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## GRAIN EMBARGO

- TOUGH DECISION, I UNDERSTAND CONCERN OF FARMERS.
- NEED FOR PERSPECTIVE:
  - IF WE HAD NOT ACTED, MARITIME UNIONS OR CONGRESS WOULD LIKELY HAVE DONE SOMETHING FAR WORSE TO FARMERS. THERE WERE THREATS TO STOP SHIPMENT OF THE 10 MILLION TONS ALREADY SOLD. 70 MEMBERS OF CONGRESS HAD ENDORSED A BILL TO PUT ALL GRAIN EXPORTS UNDER GOVERNMENT CONTROL.
  - USING THE LEVERAGE OF THE EMBARGO, WE NEGOTIATED AN AGREEMENT WITH THE SOVIETS WHEREBY AMERICAN FARMERS STARTING JUST ONE WEEK FROM TOMORROW (OCTOBER 1ST) WILL BE ABLE TO SELL -- AT FAIR, COMPETITIVE PRICES -- A MINIMUM OF 6 MILLION TONS OF GRAIN PER YEAR FOR FIVE YEARS.

(OVER)

- MY POLICY

- NO MORE EMBARGOES
- FREEDOM FOR FARMERS
- A FAIR DEAL FOR CONSUMERS

## YOUTH DIFFERENTIAL

THE FOLLOWING RESPONSE IS SUGGESTED IF YOU ARE DIRECTLY  
ASKED WHETHER YOU SUPPORT THE REPUBLICAN PLATFORM, WHICH SAYS,  
"A YOUTH DIFFERENTIAL MUST IN INCLUDED IN  
THE MINIMUM WAGE LAW."

---

I SUPPORT THE REPUBLICAN PLATFORM AND MY ADMINISTRATION IS  
ALREADY TAKING ACTION TO ENCOURAGE YOUTH EMPLOYMENT.

THE ACTIONS ALREADY UNDERWAY FULLY PROTECT THE JOBS OF  
OLDER WORKERS -- ESPECIALLY THOSE WITH FAMILY OBLIGATIONS. I  
WILL INSIST THAT ANY CHANGE IN THE CURRENT LAWS TO STIMULATE  
YOUTH EMPLOYMENT NOT RESULT IN A SUBSTITUTION OF LOW WAGE  
YOUTH FOR OTHER WORKERS.

(OVER)

I FULLY SUPPORT THE PROVISIONS OF THE CURRENT LAWS WHICH AUTHORIZE ABOUT 550,000 PERSONS TO BE EMPLOYED BELOW THE MINIMUM WAGE. IN ADDITION, AS MANY AS ONE MILLION YOUNG PEOPLE ARE EMPLOYED IN INDUSTRIES WHERE THE MINIMUM WAGE REQUIREMENTS DO NOT APPLY AT ALL. (SUCH AS SMALL FARMS AND SMALL RETAIL).

NOTE: EPB WILL RECOMMEND AGAINST UNQUALIFIED SUPPORT OF A YOUTH DIFFERENTIAL AT THIS TIME.

## TEENAGE UNEMPLOYMENT

*7.3 B  
not all. Am.*

### 1) PERSPECTIVE

- IN THE FIRST EIGHT MONTHS OF THIS YEAR, 7.3 MILLION YOUTHS WERE EMPLOYED. THIS IS AN ALL-TIME HIGH IN TEENAGE EMPLOYMENT.
- DESPITE THIS TREMENDOUS PROGRESS, SERIOUS PROBLEMS REMAIN. IN AUGUST, 1.8 MILLION YOUTHS WERE COUNTED AS UNEMPLOYED. NOT A MATTER SIMPLY OF LOST INCOME. WITH YOUTH UNEMPLOYMENT COMES A HOST OF OTHER PROBLEMS INCLUDING CRIME, DRUG ADDICTION, AND EXCESSIVE DEPENDENCY.

(OVER)

2) My ACTIONS

- MY ADMINISTRATION HAS CURRENTLY IN PLACE A LARGE ARRAY OF PROGRAMS: THE SUMMER JOBS PROGRAM, JOB PLACEMENT ASSISTANCE THROUGH THE EMPLOYMENT SERVICE, WORK INCENTIVE PROGRAM, THE JOB CORPS, AND THE YOUTH SUB-MINIMUM APPRENTICESHIP CERTIFICATE PROGRAM, THAT ALLOWS EMPLOYERS TO HIRE YOUTHS AT BELOW THE MINIMUM WAGE, JUST TO NAME A FEW.
- THE 1977 BUDGET ALLOCATED OVER \$7 BILLION OVERALL FOR TRAINING AND EMPLOYMENT PROGRAMS; ABOUT 30% OF THIS SUM WAS DIRECTED TOWARDS YOUTH.

