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THE WHITE HOUSE
WASHINGTON
October 13, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM LYNN
FROM: JIM CONNOR *JEC*
SUBJECT: Five Suggested Presidential
Initiatives

The attached report was returned in the President's
outbox, with the request that it be returned to you.

cc: Dick Cheney

OFFICE OF MANAGEMENT AND BUDGET
TRANSMITTAL FORM

THE DIRECTOR

DATE 7/9

TO : Mr. Richard Cheney

FROM: James T. Lynn

*Return
to Jim L.
per P. (201)*

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~~THE PRESIDENT HAS SEEN~~

July 8, 1976

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Five Suggested Presidential Initiatives

Five key initiatives following the tremendous national response to the Bicentennial celebrations would dramatize Presidential leadership. The suggested initiatives are in areas of important public concern which you have stressed relating to human and social aspirations, growth, individual opportunity and national security.

Attached are brief outlines of the five suggested initiatives, to bring into focus your deep concerns which have not fully communicated.

*TAB A - Unemployment

- Focusing on youth (especially urban minority youth) and the development of the work ethic.
- Provide \$1 billion for school work and job scholarship programs which could reduce unemployment to below 6.5 percent in a matter of months.

*TAB B - Special one-shot aid to cities and urban counties

- Amendment to add \$1 billion to the revenue sharing bill.

TAB C - Achieving energy independence while protecting our environment

- Thus fostering the growth essential to full employment and prosperity together with improving the quality of life.

* It is desirable to make these initiatives prior to the return of Congress from its recess on July 19.

TAB D - Double national park acreage

- ° A major conservation and recreation initiative.
- Land bank concept.
- Additional funds for development of property.
- Increased staffing to allow greater use of parks.

TAB E - National Security

- ° The necessity of maintaining a strong national defense based on:
 - Scientific and technological leadership.
 - The most recent example is the cruise missile development (we are ten years ahead of the Soviets in this technology).
 - Preservation of freedom of the seas essential to economic prosperity and national security, both for ourselves and all free nations.
 - A strengthened mechanism for international intelligence, counter-intelligence and covert actions.

UNEMPLOYMENT

Unemployment will be a major campaign issue. The Democrats will continue to push for public service jobs legislation. Carter has indicated general support for the Humphrey-Hawkins bill and recently suggested reconstituting the Civilian Conservation Corps.

Your veto of S-3201 could be strengthened by proposing a new program directed toward unemployment problems among youth.

A positive message on youth employment proposals could point out the following:

- Your economic proposals have been extraordinarily successful and have reduced unemployment by over 1% and the rate of inflation by one half during the past 18 months.
- Unemployment among male workers 20 years old or older was 6.8% in May 1975 and 5.3% in May 1976. Current strategy is solving the problem of unemployment for adult heads of households.
- The unemployment rate for youth between ages 16 and 20 is 20%, and among minorities in that age group it is 40%. There is a need for special programs which focus upon youth unemployment.
- The Job-Scholarship program will open up jobs in the private sector at far less cost than programs which call for public jobs.
- The "School-Work" program would provide students with jobs restoring the damage to schools caused by vandalism. Supervision would be provided by respected authority figures such as coaches and principals.
- This approach would provide jobs that would teach useful skills, discipline, respect for authority, and instill a sense of purpose.
- Placing half of the 1.7 million unemployed youth in useful jobs could reduce the employment rate by another 1%.

The above strategy would position you to emphasize the success of your economic policies, while providing positive initiatives which focus on the critical area of youth unemployment.

COMMUNITY ECONOMIC RECOVERY ACT

Proposal: Authorize \$1 billion for cities and counties with high unemployment to assist in the maintenance of basic municipal services and to aid in stimulating local economic recovery.

Background: As the economy recovers and as the national employment picture improves steadily and substantially, there continue to be selected cities and counties which are lagging behind the nation's economic revitalization.

