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Jim -

Since this is old and
Presidential writing
crossed out -- I assume
no action on our part.
agree?

A handwritten signature in cursive script, appearing to be 'Trudy', written in black ink.

Trudy

THE WHITE HOUSE
WASHINGTON

July 21, 1975

sub

MEMORANDUM FOR THE PRESIDENT

FROM: MAX FRIEDERSDORF *M.F.*

SUBJECT: Rep. John J. Rhodes (R-Ariz.)

House Minority Leader Rhodes requested the attached booklet be given to the President.

~~Don R)~~
~~This is several drafts of
the House N.O.P. Policy
Statement
should be analyzed.~~

STATEMENT OF PRINCIPLES

A BLUEPRINT FOR A BETTER AMERICA

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A BLUEPRINT FOR A BETTER AMERICA

The main ^{mission} thrust of government ^{must be to provide} ~~should be to allow~~ its citizens the freedom to pursue opportunities to create and maintain the type of life ^{each of them desires} they ~~want~~. We believe that the vast majority of Americans ^{prefer} desire a life pattern along these lines:

- A life in which freedom of action and freedom of thought of the individual as a member of society are preserved and protected. Government ^{is} ~~has~~ a duty to defend ^{individuals} ~~its people~~ against aggressors from without and subversion and criminal elements from within.
- A life ^{based on an} ~~based on an~~ economic climate in which the free enterprise system ^{is} ~~is~~ predominant. Government ^{is} ~~has~~ the ^{obligation to} ~~obligation to~~ foster and further free enterprise, while maintaining protection for ^{and individuals} ~~in~~ society against unfair advantage ^{by} ~~by~~ predatory ^{elements} ~~interests~~.
- A life in which all people have a full opportunity for success. Society and government have ^{joint} ~~a~~ responsibility to make programs and facilities available to train individuals in marketable skills, so they may become productive members of the free enterprise system.
- A life in which assistance is available to the disabled, aged and handicapped, but in which able-bodied and able-minded persons are expected to work and produce.

Since our present society has not fulfilled these goals, we must first establish national priorities. Government will play an important role, but must refrain from competing with and from putting strains and pressures on free enterprise which would damage the entire system and lead to eventual failure.

*See Shoury
on this
62 Amend*

There are certain principles which guide a Republic year in and year out. The policies any government should follow must be dictated by the particular time in which those guidelines will be operative.

We believe that ^{particularly} at this time in our history it is essential the role of government be diminished, and emphasis should be placed on the encouragement of private enterprise.¹

We recognize the fact that the transition from a deficit of \$80 billion to a balance between revenue and expenditures in one year, although desirable, is not feasible. We would expect to effect it in three years. During that time, it would be necessary for us to forego additional programs to be financed through the public sector. Instead this should be a time to improve, consolidate and in certain cases eliminate some existing programs by intensive legislative oversight and amendment to correct, consolidate and reduce the volume and the expense of government.²

We stand for full employment and believe every American who is willing and able to work has a right to expect and an obligation to pursue opportunities to earn a living. Because massive Federal make-work programs offer no hope to the jobless for long range future security,

we would stimulate free enterprise to create productive jobs that will last and pay a decent wage. Automatic extended unemployment benefits should be provided to tide workers over periods of unemployment and should be coupled with intensive manpower training.³ Much of the added expense for expanded manpower training can be provided by eliminating ineligibles from the welfare rolls, reducing opportunity for welfare fraud and strengthening work requirements. To fulfill the intent of Congress to help the needy, the food stamp program must be substantially revised.⁴

One of the great challenges of our time is our need to become independent in energy production. We believe that energy independence should be reached mainly through the efforts of private enterprise. Reaching our energy goals will require prodigious capital formation to invest in new and expanded facilities. Tax incentives are a well recognized means of providing needed capital resources. The Federal role should be limited to appropriate participation in research and development of new energy sources.⁵

Two major problems facing Older Americans today are loss of income security from inflation and the spectre of financial disaster from major illnesses. The greatest single contribution Congress can make to all Older Americans would be to assume leadership in an all-out effort to reduce inflation to protect the buying power of retirement dollars.⁶

We believe the integrity of the Social Security Trust Fund financed by employee-employer contributions must be maintained and that benefit payments must be adjusted to sustain purchasing power in constant dollars. Incentives should be offered to expand the individual retirement program of every American.⁷

Spiraling medical costs demand a health insurance program to protect the American people against the financial ravages of "catastrophic" illnesses.

Education of our nation's young people is a state responsibility, a local function and a national concern.⁸

The mentally and physically handicapped must be afforded opportunities that will allow them to function as useful members of our society.⁹

Congress must come to grips with the realities of Federal spending in a peacetime economy and not allow the Federal government to be the primary cause of inflation. We believe the Congress through the Budget Committee has the responsibility to curb excessive Federal deficit financing, and work with the Executive Branch to establish national priorities consistent with Federal revenues.

