

**The original documents are located in Box 43, folder “Policy Issues (4)” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

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 Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections.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

THE WHITE HOUSE

WASHINGTON

January 9, 1975

MEMORANDUM FOR: PHILIP W. BUCHEN

SUBJECT: CIA Activities

In the event anyone arranges to see me to discuss the above subject, I direct that you be present while the subject is discussed.

Also, any information given to me or to you verbally or in writing on the subject which may relate to matters within the jurisdiction of the Department of Justice, I direct be furnished to the Attorney General.

*Gerald R. Ford*





Policy Issues

THE WHITE HOUSE

WASHINGTON

January 11, 1975

MEMORANDUM FOR: ROY L. ASH

FROM: PHILIP W. BUCHEN *P.W.B.*

SUBJECT: The Budget Message (Draft of Jan. 9)

Following are points on which I have questions to raise:

1. P. 2, bracketed point: Here and elsewhere there are allusions to long-run federal budget problems, but I do not find any full treatment of the relevant issues.
2. P. 4, last paragraph: This implies that lack of energy self-sufficiency (i. e., no reliance on imports) is a recent condition and that correction involves "restoration" of a capacity we enjoyed not long ago. Also, is decline in worldwide agricultural production an absolute or relative one?
3. P. 5, middle of page: All consumer price increases, not just those of oil products, have operated in the manner of a tax increase to reduce real income of consumers.
4. P. 5, last paragraph: "Overshadow" seems to be an inappropriate word, and if "offset" is intended, can it be reasonably established that the deficits will not offset, or more than offset, the decline in inflationary pressures?
5. P. 6, last two paragraphs: I do not understand how both a decline and a slower growth in income can produce a fall-off in tax receipts. Also, is it sound to continue to defend budget deficits by arguing they would not occur if there were full employment?
6. P. 7, end of page: Last "to" should be "will".
7. P. 8, second para: Is there not to be a cap on automatic benefit increases?



8. P. 11, last sentence: This sentence introduces only a discussion of separation between federal and state or local responsibilities, not between public-sector and private-sector responsibilities. I question whether anywhere else the message establishes that the separation between the latter two divisions of responsibilities is "rational." This contention would seem to require that we understand how much private investment there will have to be to sustain the needed increase in energy-producing capacity as well as in other productive capacity and whether the sources for such high private investment requirements will be adequate despite the demands on money sources to finance federal deficits and international balance-of-payment deficits.

9. P. 23, first full paragraph: This essentially duplicates points made on page 4, and it presents example of unnecessary duplication within the message as a whole.

10. P. 24, first two paragraphs: The security to be felt by the elderly as a result of current domestic assistance programs is probably overstated. Also, extrapolation of the rise over the last 20 years in domestic assistance levels may not be appropriate because of the low ~~start~~ base 20 years ago.



THE WHITE HOUSE

WASHINGTON

JAN 9 1975

MEMORANDUM FOR:

✓ PHILIP W. BUCHEN  
KENNETH R. COLE  
ALAN GREENSPAN  
ROBERT T. HARTMANN  
JOHN O. MARSH  
DONALD H. RUMSFELD  
BRENT SCOWCROFT  
L. WILLIAM SEIDMAN  
PAUL A. THEIS

FROM:

ROY L. ASH

SUBJECT:

The Budget Message

Attached is the latest draft of the Budget Message. It contains a number of very sensitive statements, including a discussion of the energy proposals and the tax cuts. These statements are not contained in the version that is being more widely circulated in OMB. The attached version is receiving very limited distribution.

Attachment



Limited to Official OMB Use

DRAFT: 1/9/75

## BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

The year 1976 will mark the bicentennial of this country. With this budget, therefore, we will begin our third century as a Nation.

In our first 2 centuries we developed from 13 struggling colonies to a powerful leader among nations. Our population increased from 3 million to 213 million. From a simple agricultural society we have grown into a complex industrialized one.

Our Government -- and its budget -- have grown with the Nation, as the increasing complexity of modern society has placed greater responsibilities upon it. Yet our society has remained free and democratic, true to the principles of our Founding Fathers.

Change and complexity bring problems. As we approach our third century as a Nation, we face serious economic difficulties of recession and inflation. I have a deep faith, however, in the fundamental strength of our Nation, our people, our economy, and our institutions of government. I am confident of our ability to overcome today's challenges as we have overcome others in the past -- and gone on to greater achievements.

My budget recommendations, therefore, are designed to meet longer-term national needs as well as immediate, short-run objectives. It is vital that they do so. Because of the size and momentum of the budget, today's decisions will have far-reaching and long-lasting effects.

Limited to Official OMB Use



The recommendations set forth in this budget are an integral part of the broader series of proposals outlined in my State of the Union Message and Economic Report. These proposals and budget recommendations provide for:

- fiscal policy actions to restore full economic health, vigor, and price stability;
- greatly increased aid to the unemployed;
- an increase in outlays for defense in order to maintain preparedness and preserve force levels in the face of rising costs;
- strengthened energy programs, emphasizing fuel conservation, accelerated development of domestic energy resources, and energy research and development;
- (-- careful restraint on the long-run growth of the budget;) and
- renewal of general revenue sharing.

My budget recommendations provide for total outlays of \$353 billion in 1976, an increase of \$40 billion over 1975, and anticipate receipts of \$303 billion, an increase of \$19 billion over 1975. Receipt estimates reflect a 1-year, \$16 billion tax cut that I am proposing to speed the recovery of our economy.



(NOTE: Figures very rough.)

THE BUDGET AT A GLANCE  
(In billions of dollars)

Item	1974 actual	1975 estimate	1976 estimate	Transition quarter
Receipts.....	264.9	284	303	86
Outlays.....	<u>268.4</u>	<u>313</u>	<u>353</u>	<u>93</u>
Deficit (-).....	-3.5	-29	-50	-8

The Congressional Budget and Impoundment Control Act of 1974 changes the fiscal year for the Federal budget from the present July-through-June basis to an October-through-September basis, beginning with the 1977 fiscal year. This requires that there be a separate transition quarter, extending from July through September of 1976. Estimates for the transition quarter are included in this budget. In general, they anticipate continuing the 1976 program levels unchanged for the additional 3 months. Because outlays and receipts vary seasonally -- that is, they do not occur at uniform rates during the year -- the estimates for this quarter (and particularly the deficit) are not representative of a full year's experience.



## THE BUDGET AND THE ECONOMY

The budget carries forward the basic economic policy changes I announced in my State of the Union address:

- an immediate tax cut of \$12 billion for individuals and \$4 billion for corporations;
- an energy self-reliance policy that will provide substantial incentives to produce more domestic energy and use all energy wisely; and
- tax relief and other adjustments to insure that consumers-- particularly those with low incomes--and corporations are compensated for energy price increases.

If the Congress acts decisively to place these policies in effect, and if we exercise reasonable patience and restraint, we can go far toward solving the broad range of economic problems our Nation now faces.