In these areas recovery becomes increasingly difficult because the maintenance of basic municipal services requires an increased local tax effort which in turn poses an additional obstacle to reviving that local economy. These cities and counties are thus trapped in a vicious cycle of decline.

Purpose: Provide temporary, emergency support to assist these areas during a period of recovery to maintain essential services while avoiding tax increases. This would provide a bridge which would give them an opportunity to participate in the national economic recovery.

Description: The program would be activated when national unemployment averages 7% or more for a quarter. Every city or county which has had an unemployment rate of 6% or greater for that quarter would be eligible. When the national unemployment rate falls below 7%, a supplementary fund would be available on a formula basis to those cities and counties with unemployment rates which continue to exceed 8.5%.

For each quarter with a 7% unemployment, \$100 million would automatically be available. For each one-tenth of a percent over 7%, \$40 million would be added to the amount to be distributed.

Funds would be distributed on the basis of the general revenue sharing formula and unemployment in that community.

ACHIEVING ENERGY INDEPENDENCE

Facts

1. Energy use in the United States is accelerating with improvements in the economy:
 - Gasoline consumption in the first half of 1976 was up an average of almost 5 percent over the equivalent period of 1975.
 - Industrial electric use was up 8 percent in the first quarter over the first quarter of 1975 (second quarter figures are not yet available, but will almost certainly be up substantially).
2. Because of declining domestic oil and natural gas production, imports of oil in the first half of 1976 were up almost 21 percent over the first half of 1975.
3. FEA's projection of growth in oil consumption for 1976 is 4.2 percent, and for growth in imports is 17 percent.
4. FEA also projects that the cost of imported oil will increase to \$35 billion in 1976, an increase of almost 30 percent over the \$27 billion spent for imported oil in 1975.

Analysis

These figures suggest that long-term growth of energy consumption in the United States is accelerating.

With declining domestic production of crude oil, the oil import situation is essentially out of control. By the end of 1976, we will be importing over 40 percent of our oil (against 37 percent in 1975), and spending 30 percent more than last year to get it.

Presidential Initiatives

The President should bring these facts forcefully to the attention of the American people, emphasizing that

Congress has done nothing to deal with this grave problem during the past year.

The clear implication of these figures is that the United States does not have any means to stem the flood of imports, or any long-range plan to come to terms with this problem in the future.

The President has proposed to Congress a balanced program to increase production, reduce demand and provide for the establishment of a strategic reserve. The major elements of this program should be re-emphasized.

At the same time, the President could make the following additional proposals, communicating his concern about the seriousness of the problem:

1. The President can state that he will use his authority to impose oil import quotas to prevent imports from exceeding 50 percent of oil consumption in any year.

[The usefulness of quotas on imports in the context of a shortage of domestic supply is subject to question, especially in the context of price controls. However, the 50 percent figure is a dramatic benchmark, is not likely to be reached for another two years, and emphasizes the relationship between domestic policies which do not encourage production and the constant rise in imports.]

In doing so, the President can call upon Congress to act promptly on the major elements of his program in order to provide the United States with a program for meeting its long-term needs.

The President should stress the Energy Independence Authority as part of his program. FEA has estimated that the \$100 billion provided by EIA to construction of energy production facilities will result in 3,439,600 man-years of work during the life of the EIA program.

2. The President could announce that he has directed an interagency task force (under the Energy Resources Council) to undertake a study of the organization of the Federal Government to deal with the energy crisis.

Stressing that energy problems are likely to afflict this nation for 50 years, the President can say that he envisions a substantial reorganization of all Federal Government activities concerned with energy, to mobilize the full resources of the Government to focus on the nation's energy needs.

The President can compare this reorganization with the creation of the Environmental Protection Agency in the early 1970s. This was an earlier effort (perhaps too successful) to focus attention and resources on the environmental problem.

[A study of the organization of the Federal Government to deal with energy has in fact been underway for many months. The task force is required to report to the President late in August. There have been small references to this project in the press, but none linking it directly to an initiative by the President.]