*Construction Corps.  
2,500*

*↑  
42.1*

(MORE)

3) OTHER STEPS TO DEAL WITH LONG-RANGE PROBLEM

- I HAVE INITIATED, IN COOPERATION WITH PRIVATE CITIZENS AND BUSINESSES, A NEW \$140 MILLION PROGRAM TO DEVELOP 500,000 JOBS WITHIN THE NEXT TWELVE MONTHS FOR DISADVANTAGED YOUTHS AND WELFARE ENROLLEES.
- AT THE UNIVERSITY OF MICHIGAN, I STATED THAT THE PRESENT PRINCIPLE OF ASSURING FINANCIAL ASSISTANCE TO EVERY HIGH SCHOOL GRADUATE WILLING TO GO TO COLLEGE SHOULD BE EXTENDED TO THOSE WHO WANT A JOB IN WHICH THEY CAN LEARN A TRADE, A CRAFT OR A PRACTICAL BUSINESS SKILL.
- I HAVE SIGNED (WILL SIGN) INTO LAW AN IMPROVED WORK INCENTIVE TAX CREDIT THAT ENABLES EMPLOYERS TO DEFRAID SOME OF THE COSTS INVOLVED IN HIRING DISADVANTAGED YOUTHS AND WELFARE RECIPIENTS.



THE WHITE HOUSE  
WASHINGTON

TO: *Alan*

FROM: MIKE DUVAL

For your information \_\_\_\_\_

Comments:

*Please update ASAP*

*Thanks,  
Mike*



IMPROVEMENTS UNDER PRESIDENT FORD

Inflation

When President Ford took office, the CPI was increasing at 15.6% a year; today it is increasing at 6%. (August, 1974 v. August, 1976)

Employment

The total increase in employment since the President took office is 1.8 million; in the last 17 months, employment has increased by 3.9 million -- the largest increase in any 18-month period in peacetime history. Employment is now at the highest level in history -- 88 million.

Family Income

Real, per capita disposable income has increased by 4.4% since August, 1974. (That's after inflation and taxes.)

Tax Relief

For a family of four earning \$15,000, Federal income taxes today are \$180 lower than when the President took office. Under the President's proposals, there would be an additional cut of \$227 for that family -- or a total of \$407. (Source: Treasury Release, July 29, 1976.)



Housing

Number of new units completed since the President took office: 2.7 million. In August of 1974, housing starts were at 1.2 million; in August of 1976 they have reached 1.5 million.

Crime

In calendar year 1974, crime increased at a rate of 17.6%. In 1975, that growth figure was cut to 9.8 percent. In the first quarter of 1976, crime growth was cut to only 3% a year. (NB: On Thursday, FBI will release figures for first six months of 1976).

Money Saved by Vetoes

Money saved by vetoes	\$9.2 billion
Money lost by overrides	\$12.1 billion

(Source: OMB)



THE PRESIDENT HAS SEEN....

4,000,000 new jobs in 17 months.

That's more new jobs than in any peacetime 17 months in the history of the United States.

Not one of those 4,000,000 new jobs is a wartime combat job. Not one of those new jobs was created by the military draft.

That's more new jobs in the last 17 months than there are people in 34 separate States of this country.

That's more new jobs in the last 17 months than there are people in 8 States of this country, combined.

Two years ago hundreds of thousands of Americans were being laid off their jobs. And millions more worried that they were about to lose their jobs too. We've turned that around. And every American worker, when he thinks about it, knows that his job is more secure today than it was 2 years ago.

Then why has the unemployment rate gone up?

- Because in those 17 months the number of people entering the work force mushroomed even faster than the new jobs did.
- More people entered the work force in those 17 months than in any peacetime period in the United States.
- These new people in the work force aren't people who had been laid off. They are looking for jobs for the first time. And one reason they are looking is that they can see that the economy is moving again.



## INFLATION/EMPLOYMENT/UNEMPLOYMENT

- INFLATION CUT IN HALF (12% TO 6%)
- LEAD TO RESTORATION OF CONSUMER CONFIDENCE, AND BUYING -- WHICH HELPED CREATE 4 MILLION JOBS IN 17 MONTHS (MORE THAN IN ANY OTHER SIMILAR PERIOD IN OUR PEACETIME HISTORY) (500,000 IN LAST 2 MONTHS).
- EMPLOYMENT AT RECORD HIGH -- 88 MILLION IN AUGUST.
- MUST FURTHER REDUCE INFLATION, SINCE INFLATION DESTROYS JOBS.



