive Committee approved the recommended positions outlined in the memorandum with the following modifications:

The Administration will seek to exclude charities from the impact of the minimum tax provision.

The Administration will oppose the 2 percent investment credit for an ESOP unless the Administration's BSOP proposal is adopted.

The Administration will support the 5-year amortization of pollution control equipment for the electric utility industry provided that there is a normalization provision.

The Administration will oppose the provision for the nontaxability of contributions to group legal service plans.

The Administration will support the provision permitting members of the Armed Forces Reserves or National Guard to make tax deductible IRA contributions to an Individual Retirement Account (IRA) for a year in which the service in the Reserves or National Guard is less than 90 days (excluding active duty for training).

Treasury will coordinate the recommended positions on the energy portions of the bill with HUD. Commerce will provide Treasury with their comments.

~~EYES ONLY~~
RBP

~~EYES ONLY~~

MINUTES OF THE
EPB/ERC EXECUTIVE COMMITTEE MEETING

June 9, 1976

Attendees: Messrs. Seidman, Lynn, Zarb, Train, Cannon, Dixon, Seamans, Darman, Zausner, MacAvoy, Moskow, Porter, Katz, Perritt, McGurk, Penner, Arena, VanHorne, Hardy, Fri, McCormick, Kearney, Duval, Leach, Lissy, Gage, Fisher, Zahradnik

1. Scrubber Technology

The Executive Committee reviewed three alternative scrubber technologies currently in use or under development: (1) coal cleaning; (2) combustion modification; (3) flue-gas desulfurization. EPA reported on a series of flue-gas desulfurization processes and demonstration projects currently under way and on various physical and chemical coal cleaning development processes.

ERDA reported on the status of development of coal-oil slurries, solvent refining of coal, and fluidization bed combustion. The discussion focused on the incremental costs of different processes, the construction lead time differential between oil-fired plants and coal/nuclear power facilities, and the present incentives for industry to select either oil or coal as a future source of power.

Decision

FEA, ERDA and EPA will prepare a paper examining the trade-offs involved in the need for more coal-generated power and compliance with existing and prospective air quality standards in the context of the development of new emission control technologies.

2. Synthetic Fuels Legislation

ERDA briefly reported on the legislative status of the synthetic fuels commercialization program.

Decision

ERDA will coordinate Executive Branch agency efforts to support the pending synthetic fuels legislation.

~~EYES ONLY~~

3. Administration Position on Minimum Wage Legislation

The Executive Committee briefly reviewed a draft memorandum prepared by the Department of Labor on the Administration position on minimum wage legislation and a letter from Secretary Simon outlining the views of the Department of the Treasury on the minimum wage issue.

Decision

A revised memorandum will be prepared to reflect the discussion and will be circulated to Executive Committee members for their comments and recommendations prior to submission to the President.

4. Special Session on International Summit Conference

The Executive Committee will hold a special session at 6:00 p.m. this evening in the Roosevelt Room to review the first drafts of the papers prepared for the international summit conference in Puerto Rico.