It must be clearly understood that these problems are serious and that strong remedies are fully justified. Our economy has softened to the point that we are now in a recession. Unemployment is unacceptably high and productivity has declined. Yet inflation, a serious and growing problem for nearly a decade, continues to distort our economy in major ways. We are no longer self-sufficient in energy production and restoring the capacity for self-sufficiency will take a number of years. Imported fuel supplies have been interrupted once and remain vulnerable, and oil prices have been increased fourfold. Agricultural production has declined worldwide, while demand has continued to increase, leading to much higher food prices.





-5-

The increased unemployment and continued price increases from which we now suffer -- in common with much of the rest of the world -- create conflicting demands upon fiscal policy. Fiscal restraint is appropriate to help combat inflation, while fiscal stimulus is more appropriate for dealing with unemployment. Confronted with this dilemma, we must choose whether to increase or reduce spending; whether to increase or decrease taxes; whether to deliberately increase the deficit or strive toward a more balanced budget.

The choice is becoming increasingly clear. A number of events have combined to create strong deflationary pressures in the economy. A restrictive monetary policy has been pursued for the past 2 years. The Federal budget has also been a moderately restraining force during this period. In addition, the steep rise in the price of imported oil, while directly increasing prices, has also acted like a tax increase by reducing the real income of American consumers -- and thus their ability to purchase goods in the marketplace. All of these factors, superimposed on the inevitable slowdown in economic activity following the boom of 1972-73, underlie the recession we are now in.

*By having  
the price  
increase  
increases*

The weakening of consumer demand and investment, in turn, is beginning to exert a dampening effect on price and wage increases. Thus, inflationary pressures are already beginning to recede and are likely to continue to do so. Deficits of the magnitude anticipated will not overshadow these anti-inflationary pressures. They will, however, help to restore higher levels of employment.

Recognizing these facts, I have adopted a budgetary policy designed to restore high levels of employment as rapidly as possible without rekindling inflation. As part of this policy, substantial deficits must be permitted to occur in both 1975 and 1976. I have recommended a \$15 billion, 1-year reduction in personal and corporate income taxes that will help provide the stimulus necessary to restore high levels of employment. This is in addition to other tax cuts recommended to offset the proposed petroleum tax and will increase the 1975 deficit by \$\_\_\_\_\_ billion.

7 Aside from the effects of the proposed tax cuts, the deficits anticipated for 1975 and 1976 are largely the inevitable result of those aspects of the budget and the tax system which act as powerful "automatic stabilizers" for the economy. When an economic slowdown occurs, incomes and profits decline or grow more slowly, but tax receipts fall off more than proportionately, so that after-tax income is less affected. At the same time, unemployment benefits rise sharply. By sustaining individual and corporate incomes, both of these factors serve to cushion the economic downturn.

The automatic stabilizers are quite substantial. If the economy were to be as fully employed in 1976 as it was in 1974, we would have \$\_\_\_\_\_ billion in additional tax receipts, over and above the proposed tax reduction. Aid to the unemployed, including the special measures I proposed and the Congress enacted last December, will be \$10 billion larger in 1976 than it would if the unemployment rate were as low as it was in 1974, providing income support for \_\_\_\_\_ beneficiaries and their families. These two factors alone, plus the proposed tax reduction, total \$\_\_\_\_\_ billion, an amount nearly equal to the budget deficit for 1976.



Table \_\_\_\_--BUDGET TOTALS  
(Actual and Full Employment)

In developing my budget recommendations I have recognized that a balanced budget is not always an overriding objective of national policy. When economic slack develops, the Government must act decisively to restore economic health, and act compassionately to aid those most seriously affected by unemployment and increased prices. It does not make economic sense to try to cut a dollar out of the budget for each dollar of tax receipts lost because of decreases in incomes and profits and because of necessary tax cuts. Now does it make sense to offset each dollar of increased aid to the unemployed by a reduction elsewhere in the budget.

Nevertheless, it is extremely important in the present unique economic situation to constrain spending so that deficits remain within prudent limits. For this reason I have not proposed any costly new initiatives in this budget. This policy will permit us to concentrate maximum resources on direct assistance to the unemployed.

Last October I proposed a balanced program addressed to the problems of unemployment and inflation. A key element in that program was the proposed National Employment Assistance Act, which provided for more public employment and for liberalized unemployment benefits and coverage. Congress has since enacted, and I have signed into law, two employment assistance acts derived from my proposals. The programs established by this legislation will not only aid the unemployed but, by protecting their incomes and purchasing power, <sup>will</sup> ~~to~~ provide support for the economy as a whole.



One of these measures, the Emergency Jobs and Unemployment Assistance Act, provides unemployment benefits to workers not covered by the regular unemployment insurance system and provides increased job opportunities in the public sector. The other measure, the Emergency Unemployment Act, extends the length of time that workers covered by the regular unemployment insurance system are eligible for benefits. My budget recommendations provide for outlays of \$\_\_\_\_\_ billion in 1976 for income support for the unemployed, both under these two Acts and under the regular unemployment compensation programs. Another \$690 million will be spent for increased public sector jobs.

At the same time, those most seriously threatened by inflation are also being assisted. Automatic cost-of-living increases in retirement and disability benefits under Federal programs such as social security are provided by law and will help prevent our elderly population from being particularly harmed by rising price levels. Between 1975 and 1976, outlays are expected to increase by \$\_\_\_\_\_ billion to provide cost-of-living adjustments in food stamp benefits and cash benefits for the elderly and the disabled, together with increased costs of medical care under the Medicare and Medicaid programs. These are the costs of just keeping up with prices.

The budget can be used selectively to both stimulate employment and hold down inflation. In the short run, the budget must be used to restore high levels of employment and to assist the unemployed. But it is also vital that the long-run growth in Federal spending be kept in an appropriate relationship to economic growth and the growth in receipts. This will enable us to move the budget back toward balance as the economy

What about 50 to 60 cap?





-9-

returns to higher levels of employment. Therefore, while recommending temporary measures to stimulate employment and to provide greater assistance to the unemployed, I have sought, on an item-by-item basis, to eliminate non-essential spending and avoid commitment to excessive growth of Federal spending in the long run. I have previously asked the Congress to agree to a series of measures which would reduce outlays by \$\_\_\_ billion in 1975 and \$\_\_\_ billion in 1976. In some cases the Congress has agreed; in others it has overturned my proposals. Those economy measures to which Congress has not objected are reflected in my budget recommendations.

(Other measures to curb inflation being pursued by my Administration include administrative and legal actions to ensure that markets are free and competitive, and efforts to increase productivity and identify regulations and laws that add unnecessarily to costs to the American public.)

#### BUDGET TRENDS AND PRIORITIES

The Federal budget both reflects our national priorities and helps to move the Nation toward their realization. Recent years have seen a significant shift in the composition of the Federal budget. The proportion of the budget devoted to defense has declined substantially since 1964, with a corresponding increase in the nondefense proportion of the budget. This shift has been particularly rapid since 1969, due in part to the end of American combat involvement in Vietnam.