OCTOBER 1974 ECONOMIC POLICY RECOMMENDATIONS

QUESTION: -- Mr. President, you have been taking credit for the recovery in economic activities since the Spring of 1975. Yet, is it not true that at the beginning of the severe decline in economic activity in the Fall of 1974 your first action was to request an increase in taxes to fight inflation? Wasn't that the wrong move at that time?

ANSWER: -- No, the increase in taxes on businesses and higher income individuals that I recommended to the Congress in October, 1974, was designed to pay for long needed reforms in our unemployment insurance benefit program and in the investment tax credit programs. I believe that it is essential that any basic changes that we make in our long term spending or special tax incentive programs be matched as closely, dollar for dollar, with increased revenues from other sources. The easy way is to recommend expenditure increases or tax credits and try to push under the rug the fact that they must be paid for. As I told the Congress at that time, (October 8, 1974), "Our present inflation, to a considerable degree, comes from many years of enacting expensive programs without raising enough revenues to pay for them." My package of proposals in October 1974, was fiscally neutral.

As the recession developed and the inflation pressures did begin to improve, there came a proper time to provide short term fiscal stimulus to contribute to the recovery process. I then recommended specific tax cuts for individuals and businesses. This sequence of recommendations was not contradictory but a responsible reaction to specific economic needs. The October 1974 package was a longer-term initiative to regain control of fiscal policy by providing revenue needed to pay for the increase in Federal spending.



My January 1975 call for tax relief was intended to provide short-term stimulus to contribute to the economic recovery as inflation improved and consumers and businessmen regained confidence and began to spend once again. Both actions reflected the same overall strategy of returning the U. S. economy to a more stable growth track but there was a different focus for each policy with respect to short-term versus long-term problems.

The key point is that whenever we discuss new, permanent government spending initiatives there is also a basic responsibility to indicate how they will be paid for.



The Economy

Carter will take the position that "the economy is in a downward slide". He will cite a whole series of negative statistics allegedly to prove his point. He may call for an immediate tax cut to spur the economy during the debate.

I would suggest that the response be that:

The Governor has worked hard to find all of the negative statistics he can find. The difficulty with his conclusion is that the experts, including many of those who advise the Governor, looking at all the facts about the economy conclude that the economy will be accelerating in months ahead.

Most forecasters are forecasting an increase in real GNP of between 5% and 6% for the fourth quarter (current quarter) and 6% to 7.5% in the first quarter of 1977. That is scarcely support of the Governor's view of the economic outlook.

The reasons behind this more optimistic outlook of the experts are:

- 1) A recovery in capital goods. Merrill Lynch just released a survey that shows business plans to increase capital expenditures by 14% in 1977 versus 5% this year. Today the Commerce Department released capital goods orders for September which show a 1.8% increase.
- 2) Housing starts rose 18% and building permits 11% in September. These presage a strong recovery in residential building in the months ahead.
- 3) Inflation continues to unwind with the consumer price index showing a less than 5% annual rate of increase last month and only 5.5% during the past year. We expect further improvement.





If Carter comes forth with a recommended tax cut, "to get the economy going again," you might wish to respond:

1) If the Governor is also recommending a cut in Federal spending to go along with his tax cut, I commend him on his sound judgement.

2) If the Governor is saying we should increase the deficit (which will, of course, be his position) then I think he's panicking. He is responding in much the same stop-go policy fashion that got us into our inflationary mess of recent years. What we need is a steady hand on economic policy, not one which is inclined to push the panic button.

#### Miscellaneous Points

- 1) Inflation destroys jobs.
- 2) You can't cure deficits and regain a balanced budget through more deficit spending.

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Comments/articles!  
positive

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HENDERSONVILLE, NORTH CAROLINA  
28739

10/11/76

colle  
JO

Alan Hampton ✓  
Anything Lee?  
Mike

President Ford's Campaign Committee,  
Washington, D.C.

Gentlemen,

You can be sure that Governor Carter will  
continue to utter his specious slogan, "Let's put our  
people back to work."

The enclosures will show, according to the Bureau of  
Labor Statistics, that most of the usually employed  
plus at least 2 million more are fully employed. The  
unemployment figure represents, in most part, people  
who have never held regular jobs. Since 1966 the  
population has grown 19%, but the labor force has grown  
by 26%; mostly women who have never worked before.