MAJOR CONSERVATION AND RECREATION INITIATIVES

The National Parks System currently manages 29.3 million acres to protect natural, scenic, and historic resources, and to provide visitor services. FY 1977 budget of \$390 million includes an increase for additional maintenance and staffing (400 more employees). Yet, more and more newspaper and magazine articles are appearing pointing out the overcrowding of the parks, the lack of facilities and the lack of services. As the recreational needs of the country grow, we should upgrade our current facilities and provide for future demands.

PROPOSALS

- Double the National Park Acreage (\$500 million)

Offer a ten year program to incorporate into the National Park System an additional 30 million acres from existing Federal lands, state owned park and recreation areas and from highly desirable private acquisitions.

- Add Funds for Park and Recreation Development (\$75 million/year)

Park Service construction funds in FY 1976 totaled \$110 million, but dropped to \$41 million proposed in FY 1977 because of completion of Bicentennial facilities. Historic preservation dropped from \$25 million to \$15 million. Yet the Park System is falling into disrepair with visitations increasing.

- Provide Needed Staffing for Park Service and Fish and Wildlife Programs (\$25 million/year)

Although the Park Service will add staff under FY 1977 Budget, the public perceives the need for services at current levels of operations. With

the proposed additions of acreage, even more staffing would be required. Fish and Wildlife Service, currently managing 33.6 million acres, is under staffed. Additional personnel and research funds should be provided, with emphasis on suburban and urban potential.

- Initiate Urban Park Rehabilitation Program (\$200 million)

Provide a one-shot grant to cities, counties and towns to upgrade present park areas in disrepair. Could be aimed as needed, and could provide jobs for lower skilled labor.

- Initiate A National Land Bank Program

Develop an acquisition program to hold as public lands for future use the key green spaces that must be preserved "now or never". Lands could be subject to lease back arrangements for low-density projects. Funding could be accomplished through some sort of Federal Land Bonds or by a type of "Fannie Mae" approach.

NOTE: The Congress is currently proposing a increase in the Land and Water Conservation Funds from the present level of \$300 million a year. The bill will probably provide for yearly increments to a maximum of \$900 million by 1980. The fund provides for acquiring Federal recreational areas (40%), with 60% of the fund apportioned to state and local governments as matching grants for acquisition of outdoor recreation areas.

The Administration has opposed this increase. If we are to consider these major initiatives, we should review our stance on the level of funding for this very popular program.

NATIONAL SECURITY

- We face a growing threat to our security as the Soviets substantially strengthen their strategic and conventional military capabilities.
 - In unsophisticated arguments, Governor Reagan has charged that we are not doing enough.
 - The Democratic Platform asserts that a \$5 - \$7 billion cut in the defense budget is achievable (a politically vulnerable Democratic position).
- The price of liberty in this dangerous world is not cheap. There are no cheap solutions to maintaining our future freedom.
- A decade of shrinking U.S. defense budgets and large Congressional cuts has been reversed.
- Our security alliances are essential, but there is no substitute for the strength of the U.S. which provides the free world's strategic deterrent; an essential portion of naval, air and land capabilities; and the leadership in technological development.
- Three areas require special emphasis:
 1. Science and Technology. A major advantage is our innovative and management genius in scientific research and technological development.
 - This has given us an essential edge militarily.
 - We must stop apologizing for our leadership in this vital area and capitalize on it.
 - The cruise missile is the latest example of our technological potential.
 - It has applications in all areas of warfare and we have caught up with the Soviets and could exploit a ten-year technological lead.
 2. Freedom of the Seas. We must take those initiatives necessary to preserve freedom of the seas, which is essential to the economic prosperity and security of our nation and the entire free world.

-- We must meet the challenge posed by growing Soviet naval, air and satellite capabilities.

3. Intelligence. Intelligence is vital to our national defense and our ability to cope with challenges in the complex grey area between diplomacy and war.

-- We must stop tearing down our vital intelligence agencies and revitalize them.

-- We need a strengthened mechanism for international intelligence, counterintelligence and covert actions.