Defense outlays remained virtually level in current dollar terms from 1969 to 1974, absorbing substantial cost increases -- including the pay raises necessary to establish equitable wage levels for our



-10-

servicemen and women and to make possible the transition to an all-volunteer armed force. Defense programs have undergone large reductions in real terms -- reductions of over 40% since 1969 in manpower and materiel. In consequence, defense outlays have been a decreasing share of our gross national product, falling from 8.9% in 1969 to an estimated \_\_\_\_% in 1976.

At the same time, Federal nondefense spending has increased substantially in both current and constant dollar terms, growing from 14.0% of gross national product in 1969 to an estimated \_\_\_\_% in this budget. In the process, the form that Federal spending takes has shifted dramatically away from support for direct Federal operations and toward direct benefits to individuals and grants to State and local governments -- about a third of which also helps to finance payments to individuals. Both legislated increases and built-in program growth have contributed to the doubling of outlays for domestic assistance in the past 5 years. The sharp drop in defense programs and manpower has helped make this possible.

It is no longer possible to offset increases in the costs of defense programs by further reducing military programs and strength. Therefore, this budget proposes an increase in defense outlays in current dollars that will maintain defense preparedness and preserve manpower levels in the face of rising costs. These proposals are the minimum prudent levels of defense spending consistent with providing armed forces which, in conjunction with those of our allies, will be adequate to maintain the military balance. Keeping that balance is essential to our national security and to the maintenance of peace.

-11-

In 1969, defense outlays were nearly one-fifth more than combined outlays for aid to individuals under human resource programs and for aid to State and local governments. Despite the increase in defense outlays, this budget proposes spending nearly twice as much money for aid to individuals and State and local governments as for defense.

Outlays for assistance to individuals and to State and local governments will rise from \$\_\_\_\_\_ billion in 1974 to \$\_\_\_\_\_ billion in 1975, and \$\_\_\_\_\_ billion in 1976. These increases include the costs of the emergency unemployment assistance measures enacted last December, together with increased outlays under the regular unemployment insurance system. Outlays for other benefit programs, including social security, supplemental security income, food stamps, Medicare and Medicaid, and veterans programs, will also increase substantially.

(Our present welfare system is inefficient and inequitable. It is wasteful not only of tax dollars but, more importantly, of human potential. Left unchanged, the situation will almost surely continue to deteriorate.)

(One approach to reform, often tried in the past, is incremental changes to current programs in the hope that the system can be made more effective. These efforts have not been notably successful. The alternative is to replace the current system. Extensive analysis of both approaches has been undertaken in both the executive branch and the Congress.)

(I urge the Congress to work with my Administration toward developing a plan for a new system that is simple, fair, and compassionate.)

The budget carries forward a philosophy that stresses a rational separation of public- and private-sector responsibilities. Within the



-12-

sphere of public sector responsibilities, it calls for Federal emphasis on meeting national problems and encourages State and local responsibility and initiative in meeting local and State-wide needs. Broader Federal aid to States and localities and a reduction in the Federal restrictions imposed in connection with this aid are key elements of this philosophy. In 1974, Federal aid supplied (21)% of total State and local government receipts, compared to 10.7% a decade earlier. My budget recommends Federal grants-in-aid of \$\_\_\_\_\_ billion in 1976.

#### BUDGET REFORM

As demands on the budget have grown, the need for better congressional procedures for considering the budget has become increasingly clear. In the past the Congress has acted upon the budget in a piecemeal fashion, with far too little attention to the total. The Congressional Budget and Impoundment Control Act passed last summer mandates sweeping changes in the Federal budget and in congressional procedures for dealing with it. Under these procedures, the Congress will have a larger and better-defined role in developing sound budget and fiscal policies.

Under the new Act, congressional organization and procedures will be changed to focus greater attention on the budget totals early in the legislative process. In acting on the budget, Congress will first establish overall levels of budget authority, outlays, and receipts. It will then allocate target levels for outlays and budget authority to specific budget areas, before proceeding to consideration of detailed appropriations within these areas. Major provisions of the Act require greater attention





to the future-year costs of legislative proposals and on-going programs and establish a budget committee in each chamber and a Congressional Budget Office to aid Congress in its consideration of budget recommendations. The shift of the fiscal year to an October-to-September basis will give the Congress more time to complete action on the budget before the fiscal year begins. The Act also provides for a closer working relationship between Congress and the executive branch in controlling outlays. I look forward to a new era of fruitful cooperation between the legislative and executive branches on budgetary matters, a cooperation that will enhance fiscal responsibility, make the budget a more flexible instrument of national policy, and promote a more careful allocation of limited Federal resources.

During the past 6 years, the budget has become an increasingly forward-looking document, focusing attention on the future effects of budget proposals. The new Act builds upon this initiative with the requirement that the budget present more extensive 5-year projections of outlays and receipts. These projections indicate the large natural increase in receipts resulting from rising incomes and profits as the economy returns to healthy growth and higher employment. These increased receipts, coupled with prudent fiscal restraint, will make it possible to avoid deficits that would be inflationary when the economy returns to high employment.

The Government strongly affects the economy in many ways not fully reflected in the budget. These influences include tax provisions that encourage homeownership and business investment, and the operations of Federal or federally-sponsored enterprises, particularly in the area



-14-

field, that are excluded from the budget. The new Act recognizes the importance of these factors by requiring that they be given greater consideration in connection with the budget.

#### NATIONAL SECURITY AND FOREIGN AFFAIRS

The ultimate goal of American foreign policy is to ensure the political freedom, military security, and economic well-being of the United States in a peaceful and prosperous international community. Our diplomacy strives to achieve arms control and peaceful resolution of international disputes. We seek a healthy world economy through expanded trade, constructive solutions to energy problems, and increased world agricultural production to meet mankind's food needs. In today's interdependent world, each of these objectives serves our own national interest even as it helps others.

The Vladivostok understanding, which I reached with Secretary General Brezhnev of the Soviet Union, represents a major step on the long and arduous road to the control and eventual reduction of nuclear arms. For the first time, we have reached an understanding on specific and equal limitations on the total number of strategic delivery vehicles and missiles with multiple, independently targetable warheads (MIRV's). When both sides have ratified the resulting SALT II treaty, we will be prepared to take the next step --to seek further agreement to lower the ceilings, as we have already done in the case of anti-ballistic missile launchers.

The progress we have already made along the road to eventual strategic arms reductions has been possible only because our strength has encouraged

-15-

the Soviet Union to negotiate. If we are to make further progress, we must act to preserve our strategic strength. My defense proposals provide for necessary force improvements and for the development of strategic alternatives that may be needed to maintain, within the limits of the Vladivostok agreement, a credible strategic deterrent.

Now that the Soviet Union has achieved parity in strategic forces with the United States, more attention must be given to maintaining an adequate balance in general purpose forces. In this area we share the burden of defense with our allies. As a minimum, the United States and our NATO allies should seek a balance in conventional capabilities with those of the Warsaw Pact. The United States has entered into negotiations between members of NATO and of the Warsaw Pact on mutual and balanced forced reductions. If those negotiations are successful, some U.S. forces stationed in Europe could safely be withdrawn. For the time being, however, the United States and its allies must maintain present manpower levels and strengthen conventional combat capabilities in order to achieve parity with the Warsaw Pact.

