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THE PRESIDENT HAS SEEN *dg.*

THE WHITE HOUSE

WASHINGTON

CABINET MEETING
Wednesday, October 30, 1974
11:00 a.m.
The Cabinet Room

From: Warren Rustand *WR*

I. PURPOSE

1. To bring the Cabinet together for a regularly scheduled meeting.

II. BACKGROUND, PARTICIPANTS & PRESS PLANS

1. Background: You last met with the Cabinet on October 11 when the agenda covered Volunteerism, the Surtax, Personnel Reduction, Inflation Impact Statements, Campaign Status, Civil Unrest in Boston and proposed legislation including the Transportation Bill, Freedom of Information Act and the Housing Bill.
2. Participants: Attached at Tab A
3. Press Plan: White House Photo



III. TALKING POINTS

1. FY 75 Federal Budget: I'd like to ask Roy Ash to give us a progress report on current projections toward meeting our goal and to comment on personnel reduction.

Economic Initiatives: As you know, we have been working very hard to boil down the results of the Economic Summits to some positive actions.

I'd like to go around the table and ask each of you to briefly describe actions you are taking in your department to fight inflation.

3. Energy: Now I'd like Rog Morton to tell us about the new energy organization and the Energy Resources Council.

*31 Point Program:
Responsibility
Accountability*

4. Campaign 74: This will be our last formal meeting before the election. Dean Burch will you give us an overview of the situation, including any significant issues which seem to be influencing the voters.

5. Presidential Summary:

- As you know the Congress will return on Nov. 18 - I'd like for each of you to send me, by Nov. 6, your recommendations on legislation which you feel is priority and which the Congress should act on during the lame duck session.
- I want to re-emphasize the need for continuous consultation as you develop new legislative proposals. With input from the Congress and outside organizations from the start, we will have better legislation enacted.
- In the Energy area, we have had problems caused by the lack of a coordinated and comprehensive Energy policy. I am confident that Rog Morton has put together an effective team and specifically identified areas of responsibility for each part of the team. They have a big job in meeting their challenges and I know I can count on all of you to cooperate with them.
- In next week's election, I expect that we are going to lose some races. The most important point for us to remember is that the problems which are issues in this election will be with us for a long time. It is up to us to insure that the programs we develop are not for a short term expediency, but for the good of the nation in the long run.





PARTICIPANTS

Deputy Secretary of State Ingersoll -
Deputy Secretary of Treasury Gardner -
Secretary of Defense Schlesinger -
Deputy Attorney General Silberman -
Secretary of Interior Morton -
Secretary of Agriculture Butz -
Secretary of Commerce Dent -
Secretary of Labor Brennan -
Under Secretary of HEW Carlucci -
Secretary of HUD Lynn -
Secretary of Transportation Brinegar -
Under Secretary of Transportation Barnum -
Director of OMB Ash -
Counsellor to the President Armstrong -
Counsel to the President Buchen -
Counsellor to the President Burch -
Counsellor to the President Hartmann -
Counsellor to the President Marsh -
Assistant to the President Rumsfeld
Chairman of the RNC Smith -

ABSENT

Secretary of State Kissinger (overseas)
Secretary of Treasury Simon (speaking in New Jersey)
Attorney General Saxbe (speaking in Brownsville, Texas)
Secretary of HEW Weinberger (speaking in Chicago)
Ambassador to the United Nations Scali (attending UN General Assembly)

NOTE: Secretary Brinegar asks to be excused early, Under Secretary Barnum will sit through the entire meeting.

OTHERS

Kenneth R. Cole, Domestic Council
Alan Greenspan, CEA
William Seidman, Executive Director, Council on Inflation
Russell Train, Administrator, Environmental Protection Agency

STAFF

Richard Cheney
John Guthrie
Ron Nessen
Warren Rustand
Brent Scowcroft
William Timmons



THE WHITE HOUSE
~~Smith~~
305.4

Oct
307. (309)
294.

7.5 package.



October 30, 1974

ECONOMIC INITIATIVES AND FOLLOW-UP

Legislative Status
 1. Introduced
 2. Hearing
 3. Reported
 4. Passed

House/Senate
 1. Meeting
 2. Reported

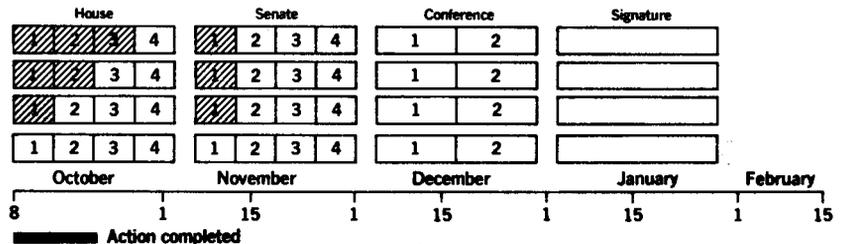
Conference
 1. Meeting
 2. Reported

Target Date ●

Department of Agriculture

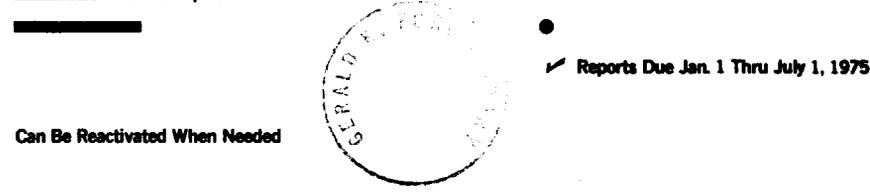
Legislative Initiatives

- Removal of restrictions on Rice
- Peanuts
- Extra-long staple cotton
- Amendment P.L. 480 *- mud boxes.*



Administrative Initiatives

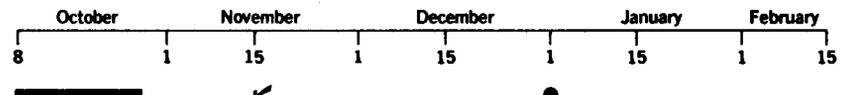
- Voluntary monitoring of exports
- Review marketing orders
- Review other Department Regulations
- Fertilizer
 - Reporting system
 - Voluntary effort with companies