All this is to be found in the enclosures in detail .  
I think the broken down unemployment statistics  
would help the President to blunt Governor Carter's  
superficial statements.



Very truly yours,

F. R. Uhlig

shows the trend of joblessness: Whether the latest month's rate is higher or lower, for example, than a month earlier or a year earlier. It also provides absolute figures for the various worker categories, along with the percentages.

It's possible, in a given month, for instance, to have the unemployment rate rise at the same time that the number of jobholders in the country rises. The explanation can simply be that the number of persons entering the labor force and seeking work rose more sharply than usual in the particular month. This is precisely what happened, for example, between August and September of 1974. In that period, the overall unemployment rate jumped from 5.4 per cent of the labor force to 5.8 per cent. At first glance, the rise in joblessness suggests a deterioration in the country's labor situation. However, a closer inspection of BLS figures turns up the fact—not mentioned in the black headlines of rising unemployment—that employment also climbed substantially during the period, from 86,187,000 to 86,538,000—a rise in jobholders of about 350,000 in a single month. A further perusal of BLS statistics for the period provides a clear explanation of the paradox. The percentage of the country's working-age population employed or seeking work climbed from 61.7 per cent in August to 62.1 per cent in September. That percentage rise may seem insignificantly small, but it translates into a rise in the country's total labor force of nearly 800,000 persons. A major factor, of course, is the rising number of American women who wish to work.

In sum, a close look at all the job statistics, not just the overall unemployment rate, shows that the economy actually provided substantially more jobs during the period. However, the increase was not swift enough to accommodate the sharp rise in persons seeking work.

The lesson, clearly, for anyone wishing to gain a reasonable perspective on this important facet of economic activity, is that it pays to inspect more than simply the raw BLS figure for the overall unemployment rate.

Yet, unhappily, it is this raw figure that always seems to grab the headlines, even in newspapers that should know better and that try to provide their readers with a balanced picture of the country's actual labor situation. In the end, all too often, it is the raw figure that stirs passions in Congress and on Main Street, and ultimately provokes legislative and other action in Washington that again and again in the recent past has led to overstimulation of business in well-intentioned but questionable efforts to reduce unemployment.

An illustration of this tendency occurred early in 1975. In figures released by the BLS in early February, the overall unemployment rate took a particularly sharp jump, to 8.2 per cent of the labor force in January from 7.2 per cent in December. The headlines were even bigger and blacker than usual. The Ford administration, which until then had seemed reluctant to adopt economic policies that might possibly risk a revival of severe inflation in the country, came under sharp attack from all sorts of opinion leaders. George Meany, the president of the powerful A.F.L.-C.I.O., expressed outrage that President Ford was not taking drastic action to curb the climbing joblessness.

Within less than a week, as the criticism from Mr. Meany and others continued to mount, President Ford began to alter his previous cautious economic stance. On Feb. 11, for example, only four days after the BLS report of 8.2 per cent unemployment, the President dramatically announced that he would release some \$2 billion of impounded highway construction funds to help

5  
0 1976

# Faulty Calipers for the Economy

By ALFRED L. MALABRE JR.

Do Americans view the country's economy in a distorted way that will unfairly penalize President Ford and the Republican Party in this year's elections?

economic problems.)

The level of concern about unemployment would be substantially lower, we submit, if some other aspects of the labor picture gained anything like the wide attention given the unemployment rate. This is

Mr. Ford with important ammunition in his presidential campaign, particularly when the Democrats are hammering away, as they surely will, at the unemployment issue. However, as we have seen, the ammunition won't be available, and the De