In an effort to increase efficiency and achieve greater combat capability with existing manpower levels, the Army has undertaken to provide 16 active combat divisions by June of 1977 with approximately the same number of Army personnel as was authorized for 13 divisions in June of 1974. This 16-division combat force will require additional equipment, which is provided for in my budget recommendations.

Because the welfare and survival of the United States and its allies depend upon the flow of ocean-going trade and supplies, strong naval forces are required. In recent years the number of Navy ships has decreased,



-16-

primarily as a result of the retirement of many aging ships built during World War II. The savings from this action have been used to strengthen the combat capabilities of the remaining force. This budget provides for a vigorous program of new ship construction and modernization necessary to maintain the naval balance in the future.

(For purposes of projecting long-range budgetary requirements, it has been assumed that military manpower needs will remain constant, but that all other defense program levels will increase by 4% a year, in constant dollar terms, in the absence of further agreements on mutual reduction of strategic and conventional forces. Such increases will be necessary to maintain current force levels at advancing levels of technology.)

In addition to maintaining a strong defense capability, the United States strives, through its diplomacy, to develop and maintain peaceful relationships among nations. Foreign assistance is both a humanitarian concern and a proven and flexible instrument of diplomacy. Our assistance to Indochina is contributing to the security and reconstruction of the countries in that region. Our assistance to the Middle East is an integral part of our diplomatic effort to maintain momentum toward a peaceful solution to the area's problems. An increasing portion of our economic aid program is devoted to helping developing countries improve their agricultural productivity.

Higher oil prices, worldwide food shortages, inflation, and spreading recession have severely strained the fabric of international cooperation in the past year. The United States has undertaken several major diplomatic initiatives designed to avert international economic chaos. Our diplomatic



-17-

efforts were instrumental in the establishment of the International Energy Program which provides for emergency oil sharing, long-term conservation efforts, and development of alternative energy sources. More recently, the United States proposed a \$25 billion supplementary financing facility to assist industrialized countries in dealing with balance of payments difficulties. We have also proposed additional International Monetary Fund support for developing countries. Under the auspices of the World Food Conference, the United States is supporting a number of measures, including creation of an international system of grain reserves.

In addition, the Trade Act passed by the Congress last December will make possible a strengthening of international trade relations by reducing tariff and non-tariff barriers to trade, improving access to supplies, and facilitating trade with the Soviet Union and other countries.

The strengthening of world trade and the international financial system is providing a framework for coping with the current economic stress caused by energy and food shortages, thus laying the foundations for renewed international economic progress.

#### DOMESTIC ASSISTANCE

The enormous growth in recent decades of Federal programs for assistance to individuals and families, and to State and local governments, has placed heavy demands on the budget. This growth expresses the desire of a compassionate society to provide well for its retired workers, veterans, and less fortunate members without sacrificing our proud and productive tradition of individual initiative and self-reliance. In the process,



we have built a stronger partnership between the various levels of government: national, State, and local.

Table \_\_.--AID TO INDIVIDUALS AND TO  
STATE AND LOCAL GOVERNMENTS

The rapid growth of human resource programs in recent years has brought about many improvements in the well-being of the American people. Higher social security benefits and extension of the Medicare program, for example, have increased the economic security of the elderly and the disabled. In just 7 years, cash benefits under social security programs will have nearly tripled, rising from \$26.2 billion in 1969 to \$72 billion in 1976. They now reach \_\_\_\_\_million beneficiaries. By 1976, six social security benefit increases will have occurred since 1969. Automatic cost-of-living adjustments to benefits are now provided by law, protecting the income of elderly Americans from inflation. Taken together, the increases since 1969 in each recipient's social security benefits will total 80%, far exceeding the increases in the cost of living (52%), and in average wages (57%), estimated for this period.

The Supplemental Security Income program began operation a year ago, replacing the various State public assistance programs for the aged, the blind, and the disabled with a more uniform and equitable national system. This broad reform has provided higher benefits for these disadvantaged groups. In addition, Federal assumption of responsibility for these programs has provided significant fiscal relief to State and local governments.

-19-

The food stamp program has also grown rapidly in recent years. Outlays have increased from \$248 million in 1969 to an estimated \$3.9 billion in 1976. Cost-of-living adjustments in benefits now occur automatically, by law, twice a year, protecting the food budgets of low-income recipients. (I have proposed reforms to simplify the administration of this program and reduce costs, while providing for more equitable treatment of beneficiaries.)

Over the years the income security of our labor force has been enhanced by liberalization of benefits and coverage under our unemployment insurance system, while increased employment opportunities have been created in areas of high unemployment. Recognizing the economic difficulties lying before us, last October I proposed special unemployment assistance measures to provide unemployment benefits to workers not covered by the regular unemployment insurance program, or whose regular benefits have been exhausted, and to provide increased employment opportunities in connection with local community improvement projects. Prompt congressional action placed the Emergency Jobs and Unemployment Assistance Act and the Emergency Unemployment Compensation Act on my desk last December, and I have signed them into law. With these new Acts, total unemployment assistance, including manpower training and employment programs, will expand \_\_%, from \$\_\_\_\_ billion in 1974 to \$\_\_\_\_ billion in 1976.

The major Federal programs for financing medical care, Medicare, and Medicaid are now 10 years old. Medicare outlays of \$14.7 billion in 1976 will help to meet the medical costs of an estimated 12.7 million aged and disabled Americans, 23% more people than were aided in 1971.



Medicaid outlays of \$7.1 billion will help to pay medical care for the 25 million low-income Americans in 1976 -- a 37% increase in beneficiaries since 1971.

General Revenue Sharing has become an integral and important part of the Federal grants-in-aid system. This program has been highly successful, providing fiscal assistance that can be applied flexibly to meet the needs of States and localities according to their priorities. It has distributed Federal assistance more equitably than before, reaching many local governments that had not received Federal assistance in the past.

Current authority for General Revenue Sharing will expire at the end of calendar year 1976. Because I believe in the soundness of this program, I shall propose legislation extending General Revenue Sharing through fiscal year 1982. Prompt action by the Congress on the proposed extension will permit State and local governments to plan their future budgets more effectively and avoid the waste and inefficiencies that prolonged budgetary uncertainties would create. I also propose that the funding level for this program be increased \$\_\_\_\_\_ billion by way of compensating State and local governments for increased energy costs.

My budget recommendations anticipate legislation that I will propose to increase long-term funding for highways and extend the highway trust fund through 1980. My proposal will focus Federal assistance on more rapid completion of segments of the Interstate Highway System needed to link the system together. They will also combine a number of narrow categorical grant programs for highway assistance to eliminate red tape and allow localities greater flexibility in meeting their transportation problems.





-21-

In order to improve the safety and efficiency of the Nation's airways system, and to increase its responsiveness to current needs, I will propose legislation to restructure Federal aviation and airways development programs. My proposal will broaden the range of aviation activities that may be financed from the airways trust fund, eliminate unnecessary Federal restrictions on airport investment decisions, and allocate airport user fees more equitably among aviation system users.