Department of Commerce

Administrative Initiative

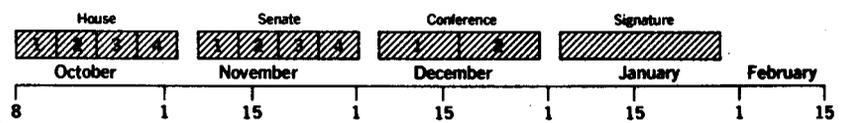
- Industry conservation audits



Department of Housing and Urban Development

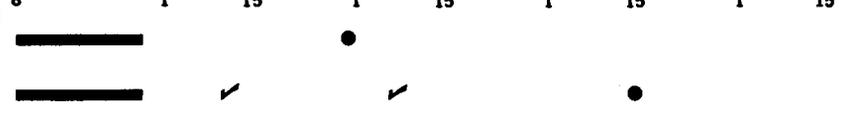
Legislative Initiative

- Conventional mortgages eligible for purchase by GNMA



Administrative Initiatives

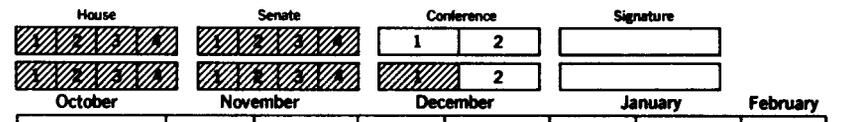
- Determination of level of commitments under the conventional home mortgage program
- Joint effort with Congress to develop solutions to mortgage credit problems



Department of the Interior

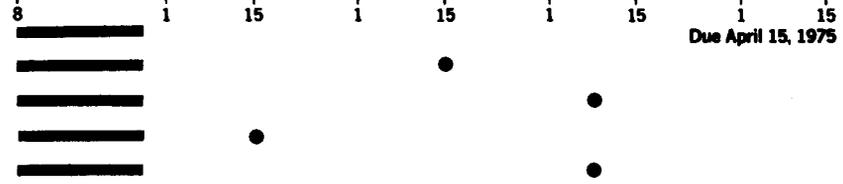
Legislative Initiatives

- Deepwater port facilities
- Surface mining



Administrative Initiatives

- Arctic gas
- Coal leasing
- NPR number 1 and number 4
- OCS leasing
- Oil shale, Geothermal leasing



October 30, 1974

ECONOMIC INITIATIVES AND FOLLOW-UP

Legislative Status: 1. Introduced, 2. Hearing, 3. Reported, 4. Passed
 House/Senate: 1. Meeting, 2. Reported
 Conference: 1. Meeting, 2. Reported
 Signature: 1. Meeting, 2. Reported
 Target Date ●

Department of Justice

Legislative Initiatives

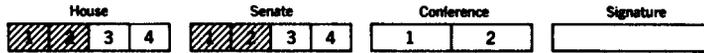
- Increase penalties for antitrust violations
- Strengthen investigation powers of Antitrust Division



Department of Labor

Legislative Initiatives

- Special unemployment insurance assistance program
- Community Improvement Program



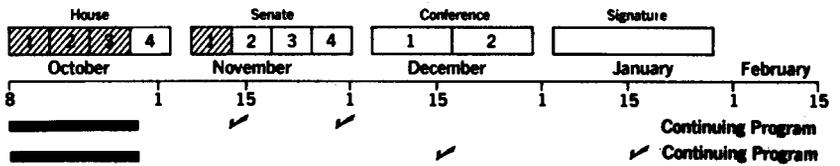
Department of Transportation

Legislative Initiatives

- Surface Transportation Act

Administrative Initiatives

- Automobile fuel economy **FEA**
- 55 MPH limit and traffic control measures



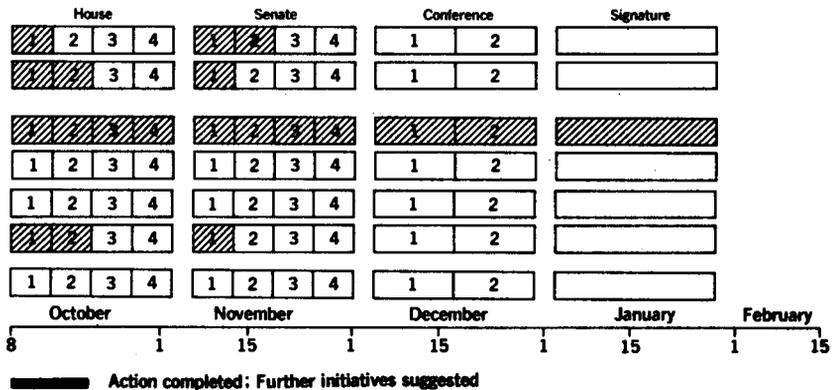
Department of the Treasury

Legislative Initiatives

- Financial Institutions Act
- Elimination of withholding tax on interest & dividend income to foreigners
- Increase Federal insurance on private deposits
- Increase and restructuring of investment tax credit
- Preferred Stock Dividends
- Ways & Means Bill including windfall profits tax on oil & relief for low income families
- Surtax

Administrative Initiatives

- Request Federal and State regulatory authorities to eliminate rate schedules which encourage excessive energy consumption



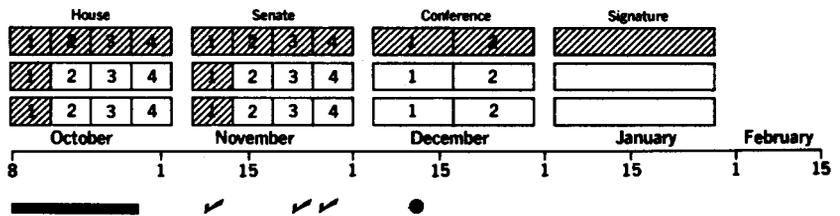
Executive Office of the President Office of Management and Budget

Legislative Initiatives

- ERDA and the Nuclear Regulatory Commission
- Amending the Employment Act of 1946
- Establishing a National Commission on Regulatory Reform

Administrative Initiatives

- Require all major legislation, rules and regulations developed in the Executive Branch to include an Inflation Impact Statement



October 30, 1974

Legislative Status: House/Senate, Conference
 1. Introduced, 1. Meeting
 2. Hearing, 2. Reported
 3. Reported
 4. Passed
 Target Date ●

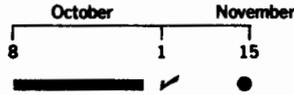
ECONOMIC INITIATIVES AND FOLLOW-UP

Office of Management and Budget

Administrative Initiatives

\$300 billion spending target:

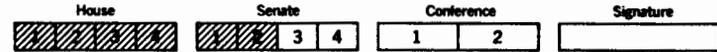
Determination of budget rescissions and deferrals



