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THE PRESIDENT HAS SEEN....

THE VICE PRESIDENT
WASHINGTON

Agenda for the
Meeting with the President

Wednesday, November 17, 1976, 11:30 a.m.

1. Netherlands Antilles Celebration of the Bicentennial

- a. The Vice President's November 16 meeting on behalf of the President with representatives of the Netherlands Antilles;

TAB A

2. Political

3. Quadrennial Commission

4. National Endowments for the Arts and for the Humanities

5. New York

TAB B

- Mayor Beame appears to be putting "all his eggs in one basket" by relying on the President-elect to solve all of his remaining financial problems.
- Such a policy has these obvious risks:
1. The President-elect may not be able to deliver.
 2. The Governor may decide to let the Mayor "go it alone."
 3. And, in the meantime, the prospect of Federal aid may greatly increase the demands by City employee unions and others for a piece of the pie.



THE VICE PRESIDENT
WASHINGTON

November 16, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: The Vice President *Walt*

SUBJECT: Netherlands Antilles Bicentennial
Presentation

This afternoon the Deputy Minister President of the Netherlands Antilles, Leo A. I. Chance, presented a bicentennial gift of a painting and commemorative stamps. The painting depicts the first foreign naval salute to a U.S. ship. The salute took place off the Island of St. Eustatius on November 16, 1776, and was the first formal acknowledgment of our independence and sovereignty by a foreign representative. A reenactment of the historic naval salute took place today off St. Eustatius, with the Secretary of the Navy and a U.S. warship participating.

During the televised ceremonies, I accepted the painting on your behalf and hung it on the wall of my OEOB office. I believe that would be an appropriate place to display it permanently.

Deputy Minister President Chance asked me to express warm personal greetings to you from Minister President Evertsz. President Evertsz had hoped to be present but was unable to make the trip because of medical problems. Enclosed are a medallion and a history of St. Eustatius Island which are personal gifts for you.

copy to Marge Wecklein

B

November 17, 1976

SUMMARY

1. Coalition of Northeast Governors hold two-day conference at Saratoga to map a program of increased Federal aid.
2. Mayor Beame pressing President-elect Carter for early attention to New York City's needs.
3. Citizens Budget Committee sounds warning for 1977-78.
4. Al Shanker of the Teachers' Union (AFL-CIO) proposed temporary abandonment of collective bargaining.
5. Employee-Productivity Program encountering difficulties.
6. Talks resumed between City and Police Union (PBA).
7. Mayor Beame "takes over" budget balancing job from City Health and Hospitals Corporation.

1. Coalition of Northeast Governors Hold Two-Day Conference at Saratoga to Map a Program of Increased Federal Aid
 - A. Seven Northeast Governors (all but Longley of Maine, who attended as an observer, and Thomson of New Hampshire) met at Saratoga November 13 - 14 to map a program for achieving equity for the Northeast states in the distribution of Federal aid, letting of Federal contracts and maintenance of Federal installation. Total attendance, including various citizen group representatives and staff, exceeded 100.
 - B. The Governors agreed to request:
 - (1) Increases in the Federal share of welfare expenditures, from the present 50% to 90%;
 - (2) A guaranteed family income plan;
 - (3) Merging of highway and mass transit programs;
 - (4) Counter-cyclical employment aid;
 - (5) A Regional Energy Development Corporation, with federally guaranteed funds.
 - C. President-elect Carter was represented at the Conference by Stuart Eizenstat.
 - D. Comment. Few, if any, can quarrel with the worthy objective of correcting present inter-regional inequities. But most of the Conference's recommendations seem to have dealt only with the symptoms of the situation, and not the basic causes. Vastly increased Federal funds - even for the Northeast - hardly seem likely, with lack of funds and a conservative Congress. But there may well be the basis for some optimism in the fact that the states of the Region are interested in working together.