#### PHYSICAL RESOURCES

The four-fold increase in oil prices dictated by oil-exporting countries have been a major factor in the sharp inflationary surge of the past year and a half. It endangers the health of world trade and is creating significant economic disruption throughout the world. The resulting high fertilizer prices are hampering efforts to increase world agricultural production, thereby aggravating the world food problem.

I continue to believe that fuel conservation and a rollback of world oil prices is in the long-term interest of both consumer and producer countries. Accordingly, I have urged fuel conservation efforts in both the private and public sectors, and proposed a petroleum tax, offset by reductions in other taxes, to further discourage petroleum consumption and reduce our need for imported oil. At the same time, my Administration is pursuing diplomatic efforts to alleviate financial and supply problems in the industrialized world, and to persuade major oil-exporting countries to use part of their enormous oil revenue surpluses to aid less-developed nations hard-pressed by the price increases.



-22-

But fuel conservation measures and stronger diplomatic efforts will not be enough to solve the energy problem. Vigorous efforts to speed development of our vast domestic energy resources -- particularly oil, gas, coal, and nuclear -- are also essential. (In my energy message last month I announced a program that will produce a million barrels a day of synthetic fuel by 1985.) As another part of these efforts, my Administration has worked out a comprehensive plan for leasing the offshore oil and gas resources of our Outer Continental Shelf for development in an environmentally-acceptable manner. We seek responsible use, also, of our Naval Petroleum Reserves and are taking steps to increase our use of our vast domestic coal reserves. These measures seek a proper balance between energy needs and environmental considerations. Increased domestic supplies, coupled with fuel conservation measures, will help reduce our dependence upon, and vulnerability to, petroleum imports.

In addition, the Federal Government has further expanded its research and development program to provide the new and improved technologies for tapping our domestic energy resources. Outlays for energy research and development will be \$1.6 billion in 1976, an increase of 29% over 1975 and 90% over 1974. My budget recommendations continue our vigorous nuclear research and development program and further accelerate non-nuclear energy research and development -- particularly in coal and solar energy. To provide a better organizational framework for this effort, last October I signed into law an act creating the Energy Research and Development Administration, which brings together within a single agency the Government's various research and development programs relating to fossil fuels, nuclear energy, and other energy technologies such as geothermal and solar. Also,

-23-

an independent Nuclear Regulatory Commission has been established to improve the regulatory process associated with nuclear plant licensing, safety, and nuclear materials safeguards, and to separate it from nuclear power development activities.

Besides fuel costs, the cost of food has been the other special problem in the inflationary surge of the past 2 years. A world-wide decline in agricultural production due in part to adverse weather conditions has created shortages that have been critical in some areas and have sent world food prices soaring.

In response to these shortages, we have stimulated U.S. production by eliminating government-imposed crop restrictions originally designed to prevent surpluses. Increased U.S. production will help to curb inflation and will aid in relieving severe food shortages abroad. To the extent that we can produce beyond our domestic needs we will be able to increase our agricultural exports and share our increased supplies with hungry peoples overseas.

#### CONCLUSION

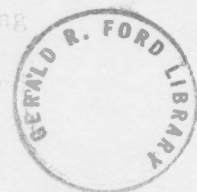
As we approach our national bicentennial, difficult challenges lie before us. The recommendations in this budget address the Nation's problems in a direct, constructive, and responsible fashion. They are designed to move the Nation toward economic health and stability. They meet human needs. They provide for the strong defense essential to our national security and to our continuing efforts to maintain world peace.



Looking beyond the bicentennial, toward the year 2000, the practical limits to the growth of the Federal Government's role in our society become increasingly clear. The tremendous growth of our domestic assistance programs in recent years has, on the whole, been commendable. The elderly need no longer wonder how they will support themselves in retirement or who will pay the bills if they are seriously ill. Much of the burden of aiding the needy has been shifted from private individuals and institutions to society as a whole, as the Federal Government's income transfer programs have expanded their coverage.

These programs cannot, however, continue to expand at the rates they have experienced over the past two decades. Spending by all levels of government now makes up a third of our national output. Were the growth of domestic assistance programs to continue for the next two decades at the same rates as in the past 20 years, the public sector would become larger than the private sector. We cannot permit this to occur. Taxation of individuals and businesses to pay for such expansion would simply become insupportably heavy. This is not a matter of conservative or liberal ideology. It is hard fact, easily demonstrated by simple extrapolation. We must begin to limit the rate of growth of our budgetary commitments in the domestic assistance area to sustainable levels.

The growth of these domestic assistance programs has taken place in a largely unplanned, piecemeal fashion. This has resulted in too many overlapping programs, lack of coordination, and inequities. Some of the less needy now receive a disproportionate share of Federal benefits, while some who are more needy receive less. We must begin rationalizing and streamlining these programs. This means working toward a stable and



-25-

integrated system of programs that reflect the conscience of a compassionate society but avoid a growing preponderance of the role of the public sector over the private. It means, too, decentralizing Government operations and developing a closer partnership between the Federal Government, State and local governments, and the individual private citizen.

The Congress will approach this budget in a new way, with new legislative machinery and procedures. I pledge to work in a spirit of cooperation with the Congress to make this effort a success. The tasks before us provide difficult tests: to meet immediate economic problems; to relate our limited Federal resources more clearly to current national priorities; and to develop long-term strategies for meeting Federal responsibilities as we begin our third century. I am confident of success.



*Policy Book*

THE WHITE HOUSE

WASHINGTON

January 14, 1975

Dear Henry:

As we discussed on the telephone, I am returning Lee Simonson's letter to you and his draft manuscript for the book "How to Run for Public Office."

Although President Ford wants to encourage thoughtful efforts like this for the effect they have on interesting qualified people to run for public office, I do not believe it appropriate that he single out this book for a foreword to be provided by him. When requests like this come in to the White House, it is necessary to decline them all, with but rare exceptions, in order to save his time and to discourage additional requests without seeming to favor one author over another.

Warmest personal regards to you, and best wishes to Mr. Simonson for the success of his book.

Sincerely yours,

*Phil*

Philip W. Buchen  
Counsel to the President

The Honorable Henry P. Smith, III  
3126 Ordway, N. W.  
Washington, D. C. 20008

Enclosure

*cc: Mac Friederhof*



January 6, 1973

Dear Henry:

Thank you for your December 20 letter in support of Lee Simonson's request that the President do a forward for his book "How to Run for Public Office."

I will be pleased to pass along the request for consideration.

With kind regards,

Sincerely,

Max L. Friedersdorf  
Assistant to the President

The Honorable Henry P. Smith III  
House of Representatives  
Washington, D. C. 20515

MLF:EF:jlc

1 bcc w/inc to Office of Philip Buchen - for further action, please (believe that you will deem it inappropriate)



HENRY P. SMITH III  
36TH DISTRICT, NEW YORK

COMMITTEE ON THE  
JUDICIARY

COMMITTEE ON THE  
DISTRICT OF COLUMBIA

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

RUSSELL A. ROURKE  
ADMINISTRATIVE ASSISTANT  
2331 RAYBURN OFFICE BUILDING  
AREA CODE 202: 225-3231

WILLIAM B. LEWIS  
DISTRICT REPRESENTATIVE  
4 WEBSTER STREET  
NORTH TONAWANDA, NEW YORK  
TEL.: 695-1577

December 30, 1974

Mr. Max Friedersdorf  
Assistant to the President  
The White House  
Washington, D. C.