Council on International Economic Policy

Legislative Initiatives

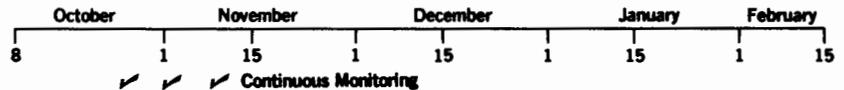
Trade Reform Act



Council on Wage and Price Stability

Administrative Initiatives

Monitoring wage and price movements in the private sector



Monitoring government actions

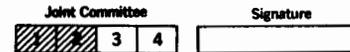
Continuous Monitoring

Other Agencies

Atomic Energy Commission

Legislative Initiatives

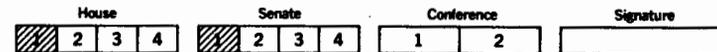
Nuclear plant licensing



Environmental Protection Agency

Legislative Initiatives

Amendments to Clean Air Acts



Federal Energy Administration

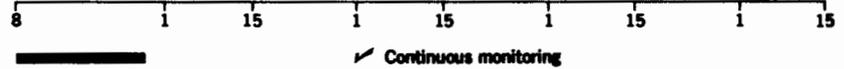
Legislative Initiatives

Natural gas deregulation



Administrative Initiatives

Conservation within government



Incentives to secondary and tertiary petroleum production

Utility coal conversion

Voluntary conservation of 1,000,000 bbls/day



WIN Program

Organization and Preliminary Implementation

October 12

November 28

Full Implementation

November 28

July 4, 1976

October 30, 1974

ECONOMIC INITIATIVES AND FOLLOW-UP

Legislative Status: 1. Introduced, 2. Hearing, 3. Reported, 4. Passed
 House/Senate: 1. Meeting, 2. Reported
 Conference: 1. Meeting, 2. Reported
 Target Date ●

Department of Agriculture

Legislative Initiatives

	House	Senate	Conference	Signature
Removal of restrictions on Rice	1 2 3 4	2 3 4	1 2	
Peanuts	3 4	2 3 4	1 2	
Extra-long staple cotton	2 3 4	2 3 4	1 2	
Amendment P.L. 480	1 2 3 4	1 2 3 4	1 2	



Administrative Initiatives

	October	November	December	January	February
Voluntary monitoring of exports	8-15				
Review marketing orders	8-15				
Review other Department Regulations				●	
Fertilizer					
Reporting system					
Voluntary effort with companies					

Can Be Reactivated When Needed

✓ Reports Due Jan. 1 Thru July 1, 1975

Department of Commerce

Administrative Initiative

	October	November	December	January	February
Industry conservation audits	8-15	✓		●	

Department of Housing and Urban Development

Legislative Initiative

	House	Senate	Conference	Signature
Conventional mortgages eligible for purchase by GNMA	1 2 3 4	1 2 3 4	1 2	

Administrative Initiatives

	October	November	December	January	February
Determination of level of commitments under the conventional home mortgage program	8-15		●		
Joint effort with Congress to develop solutions to mortgage credit problems	8-15	✓	✓	●	

Department of the Interior

Legislative Initiatives

	House	Senate	Conference	Signature
Deepwater port facilities	1 2 3 4	1 2 3 4	1 2	
Surface mining	1 2 3 4	1 2 3 4	1 2	

Administrative Initiatives

	October	November	December	January	February
Arctic gas	8-15				
Coal leasing	8-15		●		
NPR number 1 and number 4	8-15			●	
OCS leasing	8-15	●			
Oil shale, Geothermal leasing	8-15			●	

Due April 15, 1975

October 30, 1974

ECONOMIC INITIATIVES AND FOLLOW-UP

Legislative Status
 1. Introduced
 2. Hearing
 3. Reported
 4. Passed

House/Senate
 1. Meeting
 2. Reported

Conference
 1. Meeting
 2. Reported

Target Date ●

Department of Justice

Legislative Initiatives

- Increase penalties for antitrust violations
- Strengthen investigation powers of Antitrust Division

House	Senate	Conference	Signature
1 2 3 4	1 2 3 4	1 2	
3 4	1 2 3 4	1 2	

Department of Labor

Legislative Initiatives

- Special unemployment insurance assistance program
- Community Improvement Program

House	Senate	Conference	Signature
3 4	3 4	1 2	

Department of Transportation

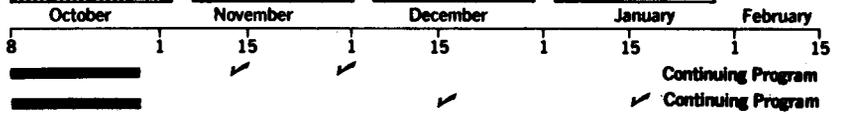
Legislative Initiatives

- Surface Transportation Act

House	Senate	Conference	Signature
4	2 3 4	1 2	

Administrative Initiatives

- Automobile fuel economy
- 55 MPH limit and traffic control measures



Department of the Treasury

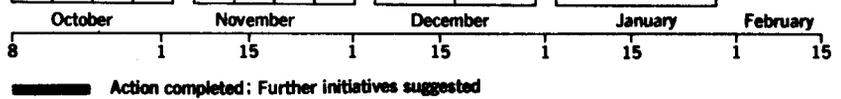
Legislative Initiatives

- Financial Institutions Act
- Elimination of withholding tax on interest & dividend income to foreigners
- Increase Federal insurance on private deposits
- Increase and restructuring of investment tax credit
- Preferred Stock Dividends
- Ways & Means Bill including windfall profits tax on oil & relief for low income families
- Surtax

House	Senate	Conference	Signature
2 3 4	2 3 4	1 2	
3 4	2 3 4	1 2	
1 2 3 4	1 2 3 4	1 2	
1 2 3 4	1 2 3 4	1 2	
3 4	2 3 4	1 2	
1 2 3 4	1 2 3 4	1 2	

Administrative Initiatives

- Request Federal and State regulatory authorities to eliminate rate schedules which encourage excessive energy consumption



Executive Office of the President

Office of Management and Budget

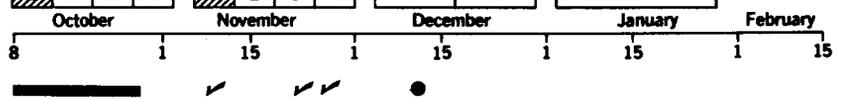
Legislative Initiatives

- ERDA and the Nuclear Regulatory Commission
- Amending the Employment Act of 1946
- Establishing a National Commission on Regulatory Reform

House	Senate	Conference	Signature
1 2 3 4	1 2 3 4	1 2	
2 3 4	2 3 4	1 2	
2 3 4	2 3 4	1 2	

Administrative Initiatives

- Require all major legislation, rules and regulations developed in the Executive Branch to include an Inflation Impact Statement



October 30, 1974

Legislative Status House/Senate Conference
 1. Introduced 1. Meeting
 2. Hearing 2. Reported
 3. Reported
 4. Passed
 Target Date ●

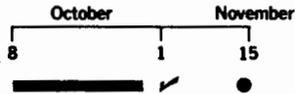
ECONOMIC INITIATIVES AND FOLLOW-UP

Office of Management and Budget

Administrative Initiatives

\$300 billion spending target:

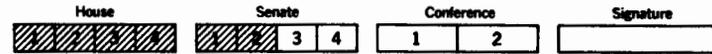
Determination of budget rescissions and deferrals



Council on International Economic Policy

Legislative Initiatives

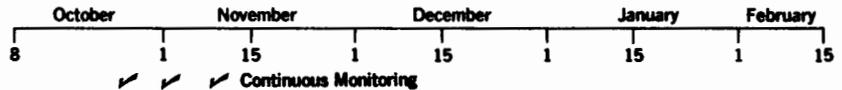
Trade Reform Act



Council on Wage and Price Stability

Administrative Initiatives

Monitoring wage and price movements in the private sector



Monitoring government actions

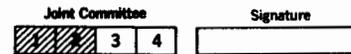
Continuous Monitoring

Other Agencies

Atomic Energy Commission

Legislative Initiatives

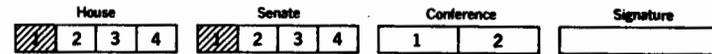
Nuclear plant licensing



Environmental Protection Agency

Legislative Initiatives

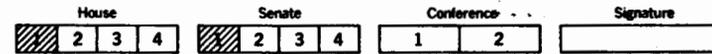
Amendments to Clean Air Acts



Federal Energy Administration

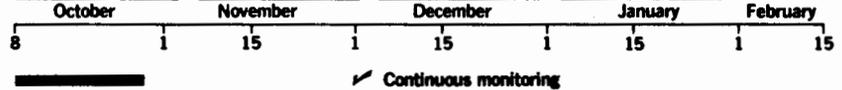
Legislative Initiatives

Natural gas deregulation



Administrative Initiatives

Conservation within government



Incentives to secondary and tertiary petroleum production

Continuous monitoring

Utility coal conversion



Voluntary conservation of 1,000,000 bbls/day

Monthly reports

WIN Program

Organization and Preliminary Implementation

October 12

November 28

Full Implementation



November 28

July 4, 1976

ENERGY INITIATIVES

Follow-up on Presidential Address on the Economy

<u>INITIATIVE</u>	<u>CURRENT STATUS</u>	<u>NEXT STEPS</u>
<u>INTERIOR</u>		
OCS leasing	Lease 10 million acres in years 1975. Develop capability to continue leasing at this rate should a decision be made to do so.	Secretary to meet with coastal state governors November 14. Tentative leasing schedule ready by November 15.
Coal leasing	Interior is developing coal leasing program and preparing programmatic EIS.	Final environmental impact statement will be completed by December 15. OMB to review proposed program in Nov/Dec.
Arctic Gas	Interior is initiating study of alternative gas line routes from Alaska. Interior with FPC is preparing EIS for El Paso and Arctic Gas gas line applications.	Feasibility study of alternative routes, and environmental impact statements, will be completed by April 15, 1975.
Oil, shale and geothermal leasing	Reevaluation and report to see if more rapid development of these resources is appropriate is being prepared for the President.	Reevaluation to be completed by January 8.
Surface mining bill	Legislation delayed in conference until after recess. Interior, Domestic Council and OMB are re-examining bill.	Continue to work with conferees (due to meet Nov. 19) to obtain passage this Congress of an acceptable bill.

<u>INITIATIVE</u>	<u>CURRENT STATUS</u>	<u>NEXT STEPS</u>
<u>INTERIOR (CONT'D)</u>		
NPR #1 and #4	Interior, Defense and Navy studying means to expedite development.	Study and recommendations to be completed by January 8 , <i>mid-Dec.</i> including recommendations for legislation if necessary.
Deepwater ports facilities bill	House and Senate have passed different bills. Conference expected after recess.	Review House and Senate bills and develop position for conference by November 18.
<u>DOT</u>		
55 MPH limit and traffic control measures	Legislation to make the 55 MPH limit permanent has passed Senate as part of comprehensive highway aid bill. Joint review with EPA of transportation control plans under the Clean Air Act is in progress.	Make specific recommendations on using Federal incentives for enforcing 55 MPH limit by January 15. Develop recommendations to state and local officials on traffic control measures and management and plan to monitor by Jan. 31.
Automobile fuel economy	Meeting with auto presidents held October 29 to get 40% mileage improvement program underway.	Meet with individual auto manufacturers by November 12 to discuss achievement of goals. By November 29, a firm plan to achieve the 40% target will be submitted to the President.

INITIATIVECURRENT STATUSNEXT STEPSFEA

Natural gas deregulation

Administration bill (S. 2048) bogged down. Working with Senate Finance, Interior and Commerce Committees to achieve deregulation objective.

Determine position for dealing with Buckley amendment to trade bill in the Senate (has already passed House), which achieves unqualified deregulation of field prices of new natural gas-by November 18.

Conservation within Government

Presidential directive to agencies on 1975 energy conservation objectives issued. Monitoring system established.

Presently reviewing FY75 first quarter data. Results will be published by December 1.

Voluntary conservation of 1 million bbls/day

Developing targets to monitor system. Reporting system has been developed.

First report due December 1. Monthly reports thereafter.

Utility coal conversion program

Report to be submitted to the President in 90 days, including any needed legislation. Task force established and operating.

First draft due November 25. Report and schedule will be completed by January 8.

Incentives to secondary and tertiary techniques production

Adjustments of current price controls to increase incentives to use secondary and tertiary techniques. Draft report completed.

Review of draft report to be completed by November 1. Proposed rulemaking targeted for November.

INITIATIVE

CURRENT STATUS

NEXT STEPS

TREASURY

Request state and federal regulatory authorities to eliminate rate schedules which encourage excessive energy consumption

National conference of state regulatory commissions held September 13. Resulted in better climate for cooperation. Further initiatives suggested for consideration.

Initiatives and issues to be forwarded to ERD for consideration and assignment of lead responsibility on November 1.

COMMERCE

Industry conservation audits

Meetings with representatives of the six major energy consuming industries have been held. Long term, industry-wide voluntary conservation programs are being organized which will continue appropriate energy conservation goals and a system for reporting progress to the government.

Meetings with the entire business community to report the progress of these meetings are being schedule. Dept of Commerce/Chamber of Commerce meeting with executive leadership of trade and industry associations will be held in Washington on November 1.

EPA

Amendments to Clean Air Act

Some of desired amendments were included in PL 93-319 (Energy Supply and Environmental Coordination Act). Hearings on remaining amendments have not been scheduled.

Interagency meeting scheduled for November 13 th develop additional technical justification for the Administration's amendments.



INITIATIVE

CURRENT STATUS

NEXT STEPS

AEC

Nuclear plant licensing
bill

JCAE hearings have been held
on Administration bill, but no
bill has been reported.

Encourage Joint Committee to
report the bill out for
action this Congress.