2. Mayor Beame Pressing President-elect Carter for Early Attention to New York City's Needs
 - A. Beginning on November 3, Mayor Beame has frequently reminded President-elect Carter of his (Beame's) support and the President-elect's general promises of help for New York City. The Mayor calls this "poetic justice."
 - B. Mayor Beame and others were not happy at the Chicago Mayors' Conference meeting at which Howard Samuels represented President-elect Carter. Samuels once proposed bankruptcy as the solution to New York City's problems.
 - C. Beame's staff is reportedly hard at work to develop a program of increased Federal aid for the City which the President-elect (after January 20) can deliver without Congressional action. No detailed list has been made available but supposedly this includes such items as early "down payments" on the Westway and restoration of previous school lunch payment rates.
 - D. Mayor Beame is also impressed that the head of New York City's Washington Office, Bruce Kirschenbaum, has joined the President-elect's transition staff.
 - E. Comment. Mayor Beame seems to be exploiting his reported close working relationship with the President-elect, in contrast to Governor Carey, who seems to have little contact with him. The Mayor apparently believes that he is entitled to special treatment and is going to "turn Heaven and Earth" to get it. He apparently took very seriously the President-elect's "Oh, I love you" comment on election night.
3. Citizens Budget Committee Sounds Warning for 1977-78.
 - A. The Citizen Budget Commission - a respected private-citizen organization - warned on November 6 that the further budget cuts

necessary to balance the 1977-78 City budget would create a serious danger of "social and economic disruption" and should not be undertaken until all other options had been considered.

- B. Specifically, the Commission urged Congressional hearings on:
 - (1) The Rohatyn plan to put a Federal guarantee behind the bonds of the Municipal Assistance Corporation (which is the City's finance "agency") to reduce bond interest rates and provide savings to the City of up to \$200 million per year.
 - (2) Extending - "stretching out" - the city's budget balancing plan from June 30, 1978 to June 30, 1979 or 1980 to save perhaps \$175 million per year. Such action would require Legislative approval and probably a one or two-year extension of the Federal Seasonal Loan program.
 - C. Assistant Secretary of the Treasury Robert Gerard commended the City's "tremendous progress" and expressed confidence that the city could be solvent by June 30, 1978 - its present goal.
 - D. Comment. Even if either or both of the alternatives proposed by the Citizen's Budget Commission were considered necessary, such budgetary "relief" for the City might well serve to open a flood gate of demands from employee unions, school aid "demanders," welfare organization and many others. The City can balance its budget by June 30, 1978. But it will require tougher action than has been shown so far - and even then, with some genuine rash of citizen "revolt."
4. Al Shanker of the Teachers Union (AFL-CIO) Proposes Temporary Abandonment of Collective Bargaining
- A. Albert Shanker of the Teacher's Union believes that, under present conditions, collective bargaining is a sham and should be put aside until the City gets back on its financial feet.

- B. Other Union leaders such as Victor Gotbaum and Jack Bigel disagree with Shanker and believe that there are many things to bargain about, including "dignity."

5. Employee-Productivity Program Encountering Difficulties

- A. City employees and transit workers are entitled to cost-of-living wage adjustments if increased productivity, "other" savings, or "additional" revenue are made available.
- B. Anticipated difficulties have been encountered in defining and measuring increased productivity and in "finding" the money to make the cost-of-living wage adjustment.
- C. Comment. The City administration believes it can produce evidence and money to justify making the payments; the Emergency Financial Control Board (of which the Governor is Chairman) is taking a "show me" attitude. Apparently the Board is going to be tough in its demands for proof. And if the City cannot satisfy it, there may be important relationship problems with employee unions.

6. Talks Resumed Between City and Police Union (PBA)

- A. On November 4, the 18,000 Police Benevolent Association (PBA) rejected unanimously the tentative agreement on work schedules and pay adjustments which had been worked out by Dean Sovorn of Columbia Law School with the City Administration and Douglas Weaving, the PBA President.
- B. On November 10, at the request of PBA, talks were resumed to attempt to reach an agreement that the PBA will buy and that the City can live with.
- C. In the meantime, police are on the job and not involved in demonstrations or other off-duty "actions."

7. Mayor Beame 'Takes Over' Budget Balancing
Job from City Health and Hospitals Corporation
- A. After repeated failures by the management of the City Health and Hospitals Corporations, Mayor Beame appointed a Committee - headed by the City Budget Director - to move in and develop a plan for avoiding an estimated 1976-77 deficit of at least \$35 million and a 1977-78 deficit of possibly as much as \$100 million.
- B. Comment. This is one of the first definitive steps the Mayor has taken to exercise direct authority over one of the City's independent - or semi-independent - agencies. Results of this effort will be watched with interest by many outside the City Government and those in other such agencies as the Transit Authority and the Board of Higher Education (City University).