Dear Max:

I enclose a self-explanatory letter from Lee Simonson, Republican County Legislator from Niagara County, New York, and a draft of his book "How to Run for Public Office."

Lee had discussed this with me and asked if I could ask President Ford to do a forward for the book. Therefore, I am sending this request to you for any assistance you may offer in this regard.

Thank you once again for all your cooperation.

Sincerely,

*Henry*  
Henry P. Smith III  
Member of Congress

HPS:ng  
Enclosures  
cc: Lee Simonson





DEC 17 1974

# NIAGARA COUNTY LEGISLATURE

LOCKPORT, NEW YORK

LEE SIMONSON  
14TH LEGISLATIVE DISTRICT  
165 SOUTH 6TH STREET  
LEWISTON, NEW YORK 14092

December 15, 1974

Hon. Henry P. Smith III  
United States House of Representatives  
Washington, D.C.

Dear Congressman Smith:

As you may recall, I spoke to you in Washington about a month ago over the phone. At that time I requested a favor of you -- one that regarded the enclosed draft of the book I soon plan to publish on "How To Run For Public Office."

I know your time in Washington is quickly running out but I was wondering if you could still possibly help me?

It sure would add a lot of credibility to my book if I could get a national figure to write a "Forward" for it. I would plan to include this forward in the book itself.

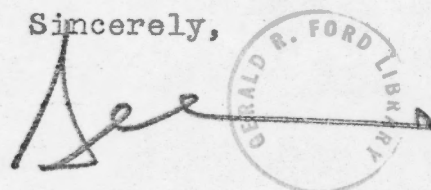
I'm really not asking for anything lengthy or elaborate -- just a couple of paragraphs explaining how great it is to get involved in the political process by becoming a candidate for public office.

I was hoping that President Ford might be given the opportunity, through your office, to prepare the forward. If that idea is too far-fetched, then maybe some well known Senators like Humphrey, Ervin or Goldwater could be approached.

Besides the forward itself the only thing I'd need would be their signature in black ink so we can reproduce it in the book.

Any help you can give me is truly appreciated.

Sincerely,



Lee Simonson  
(716) 754-8414

Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.



UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY

WASHINGTON, D.C. 20451

*Policy?*

January 16, 1975

Dear Phil:

The attached reprint is heavy reading -- in fact, it's tedious. But there are parts of it that may be of interest if one places a broad construction on your responsibilities as "The Counselor."

Apart from purely doctrinal (military) issues, there are policy considerations that can only be sorted out, in an ultimate sense, within the White House. My co-authors and I have tried to suggest that military capability separate from enlightened crisis management procedures is, at best, a hobbled asset and, at worst, downright pernicious. The central message is that the President ought not to have to respond to crises by first structuring the mechanisms to deal with them. The mechanism should pre-exist and have its foundations in operating principles that can be adapted to all levels of an instability "continuum" -- from economic blackmail to military engagement.

Technology can help, but common sense is a sine qua non. While the operating style of a President matters, the mechanism should be able to adjust to it because crisis elements obviously can have lifespans that go beyond administrations. Said perhaps more simply, crisis management should not be heavily personality-dependent.

The Honorable Philip W. Buchen  
Counsel to the President  
The White House  
Washington, D. C. 20500



Not dealt with in our ORBIS piece but nevertheless a particularly troublesome problem is that of the potential for nuclear terrorism -- in the sense of threats posed by other than legitimate governments. I'd like to discuss this with you to express my concerns. But it will have to await my return from Vienna, where I'm going next week for a couple of months as a part of our delegation to the MBFR talks.

Warm regards,



Robert M. Behr  
Assistant Director

Encl: ORBIS Vol XVIII



# ORBIS

a journal of world affairs

Volume XVIII

Fall 1974

Number 3

*Reflections on*

Economic Crisis in the West; Human Rights and U.S.-Soviet Trade;  
Conflict over Cyprus; The British General Election; Portuguese  
Politics in Transition; The Caracas Law of the Sea Conference

*Focus on the Military Balance, U.S. Strategic Forces, and the New  
Targeting Doctrine*

*Contributors*

William R. Van Cleave  
Roger W. Barnett  
G. W. Rathjens  
Donald R. Westervelt  
Colin S. Gray  
Robert H. Kupperman

Robert M. Behr  
Thomas P. Jones, Jr.  
John M. Collins  
Conrad V. Chester  
Eugene P. Wigner  
John A. Lauder

*Additional Articles on*

Greece and the Cyprus Crisis  
The Postwar Wars in Vietnam  
Bargaining Between Saigon and Washington in Wartime  
Peace in Vietnam and Laos: 1954, 1962, 1973  
Marxist Humanism: Developments in Yugoslavia  
The Soviet Secret Police and Intelligence Services

*Book Reviews*

FOREIGN POLICY RESEARCH INSTITUTE

*in association with*

THE FLETCHER SCHOOL OF LAW AND DIPLOMACY  
TUFTS UNIVERSITY





THE WHITE HOUSE  
WASHINGTON

January 20, 1975

*Cong  
Thone.  
Charles*

Dear Congressman Thone:

Your letter of December thirtieth, concerning Mr. Joy Emry, was referred to me for further response.

It is my understanding that Mr. Emry, one of your constituents, would like to print a shoulder patch commemorating President Ford's visit to Lincoln, Nebraska on October 16, 1974. The patch, containing the President's name, would be given to approximately 20 men who assisted officials during the visit.

I am pleased to inform you that there is no objection to Mr. Emry's request.

With kindest regards.

Sincerely,

*Philip W. Buchen*

Philip W. Buchen  
Counsel to the President

The Honorable Charles Thone  
House of Representatives  
Washington, D. C. 20515





From: Joy Emery  
2344 So. 13th  
Lincoln, NE 68502

Re: Permission to order  
decorative patch  
with Pres. Ford's  
name and Lincoln visit

Mr. Emery came in on behalf of Harley 74's, a unit of Sesostris Shrine of Lincoln. He would like permission to purchase and design a decorative patch to be worn on the jackets of the "Harley 74's" which would commemorate the visit of President Ford to Lincoln.

The "Harley 74's" helped direct traffic, served as escorts, etc. on Oct. 16 when the President visited Lincoln. There were 24 men involved in the escort operation and Mr. Emery would like to surprise Charlie Vermaas and the rest of the troop with these jacket patches. He said the gentlemen have received thanks from the "FBI or somebody" but that he would like to present these patches to them on January 15 if he could get an OK from someone. He will take care of all the details, but merely wants to know whether there is any objection to his having this done.