October 30, 1974

ECONOMIC INITIATIVES AND FOLLOW-UP

DEPARTMENT OF AGRICULTURE



LEGISLATIVE INITIATIVES

Current Status

Schedule for Implementation

Removal of restrictions on

Rice

A bill is now pending before the House Rules Committee. An earlier attempt to obtain a rule on the bill ended in a tie vote.

Efforts will be made to clear the bill for floor action after the House reconvenes on November 18.

Peanuts

House Agriculture Committee has unacceptably modified Administration proposal.

USDA will start discussions with industry representatives in late November leading to the development of a target price program. A legislative proposal will be submitted to OMB by late December or early January for consideration by the next Congress.

Extra-long staple cotton

Target price bills have been introduced in both the House and Senate. There appears to be only a small possibility of favorable action in this session.

Strong push needed next year.

Amendment of P.L. 480

Agriculture has prepared draft legislation.

Legislation to be submitted to OMB on November 1.

ADMINISTRATIVE INITIATIVES

Voluntary monitoring of exports

Systems for the prior approval and daily reporting of U.S. export sales of certain agricultural commodities are completely operational.

The Department will expand its weekly report to include information on shipments and events of major significance to the grain trade.

DEPARTMENT OF AGRICULTURE (cont'd)

<u>ADMINISTRATIVE INITIATIVES</u>	<u>Current Status</u>	<u>Schedule for Implementation</u>
Review marketing orders	A Marketing Order Task Force will review and evaluate the process by which changes are effected in Market Order and Agreement regulations.	Marketing Order Task Force to report by January 1, 1975.
Review other Department Regulations		One or more other task forces must be established to review the need for changes in regulations pertaining to cooperatives, packers and stockyards, food imports, timber exports and others. These task forces are scheduled to report between January 1 and July 1, 1975.
Fertilizer		
Reporting System	The reporting system was terminated when supply problems eased after the 1974 crops were fertilized.	The reporting system can be reactivated immediately, whenever the situation warrants. The assessment of the need for an allocation system will be completed January 15, 1975.
Voluntary effort with companies		Efforts to have companies cut back on nonessential uses of fertilizer are scheduled for completion on December 1, 1974.

DEPARTMENT OF COMMERCE

ADMINISTRATIVE INITIATIVES

Current Status

Schedule for implementation

Industry conservation audits

During October meetings were held with six major energy-consuming industries, resulting in a commitment to develop through their trade associations industry-wide plant-by-plant energy conservation reporting system to be effective January 1, 1975.

During November meetings will be held with four additional industries to undertake the same program outlined under Current Status. The total of those ten industries represents 75 percent of industry and business energy consumption. On November 14 a meeting will be held with trade association executive secretaries to install the system beyond the ten key industries. January 1, 1975 industry conservation audits in place and operating.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LEGISLATIVE INITIATIVE

Current Status

Schedule for Implementation

Conventional mortgages eligible for purchase by GNMA.

Signed into law October 18, 1974.

Implemented on October 22.

ADMINISTRATIVE INITIATIVES

Determination of level of commitments under the Conventional Home Mortgage program

The conventional home mortgage plan announced an initial FNMA program of \$1.5 billion. A second FHLMC program of \$1.5 billion is contemplated.

Both programs would end November 30, 1974, and future programs will depend upon a review of mortgage market conditions, the anticipated mortgage interest rate and other factors.

Joint effort with Congress to develop solutions to mortgage credit problem

HUD is in the process of soliciting the views of the major interest groups.

By November 10 Treasury and HUD will complete a summary of views of major interest groups. November 26 - December 6--HUD will prepare a major options paper for the EPB covering issues discussed, stressing areas where there is reasonable chance for compromise and general acceptance. Mid-December--after review and revision of options paper, President will be asked to meet with key industry officials and Members of Congress to discuss most viable options and seek their support for compromise package. Late January--outline of new reform package announced in State of Union message. February--new legislation sent to the Hill.



DEPARTMENT OF THE INTERIOR

LEGISLATIVE INITIATIVES

Current Status

Schedule for Implementation

Deepwater port facilities

House and Senate have passed different bills. Conference expected after recess.

Review House and Senate bills and develop position for conference by November 18.

Surface mining

Legislation delayed in conference until after recess. Interior Domestic Council and OMB are re-examining bill.

Continue to work with conferees (due to meet November 19) to obtain passage this Congress of an acceptable bill.

ADMINISTRATIVE INITIATIVES

Arctic Gas

Interior is issuing research proposal for study of alternative gas line routes from Alaska. Interior with FPC is preparing Environmental Impact Statement (EIS) for El Paso and Arctic Gas Line applications.

Feasibility study of alternative routes, and environmental impact statements, will be completed by April 15, 1975.

Coal leasing

Interior is developing coal leasing program and preparing programmatic EIS.

Final environmental impact statement will be completed by December 15. OMB expected to review proposed program by December 15.

NPR #1 and #4

Interior, Defense and Navy studying means to expedite development.

Study and recommendations to be completed by January 8, including recommendations for legislation if necessary.

DEPARTMENT OF THE INTERIOR (cont'd)

ADMINISTRATIVE INITIATIVES

Current Status

Schedule for Implementation

OCS leasing

Lease 10 million acres in calendar year 1975.

Secretary to meet with coastal state governors November 14. Tentative leasing schedule ready by November 15.

Oil shale and Geothermal leasing

Reevaluation and report to see if more rapid development of these resources is appropriate, is being prepared for the President.

Reevaluation to be complete by January 8.

DEPARTMENT OF JUSTICE

LEGISLATIVE INITIATIVES

Current Status

Schedule for Implementation

Increased penalties for antitrust violations

S. 782 has passed the Senate increasing penalties for corporations to \$500,000 but keeping individual penalties at \$50,000. HR 9203, increasing the penalty to \$500,000 for corporations and \$100,000 for individuals, has been reported by the House Judiciary Committee but the report has not been filed.

The Committee should be requested to recommit HR 9203 to the full Committee to increase the penalty for corporations to \$1 million.

Strengthen investigation powers of Antitrust Division

Administration's proposal was forwarded to Congress in April 1974 and introduced in the House and referred to the House Judiciary Committee. The proposal has not been introduced in the Senate.

Justice will continue to push for action.

DEPARTMENT OF LABOR

LEGISLATIVE INITIATIVES

Current Status

Schedule for Implementation

Special unemployment insurance assistance program

Community improvement program

Both proposals contained in National Employment Assistance Act of 1974, HR 17218, referred to House Select Committee on Labor; S. 4129 referred to the Committee on Labor and Public Welfare, then to the Committee on Public Works for 10 days. On October 9 Secretary Brennan appeared before an extraordinary joint session of two subcommittees. The Senate Subcommittee on Employment, Poverty and Migratory Labor held hearings on S. 4129 and other bills on October 16 and 17 at which time public witnesses were heard. General hearings held in House.