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# The Outlook

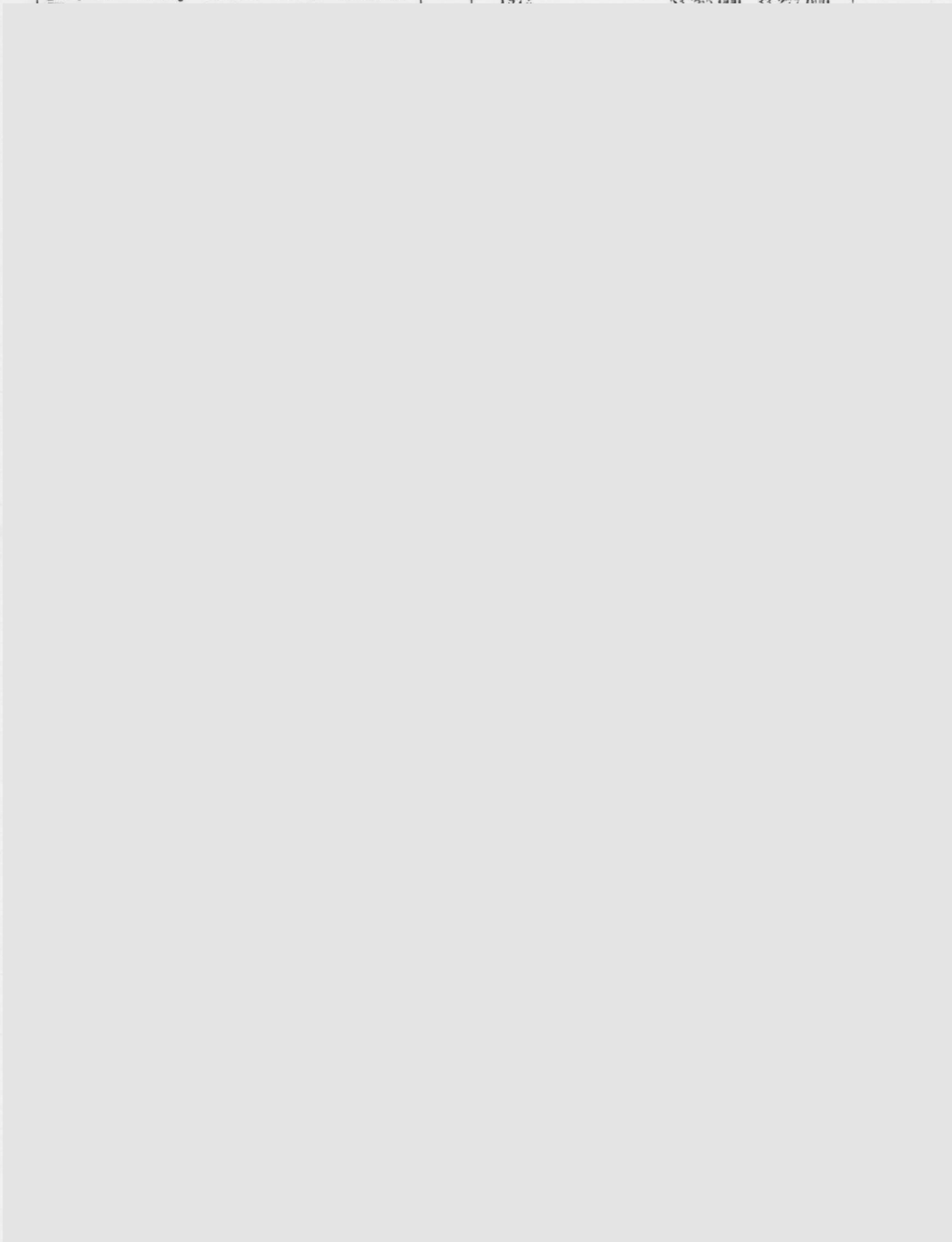
## Review of Current Trends In Business and Finance

Unemployment. We are not in a recession. The economy has been climbing for more than a year and a half. There are far more people employed today than ever before.

seekers (labor force) has been among the female citizenry. The table below breaks down the past decade's civilian labor force figures between males and females. The 1976 figures are for August, seasonally adjusted.

Labor Force by Sex

Year	Males	Females
1966	48,471,000	27,299,000
1967	48,987,000	28,360,000
1968	49,533,000	29,204,000
1969	50,221,000	30,513,000
1970	51,193,000	31,520,000
1971	52,021,000	32,091,000
1972	52,985,000	32,977,000



of some 7.5 million.

"wants" one may be a very big order- for any President, any Congress, any government.

JOHN O'REILLY



Greenman

Carter wants to straddle the issue of support of the programs in the Democratic platform and his goal of a balanced budget without tax increases by 1980.

On September 3, Carter said "if we are falling short of our goal to balance the budget, I will delay initiation of major new spending programs". (fill in exact quote.

On October 19 in Miami Beach he again supported "comprehensive national health insurance" with a start on the program as he took office on January 20. But he again waffled on his commitment by inserting the loophole "as revenues permit".

Carter cannot have it both ways. No responsible estimate of the cost of comprehensive national health insurance is remotely consistent with a balanced budget by 1980 with no tax increase. Carter either supports or doesn't support the Democratic platform on major spending proposals. Carter either supports or doesn't support the achievement of a balanced budget by 1980 without a tax increase. Which is it?



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