~~A patch is being enclosed for reference purposes. Mr. Emery needs to have this returned to him. His business card is also enclosed.~~

Peggy



ALL KINDS OF WIRING  
FIXTURES

CONTRACT  
MOTOR



2344 SOUTH 13TH PHONE 432-3221  
LINCOLN, NEBRASKA

REPRESENTATIVE

JOY EMRY, OV  
RES. 763-3065 PA



after signed needs bcc for Vernon C. ~~xLoen~~  
Loen

make xerox copy of these before returning

on  
\$Loen fee  
✓ cover sq



THE WHITE HOUSE  
WASHINGTON

1/16/75

Patsy —  
I called Jay about  
this. The card  
said Joy Emry  
(no e). First note  
shows Emry; Verndon  
cont'd the error  
Mr Emry wants the  
Patch returned.  
Thanks. Eva





7 12, 1975  
MEMORANDUM FOR:

Philip W. Buchen

FROM:

Jay French

You will note that a response was needed prior to January fifteenth. I have already informed Congressman Thone's office by telephone that Mr. Emery's request has been approved. This letter is merely to provide a formal response to the request.

JF:pk



January 4, 1973

Dear Charley:

Thank you for your December 30 letter to Max Friedersdorf regarding Mr. Joy Emery's interest in designing a decorative patch to be worn on the jackets of the "Harley 74's" which would commemorate the visit of the President to Lincoln.

I will be pleased to see that early consideration is given to the request for permission to use the President's name and date of his visit to Lincoln, and we will be back in touch with you as soon as possible.

With kind regards,

Sincerely,

Vernon C. Loeb  
Special Assistant  
to the President

The Honorable Charles Thone  
House of Representatives  
Washington, D.C. 20515

✓ b/c w/incoming to Office of Philip Buchen - for further reply as soon as possible, please

VCL:EF:jk





CHARLES THONE  
1ST DISTRICT, NEBRASKA  
1531 LONGWORTH HOUSE OFFICE BUILDING  
HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C. 20515

COMMITTEES:  
AGRICULTURE  
SUBCOMMITTEES:  
LIVESTOCK AND GRAINS  
FORESTS  
DAIRY AND POULTRY  
GOVERNMENT OPERATIONS  
SUBCOMMITTEES:  
FOREIGN OPERATIONS AND  
GOVERNMENT INFORMATION  
SPECIAL STUDIES

December 30, 1974

Mr. Max Friedersdorf  
Deputy Assistant to the President  
for Congressional Relations  
Executive Office of the President  
The White House  
Washington, D.C. 20500

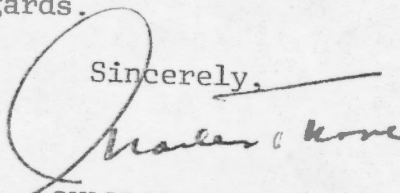
Dear Max:

Attached is a memo received from my District Office requesting any permission needed to use the President's name and date of his visit to Lincoln for a commemorative patch to be used as stated.

Max, if there are any particulars that are needed for this, it would be appreciated if you would notify this office. Your expeditious attention, due to the January 15th date, is gratefully acknowledged.

Best personal regards.

Sincerely,



CHARLES THONE  
U. S. Congressman

CT/f  
Enclosures



Policy  
Issues

THE WHITE HOUSE  
WASHINGTON

P.A.

Your memo from OLC  
on Severance Payments

I suggest that  
we provide Walker with  
a copy to alert him on  
points he might want to  
raise in his discussions  
with applicants

Also, I suggest Bob  
Hampton be contacted on  
Nino's proposal in the  
last para. of his memo

P



THE WHITE HOUSE  
WASHINGTON

*Policy  
Jones*

January 22, 1975

MEMORANDUM FOR:

PHIL BUCHEN ←  
KEN LAZARUS  
DUDLEY CHAPMAN

FROM:

PHIL AREEDA

*PA*

For your information I enclose a background memorandum from the Office of Legal Counsel on Severance Payments under the Conflict of Interest Statute.



## Department of Justice

Washington, D.C. 20530

JAN 22 1975

MEMORANDUM TO THE HONORABLE PHILLIP E. AREEDA  
Counsel to the President

Re: Severance Payments under the Conflict of  
Interest Statute, 18 U.S.C. 209.

This is in response to your request for a discussion of the conflict of interest aspects of severance payments made by a private employer to an employee upon the latter's entry into Government service.

The relevant statutory provision is 18 U.S.C. 209(a), which prohibits a Government officer or employee from receiving "any salary, or any contribution to or supplementation of salary, as compensation for his services as an officer or employee of the executive branch . . . ." Both the recipient and the person or organization making a prohibited payment are subject to criminal penalties.

Obviously, the key to application of § 209(a) is that the payment must be made "as compensation for" Federal employment. If it is made for past services, given as a gift, or made for present services rendered to the private employer apart from the recipient's governmental duties, no violation occurs. (Of course with respect to the last mentioned possibility, outside employment is forbidden to many Federal employees by agency regulation. See, e.g., 28 CFR § 45.735-9 generally prohibiting private practice of law by Justice Department lawyers.) While this principle is very clear, the fact that it depends upon an ascertainment of the purpose of the payment renders its application to a particular case very difficult, particularly when the context in which the decision is to be made is not criminal prosecution but pre-employment advice, so that appearances as well as technical violation must be considered.

Since the purpose of the payment is always a factual issue, no firm generalizations can be made, but the following factors are obviously relevant to what the fact is and (hence) what the appearances are:





1. A lump sum payment made upon transition from private to Federal employment is less indicative of compensation for Federal employment than are periodic payments made while the Federal employment continues. (A lump sum payment is vastly preferable from the standpoint of appearances; when accepting installment payments, an employee can maliciously be described as being "on the payroll" of a private company.)

2. Contractual entitlement to the payment, created at the outset of the private employment relationship, is strong evidence of nonviolative intent. (Created after the prospect of Federal employment arises, it is much less convincing.) In this connection, it should be noted that the most common type of such contractually prescribed payment--participation in a "bona fide employee welfare or benefit plan"--is specifically exempted by § 209(b).

3. A payment which is extraordinarily high in light of the departing employee's previous salary and length of service is obviously suspect.

4. Where the payment is a gift (by which term I mean to include severance benefits which, though recited in the employment contract, can be granted or withheld at the employer's option), the fact that such payments were routinely made to departing employees of the level in question, even those retiring or entering other private employment, is evidence of legitimate intent.

5. Where the payment is contractually required or routinely accorded only when the employee leaves to enter Federal service, it would appear to be violative. For purposes of prior advice, at least, we would make the same assumption if the criterion for payment is "public service employment" generally.

6. When the Federal position which the departing employee will occupy is one in which his actions cannot proximately benefit the former employer, a violative intent is obviously less likely. See 41 Op. A.G. 217, 221 (1955).