Develop draft regulations for the Special Unemployment Assistance Program on November 22. Develop draft regulations for the Community Improvement Program on December 13. Submit request for appropriations as soon as the NEAA is enacted.

DEPARTMENT OF TRANSPORTATION

LEGISLATIVE INITIATIVES

Current Status

Schedule for Implementation

Surface Transportation Act

House Committee has reported bill. DOT working with Senate Commerce Committee to obtain speedy Senate action.

Need vigorous all-out effort to secure enactment of legislation this year. The President should endorse the legislation as an anti-inflationary measure soon after the end of the election recess.

ADMINISTRATIVE INITIATIVES

Automobile fuel economy

Meeting with auto presidents held October 29 to get 40% mileage improvement program underway.

Meet with individual auto manufacturers by November 12 to discuss achievement of goals. By November 29 a firm plan to achieve the 40% target will be submitted to the President.

55 MPH limit and traffic control measures

Work with state officials to strengthen enforcement of 55 MPH limit and suggest improved traffic control measures for conserving gasoline. Have recommended legislation to make the 55 MPH limit permanent. Jointly reviewing the EPA, transportation control plans under the Clean Air Act.

Make tentative recommendations on using Federal incentives for enforcing 55 MPH limit by December 15: final recommendations by January 15. Begin to work with Advertising Council, State governments and law enforcement officials to induce voluntary compliance. By December 15 will develop recommendations to encourage more attention by state, metropolitan and local officials to traffic control measures and a plan to monitor progress and evaluate effectiveness in planning, implementation and operation of traffic management measures.

DEPARTMENT OF THE TREASURY

LEGISLATIVE INITIATIVES

Current Status

Schedule for Implementation

Financial Institutions Act

Pending in House and Senate Banking Committees.

Senate Finance Committee will continue to work on bill during lame-duck session. House Banking Committee will be urged early next year to launch hearings and serious consideration of the bill.

Elimination of withholding tax on interest and dividend income to foreigners.

Included as part of Title III of Tax Reform Bill of 1974 before the Ways and Means Committee.

Treasury will continue to encourage Ways and Means to report bill during lame-duck session. Senate Finance Committee consideration is out of the question until next year.

Increase Federal insurance on private deposits.

Signed by the President on October 28.

To be implemented by affected agencies.

Increase and restructuring of investment tax credit.

Legislation being prepared by Treasury for submission to the Congress upon its return.

Treasury will push for immediate consideration of this proposal as part of or separate from the Tax Reform Bill.

Preferred stock dividends.

Legislation being prepared by Treasury for submission to the Congress upon its return.

Treasury will push for immediate consideration of this proposal as part of or separate from the Tax Reform Bill.

DEPARTMENT OF THE TREASURY (cont'd)

LEGISLATIVE INITIATIVES

Current Status

Schedule for Implementation

Ways and Means bill including windfall profits tax on oil and relief for low-income families.

Included as part of Title III of Tax Reform Bill of 1974 before the Ways and Means Committee.

Treasury will continue to encourage Ways and Means to report bill during lame-duck session. Senate Finance Committee consideration is out of the question until next year.

Surtax

Legislation being prepared by Treasury for submission to the Congress upon its return.

Treasury will push for immediate consideration of this proposal as part of or separate from the Tax Reform Bill.

ADMINISTRATIVE INITIATIVES

Request state and federal regulatory authorities to eliminate rate schedules which encourage excessive energy consumption.

National conference of state regulatory commissions held September 13. Resulted in better climate for cooperation. Further initiatives suggested for consideration.

Initiatives and issues forwarded to ERC for consideration and assignment of lead responsibility on October 30.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

LEGISLATIVE INITIATIVES

Current Status

Schedule for Implementation

ERDA and the Nuclear
Regulatory Commission

President signed into law
October 11.

Activation of ERDA and NRC
on January 1, 1975.

Amending the Employment Act
of 1946

Legislation introduced: HR 15420
June 17; HR 17124 October 7.
Some question exists as to whether
HR 17124 encompasses the pro-
posed addition, "...for all those
able, willing and seeking to
work..." as recommended in the
Fact Sheet.

Decision to accept or reject
language in HR 16124 or submit
new legislation to be made by
November 1. Congressional
testimony scheduled December 2,
1974.

Establishing a National
Commission on Regulatory
Reform

Administration bill forwarded to
Congress October 8, and intro-
duced October 16 (S. 4145, HR
17417). Referred to Government
Operations Committee in the
Senate and the Interstate and
Foreign Commerce Committee in
the House.

Prepare and clear testimony be-
fore Senate Committee Novem-
ber 21. Urge hearing in House.
Prepare preliminary specs for
Commission members and Executive
Director November 30. Finalize
specs and begin recruitment
December 26. (Assuming enactment)

ADMINISTRATIVE INITIATIVES

Require all major legis-
lation, rules and regula-
tions developed in the
Executive Branch to
include an Inflation
Impact Statement.

Submitted draft Executive Order
(authorizing OMB to establish a
circular) to the White House
October 30.

President signs Executive Order
November 1. OMB completes internal
review of proposed circular
November 4. Draft OMB circular
sent to agencies for comment
November 4. Due date for comments
from agencies November 13. Re-
vised OMB circular completed (and
sent to agencies for final com-
ment--optional) November 18.
Circular procedures take effect
(all legislation, rules and

OFFICE OF MANAGEMENT AND BUDGET (cont'd)

ADMINISTRATIVE INITIATIVES

Current Status

Schedule for Implementation

\$300 billion spending target: determination of budget rescissions and deferrals to meet target.

Agency suggestions submitted to OMB on October 7. Staff review within OMB October 8-15. Policy review within OMB October 16-23. Compilation of proposed reductions October 23. Initial discussion of proposed reductions with White House staff October 24. Initial discussion of proposed reductions with the President October 25.

regulations submitted or printed for comment after November 30, 1974 will be required to conform to circular procedures) November 30. Designate responsibility within Executive Branch for follow-up procedures December 10.

White House decisions reached and communicated to OMB and agencies November 7. Draft legislation, rescission and deferral reports and other reduction proposals, prepared; reduction and "before" and "after" budgets analyzed; section on budget reduction drafted for Presidential economic message November 24. Final package sent to President November 21. Proposed reductions announced generally in Presidential economic message and transmitted in detail in separate report to the Congress week of November 25.

COUNCIL ON INTERNATIONAL ECONOMIC POLICY

LEGISLATIVE INITIATIVE

Trade Reform Act

Current Status

Passed House; pending in Senate Finance Committee and scheduled as first order of committee business when Congress returns November 18.

Schedule for Implementation

Maintain current momentum; should pass this year.

COUNCIL ON WAGE AND PRICE STABILITY

ADMINISTRATIVE INITIATIVE

Monitoring wage and price movements in private sector

A limited number of reviews have been undertaken in areas where there is great public concern over rising prices, to determine if any practical solutions can be found.

On October 31--November 1, the Council and the Department of Agriculture will jointly sponsor a public conference on productivity, costs, and prices in the food industry. On November 13 the Council will sponsor jointly with Mrs. Knauer's office a public hearing on the repricing of shelf inventories in supermarkets.

Monitoring government actions

A letter is being drafted to all major agencies in Executive Branch requesting (1) designation of person as point contact, and (2) identification of their programs, policies or activities which may have an adverse effect on costs and prices.

By November 30, Council will have a list of existing Federal programs to review. Inflation impact statements on new legislative proposals introduced by Members of Congress.

Identified motor carrier backhaul and circuitry restrictions, Jones Act Exemptions and Tariff Commission Rulings as possible Federal restrictive practices.

By November 30, report due on targeted Federal restrictive practices.

OTHER AGENCIES

ATOMIC ENERGY COMMISSION

LEGISLATIVE INITIATIVES

Nuclear plant licensing

Current Status

JCAE hearings have been held on Administration bill, but no bill has been reported.

Schedule for Implementation

Encourage Joint Committee to report the bill out for action this Congress.

ENVIRONMENTAL PROTECTION AGENCY

LEGISLATIVE INITIATIVES

Amendments to Clean Air Act

Some of desired amendments were included in PL 93-319 (Energy Supply and Environmental Coordination Act). Hearings on remaining amendments have not been scheduled.

Interagency meeting scheduled for November 13 to develop additional technical justification for the Administration's amendments.

FEDERAL ENERGY ADMINISTRATION

LEGISLATIVE INITIATIVES

Natural gas deregulation

Administration bill (S. 2048) bogged down. Working with Senate Finance, Interior, and Commerce Committees to achieve deregulation objective.

Determine position by December 1 for dealing with Buckley amendment in Senate to House-passed trade bill which achieves unqualified deregulation of field prices of new natural gas.

ADMINISTRATIVE INITIATIVES

Conservation within Government

Presidential directive to agencies on 1975 energy conservation objectives issues. Monitoring system established.

Presently reviewing FY 75 first quarter data. Results will be published by December 1.

FEDERAL ENERGY ADMINISTRATION (cont'd)

ADMINISTRATIVE INITIATIVES

Current Status

Schedule for Implementation

Incentives to secondary and tertiary petroleum production

Adjustments of current price controls to increase incentives to use secondary and tertiary techniques. Draft report completed.

Review of draft report to be completed by November 8. Proposed rulemaking targeted for November 15. Final regulations targeted for January 15.

Utility coal conversion program

Task force established and operating.

First draft due November 25. Report and schedule will be completed by January 8, including any legislative recommendations.

Voluntary conservation of 1 million bbls/day

Reporting system has been developed.

First report due December 1. Monthly reports thereafter.

WIN Program

Organization and preliminary implementation October 12--November 28.

November 28--July 4, 1976

ATMI ENERGY CONSERVATION EFFICIENCY

MEASUREMENT SURVEY*

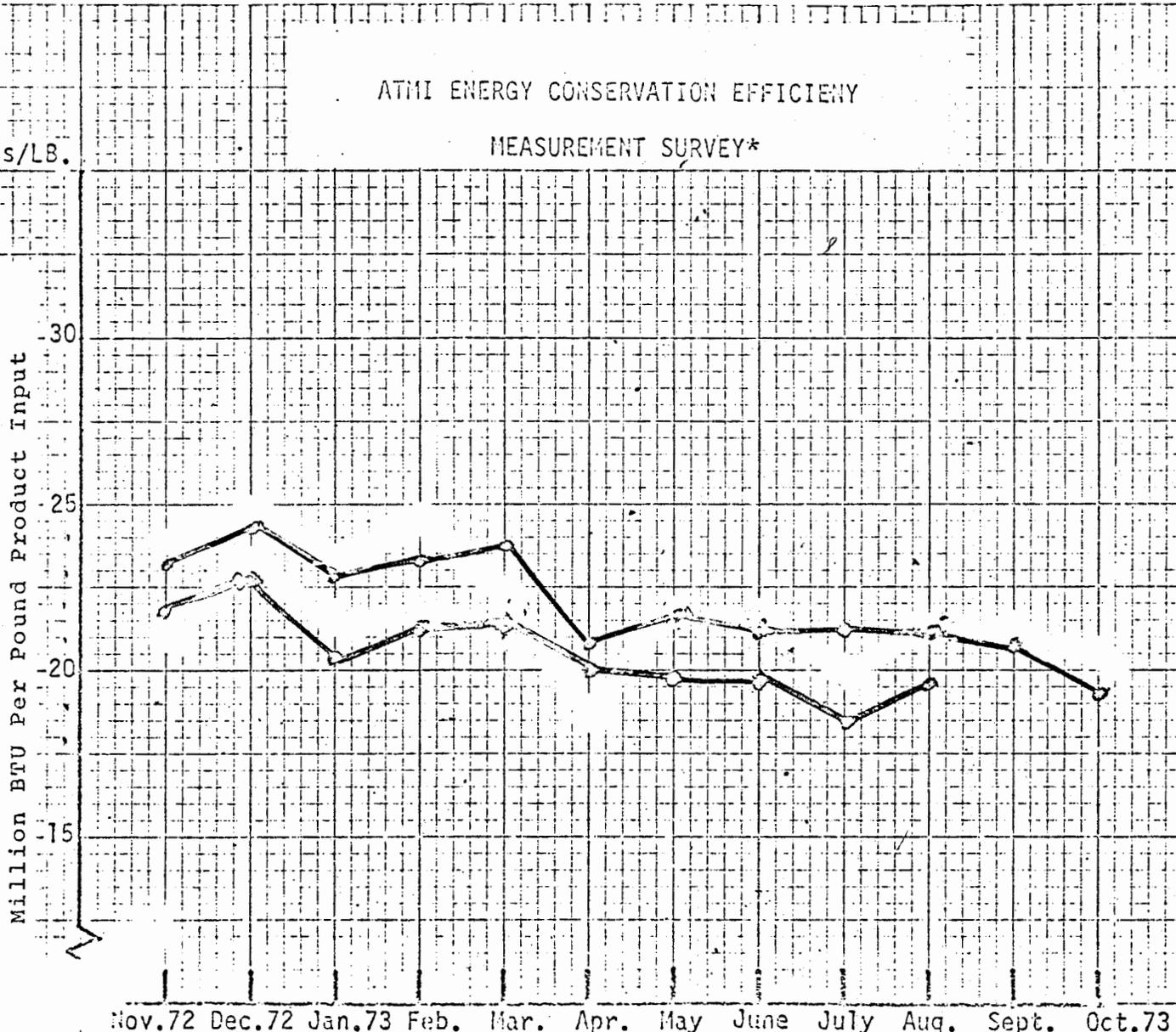
M M BTU/LBS

M M BTU's/LB.