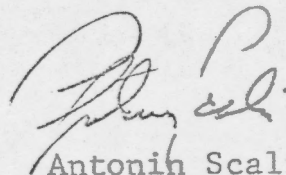
It must also be noted that severance payments in installments, even when they are permissible, and indeed even when they are explicitly sanctioned by § 209(b), may bring § 208(a) into play. That prohibits a Government employee from participating personally and substantially in the disposition of a





particular matter in which he has a financial interest. Where continuation of the installment payments is at the option of the former employer, or where mandatory payments are large in relation to the employer's income, the former employee might be considered to have a financial interest in a particular matter involving the employer. In this situation, depending on the facts, it may well be inappropriate for the employee's agency to give him a waiver as permitted by § 208(b).

Since application of § 209(a) is so intricate and since the most convincing evidence of nonviolation is the existence of properly framed contractual obligations before the prospect of Federal employment arises, you might want to consider the issuance of some guidance by the Civil Service Commission, to be widely distributed by the Commerce Department, so that employers will not inadvertently be subjecting their employees to the difficult choice between foregoing Federal employment or abandoning customary termination benefits.



Antonin Scalia  
Assistant Attorney General  
Office of Legal Counsel



*Policy  
Campaign*

January 23, 1975

To: Bob Hartmann

From: Phil Buchen

Am returning your copy of Federal Election Law Manual. I checked it to see if it contained material which might be helpful from a legal viewpoint in determining the impact, if any, of the various laws on White House staff members in the performance of their official duties.

As you pointed out, difficult questions of interpretation may have to await resolution until the Federal Election Commission is appointed and functioning.



*Policy*

Tuesday 1/28/75

11:40 Sterling Brinkley in Bill Walker's office  
called to ask what the policy is in regard  
to hiring volunteers to work on the staff.

2625

*Ken Lazarus  
will call*



*Policy*

THE WHITE HOUSE  
WASHINGTON

January 29, 1975

Dear Congressman Moss:

It has just come to my attention that you had earlier written to the President on the subject of continued access by former President Nixon to certain classified information. I had independently begun to check into the matter, and the President has now asked me to answer your inquiry in his behalf. He also asks that I assure you of his appreciation for your long-standing concern with information policies of the Federal government and your thorough study of the problems in balancing the different interests involved.

The issue you raised appears to be resolved by:

- 1) The circumstance that because of his election to Federal office a President or Vice President, as well as a member of Congress, is allowed access to classified information on a need-to-know basis without undergoing any previous security clearance;
- 2) The justification founded in tradition and formalized by Executive Order 11456 for keeping any President sufficiently informed after his term in office of current developments so as to enable him, when called upon, to counsel with the incumbent President on matters vital to national security, especially as they relate to the former President's own prior knowledge and deliberations; and
- 3) The position of the Congress implicit in the recent Presidential Recordings and Materials Preservation Act which affords former President Nixon in Sec. 102(c) unlimited access to materials heretofore available to him, even though they may still be classified or involve very sensitive information, while restricting public access on national security grounds in Sec. 104.

Sincerely yours,

*Philip W. Buchen*  
Philip W. Buchen

- Counsel to the President

The Honorable John E. Moss  
House of Representatives  
Washington, D. C. 20515





JOHN E. MOSS  
3RD DISTRICT  
SACRAMENTO, CALIFORNIA

ADMINISTRATIVE ASSISTANT  
JACK MATTESON

LEGISLATIVE ASSISTANT  
TOM GREENE



WASHINGTON  
20515

DISTRICT OFFICE:

DISTRICT REPRESENTATIVE

6038 FEDERAL BUILDING  
650 CAPITOL MALL  
SACRAMENTO, CALIFORNIA 95814  
PHONE (916) 449-3543

CONGRESS OF THE UNITED STATES

HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

GOVERNMENT OPERATIONS COMMITTEE:  
RANKING MAJORITY MEMBER SUBCOMMITTEES ON  
FOREIGN OPERATIONS & GOVERNMENT INFORMATION  
CONSERVATION & NATURAL RESOURCES

INTERSTATE AND FOREIGN COMMERCE COMMITTEE  
CHAIRMAN,  
COMMERCE & FINANCE SUBCOMMITTEES

DEMOCRATIC STEERING AND POLICY COMMITTEE

September 26, 1974

BT  
The President  
The White House  
Washington, D. C.

Dear Mr. President:

As you recall, during our twenty-one years of service together in the House of Representatives, I spent many of those years working upon Federal information policy matters. You may also recall that I was the author on the House side of the Freedom of Information bill.

The initial issue which directed my attention to a study of information policies of the Federal government occurred during the first year of my service. At that time, there was a great outcry against so-called "security risks" in the Federal government.

Upon the election of a Democratic majority in the 84th Congress, I was selected as the Chairman of a Special Subcommittee of the Committee on Government Operations. This was the beginning of a sixteen-year assignment in the field of governmental information policies. As a consequence, I have carefully studied the law's subtle balancing of the interests of government in security against the legitimate interests of the public in access to information. The matter I now bring to your attention is done so after the most careful reflection





September 26, 1974

on this study and a full consideration of the very serious nature of the issues implicit in the views I will express.

It is my opinion that due to the circumstances which led to the resignation of your predecessor, Richard M. Nixon, and his subsequent acceptance of a pardon, that Mr. Nixon is guilty of illegal acts. In response to a press conference question, you indicated that Mr. Nixon's acceptance of a pardon could be construed as analagous to an admission of guilt. The question and your precise words were, "Throughout your Vice Presidency you said you didn't believe that former President Nixon had ever committed an impeachable offense. Is that still your belief, or do you believe that his acceptance of a pardon implies his guilt: Or is it an admission of guilt?" Your reply was "...the acceptance of a pardon I think can be construed by many, if not all, as an admission of guilt." The Honorable Nelson Rockefeller, Vice President Designate, echoed this view when in response to questions asked of him by the United States Senate Committee taking testimony preparatory to his confirmation by the Senate wherein he characterized the acceptance of a pardon as "tantamount to admitting guilt".

I submit that under these conditions that Richard M. Nixon would be judged under all pertinent criteria as a security risk and would be denied access to the material made available to him in secret briefings. If there is not to be a two tiered system of justice in this country, these briefings should be stopped. I submit that unlike his three predecessors who were routinely briefed, the Honorable Harry Truman, the Honorable Dwight D. Eisenhower, and the Honorable Lyndon B. Johnson, that former President Nixon left office under conditions analagous to less than an honorable discharge of his responsibilities given him by the American electorate in the 1972 election. I question whether the briefing of Richard Nixon, who is no longer an employee of the government, does not in itself constitute a breach of rules, regulations or laws proscribing the publication of highly classified material.



The President

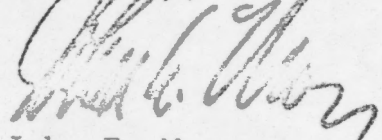
-3-

September 26, 1974

Your own action in the issuance of a pardon implicitly carried with it the assurance that violations of law would be subsequently disclosed and that they would be of an extent and nature, if spread upon the public records, to clearly bar Richard Nixon from access to classified defense or national security information.

I respectfully suggest, therefore, that it is appropriate that these briefings be discontinued and that finally a recognition be made of the obvious fact that this unprecedented act of resignation was indeed brought about because of the personal misconduct of Richard Nixon.

Sincerely,



John E. Moss  
Member of Congress

JEM:Mk