Million BTU Per Pound Product Input

(Average)
TOTAL
INDUSTRY

1974	(Average) TOTAL INDUSTRY
Jan	20.46
Feb	21.34
Mar	21.35
Apr	20.00
May	19.97
Jun	19.81
Jul	18.54
Aug	19.77
Sep	
Oct	
1973	
Nov	21.84
Dec	22.83



Nov.72 Dec.72 Jan.73 Feb. Mar. Apr. May June July Aug. Sept. Oct.73

% Reduction/
(Increase)

Nov.73	Dec.73	Jan.74	Feb.	Mar.	Apr.	May	June	July	Aug.
5.4	5.3	11.0	9.2	6.4	4.2	7.9	6.4	12.8	5.9

*Revised as of October, 1974

NOTE: Latest month data subject to revision

SUMMARY EXPLANATION

HOW ONE ASSOCIATION MET THE CHALLENGE

One example of an industry-wide commitment to energy conservation similar to the four-point program is the American Textile Manufacturers Institute (ATMI) Energy Program. In November, 1973, ATMI launched an aggressive effort designed to alert the industry to the increased need for conservation. The effort began with an extensive media campaign, distribution of energy conservation materials, and recording of good conservation case histories on engineering and management programs initiated by textile companies. Within two weeks a series of regional meetings were scheduled to provide a forum for government-industry interface and exchange of intra-industry technical information. This was followed by a survey of energy needs among companies representing 25 percent of textile revenues and employment. Results showed the heavy dependence of the industry on an adequate and reliable energy supply. After these results were compiled, the Executive Committee asked the full ATMI membership to respond to a similar survey designed to provide baseline and monthly data on total energy consumption by the industry. This internal reporting system is intended to provide ATMI with a data base against which textile's conservation efforts can be measured and a means for letting each company compare itself to the rest of the industry (preceding as the chart indicates, each company participating receives a monthly statement on the industry-wide average and a number for that company.)

Survey Format

To quantify the effectiveness of the industry's efforts, ATMI's Energy Policy Committee asked that companies report monthly all types of energy used in BTU's actually used per pound of stock input.

The conversion factors for changing fuels into equivalent BTU's were those recommended by the Department of Commerce:

<u>Energy Source</u>	<u>BTU Content</u>
Residual Fuel Oil (#6)	149,690/gallon
Distillate Fuel Oil (#2)	138,690/gallon
Kerosene (#1)	135,000/gallon
Gasoline	124,952/gallon
Propane or LPG	95,500/gallon
Coal - Bituminous or Lignite	23,750,000/short ton
Coal - Anthracite	25,400,000/short ton
Natural Gas	1,031/cubic foot
Electricity at point of consumption	3,412/kilowatt hour

NOTE: There are 42 gallons in a barrel of petroleum.
A short ton is 2,000 pounds.

Energy usage included all sources of fuels, including those used for transportation and office buildings, converted to millions of BTUs. Pounds in process each month included all raw materials, but once an item was introduced into production it was not considered a second time in processing.

Although this method is not precise, experience has shown that the survey provides a reliable base against which the industry's progress in achieving improved efficiency can be measured (companies participating account for 50 percent of textile production and represent all aspects of textile manufacturing.) and, it provides each individual company with enough feedback to measure its own performance.

Using 1973 as a base period, ATMI has continued plotting the results of the textile industry's conservation efforts on a monthly basis. As the chart indicates, energy savings averaging 7.4 percent per unit of production have been realized a significant achievement for a ten month industry-wide effort.

Focusing on the Problem

Like any other problem, this one requires that the right questions be asked. Many questions related to energy will be industry-wide, technical and proprietary in nature. This makes an active role by trade associations critical if the competitive position, growth and stability of their members are to be maintained. Actions taken will of course reflect those aspects particular to an industry. They could range from surveys and questionnaires designed to provide data needed for measuring energy efficiency, to the sponsoring of complete R & D programs.

Prepared by the Office of Energy Programs
Deborah Dougherty
October 16, 1974



FACT SHEET

THE FIVE PERCENT SURCHARGE AND OTHER ECONOMIC PROPOSALS

The effect of the surtax would be quite small until it reached persons and families with very high incomes. The bite of the tax is summarized below:

For 4 person families with typical deductions and incomes of:						
	\$15,000	\$20,000	\$25,000	\$40,000	\$50,000	
Present Tax	\$1,699	\$2,660	\$3,750	\$7,958	\$11,465	
Surcharge	\$0	\$42	\$97	\$307	\$482	
Surcharge/Present Tax (percent)	0	1.6	2.6	3.9	4.2	
For Single Persons, with typical deductions and incomes of:						
	\$7,500	\$9,000	\$10,000	\$15,000	\$20,000	\$25,000
Present Tax	\$995	\$1,283	\$1,482	\$2,549	\$3,783	\$5,230
Surcharge	\$0	\$14	\$24	\$78	\$139	\$212
Surcharge/Present Tax (percent)	0	1.1	1.6	3.1	3.7	4.1

The surcharge on high income individuals and families is expected to raise \$1 billion in Fiscal 1975 and \$1.6 billion in Fiscal 1976. The surcharge on corporate earnings will raise \$0.6 billion in Fiscal 1975 and \$1.5 billion in Fiscal 1976. This will help to offset the following revenue losing proposals:

	<u>FY 1975</u>	<u>FY 1976</u>	(Figures in \$ billions)
Employment Assistance	-0.1	-1.3	
Housing Program	-0.1	-0.1	
Investment tax credit:			
Individuals	-0.1	-0.5	
Corporations	-0.7	-2.0	
Preferred stock dividends	----	-0.1	

Other tax proposals would have the following effect on the budget:(in \$billions)

	<u>FY 1975</u>	<u>FY 1976</u>
Pending Tax Reform		
Increased oil taxes	+1.3	+2.2
Closing loopholes on high incomes and limiting certain accounting losses	+0.1	+0.8
Simplification (substi- tution of new and simple formula deduction for certain itemized deductions	----	-0.4
Other tax reform	-1.0	-0.2
Low Income Relief	-0.9	-2.0
(principally larger low-income allowance and standard deduction, including additional relief recommended but not in Ways and Means bill)		

This means that the President's new proposals, plus the ones already before Congress which he endorses would have a net budgetary effect of +0.1 billion in Fiscal 1975 and -0.5 billion in Fiscal 1976.