We believe a "Hoover" type commission should be established to *recommend* ~~effect~~ necessary reforms.¹⁰

Since its beginning in 1913, the Federal Income tax system has grown into a hodgepodge of conflicting regulations, inconsistencies, and inequities. Our tax system needs immediate reform, the kind of

reform that would require every American to pay a fair share. We must avoid incentive-destroying tax levels which slow the growth of the economy and prevent the creation of new jobs.¹¹

It is the major responsibility of government to protect the lives and property of its citizens and insure the domestic tranquility. Justice must be as concerned with protecting the rights of the victim of crime as assuring the rights of the accused.¹²

An estimated 10 million residents of foreign countries now live illegally in the United States and actively compete with American workers for available jobs. Existing laws which establish a legal yearly entry rate must be strengthened and strictly enforced.¹³

While it is necessary that we conduct intensive negotiation, until disarmament becomes a reality, we must recognize that in this nuclear age we live in a still-perilous world. There is no acceptable alternative to an American defense second to none.¹⁴

Loosely written legislation by Congress has created a maze of contradictory and duplicative controls, rules and regulations which hamper commerce and harass the citizen. Congress must provide constant oversight of Federal operations and regulatory agencies to insure that legislative intent is carried out and to determine the need for corrective legislation.

The proposals we outline here are intended as guidelines, which point in the direction we believe Congress must go if it is to provide leadership and benefit to the people who pay for government, and periodically elect those charged with the responsibility of overseeing and updating its functions.

See end of page 11/16 draft

1 - Private Enterprise

Private sector production is the only creator of national wealth. Government is not productive. It merely redistributes wealth produced by the private enterprise system. Government can only spend what the taxpayers will pay or allow it to borrow.

We believe that solutions to our dual economic problems of inflation and recession lie in returning decision-making to the people through the forces of supply and demand in the marketplace. People themselves can best decide what to produce, sell, and buy, and at what price levels. No government agency is as capable of making these decisions as are the people through the voluntary exchange of goods and services.

2 - Public Debt

During the past 40 years Congress has borrowed heavily on the future. Heavy deficit spending has forced the government to compete in the private money markets with industry and other borrowers. This increase in government borrowing has driven interest rates upward and depleted funds for private capital investment which are needed to create new jobs.

Massive deficits such as the \$68 billion projected for the next fiscal year are likely to rekindle double-digit inflation and prevent the expansion of business needed to pull our economy out of the recession. More inflation will further weaken our monetary system, and jeopardize the financial security of all Americans.

Congress must exercise fiscal restraint, consolidate existing programs and eliminate duplication and waste. Congress must not allow or encourage the Federal government to be the primary cause of inflation. The Budget Committee of the Congress, in conjunction with the Executive Branch, must establish spending priorities consistent with Federal revenues. A systematic reduction of the public debt should be built into each Federal budget.

We propose a Constitutional amendment providing that increases in the national debt ceiling must be ratified by a two-thirds vote of both the House of Representatives and the Senate.

3 - Employment (Jobs)

We stand for full employment -- a job for everyone who is able to work. We believe in creating productive jobs through a healthy private sector that will pay a decent wage. The perpetual expansion of government through temporary public service employment offers no hope to the jobless for long range future security.

The only long term solution to unemployment is expansion of the private sector of our economy. Adequate investment is necessary to build new plants and modernize obsolete facilities. Reasonable and fair tax incentives will encourage employment in the private sector that will help private enterprise provide the jobs America needs.

We believe that American workers should have adequate protection to carry them through a period of unemployment. Rather than massive Federal make-work programs we support an unemployment compensation plan that, unlike the current program which requires emergency extensions by Congress, would automatically extend benefits when warranted. This plan would consolidate existing unemployment compensation systems to provide unemployment checks directly to those involuntarily and temporarily out of work, and would be self-terminating when the economy recovers and workers go back on their jobs.

Our manpower training programs to qualify unemployed workers for available jobs should be coordinated with this program.

4 - Welfare Reform

We believe that government has the responsibility to assist those who cannot provide for themselves. The present welfare system falls far short of this goal due to mismanagement and abuses.

To meet its responsibility to the American taxpayer and the truly needy, Congress must take immediate steps to reform the welfare system. We propose Congressional action:

- to provide additional aid to raise living standards for the truly needy
- to eliminate ineligible recipients from the welfare rolls
- to establish effective regulations to prevent future welfare fraud
- to strengthen work requirements
- to provide educational and vocational incentives to allow recipients to become self-supporting
- to increase penalties for welfare fraud to discourage abuses
- to coordinate Federal reforms with State and Social welfare agencies
- to strengthen State and Local administrative functions.

The \$5.2 billion Food Stamp Program has grown 14,203% in the past decade. Recipients have increased from 500,000 in 1965 to 20 million. Under present regulations an estimated 57 million people are eligible. This massive program has bypassed the real intent of Congress to provide help only for the needy. It must be reformed.

Lax eligibility standards have produced abuses. To provide funds and administrative procedures to increase nutritional aid for lower income individuals -- and to curb spiraling costs -- we propose: Elimination of loopholes which allow high income persons to participate in the program so that only those in need can qualify; Administration of this welfare program be transferred from the Department of Agriculture to H.E.W.

5 - Energy

Our nation cannot afford continued dependence on foreign oil. In one year imports have increased from 32% to 37% of our needs while domestic production has decreased 4.5%. To protect the American consumer, Congress must enact a program to assure adequate energy supplies for our expanding economy.

-- We propose that Congress provide incentives for exploration and development of more American-owned oil and natural gas.

-- We propose that Congress enact a comprehensive program aimed at research and development of other forms of energy. In partnership with industry, the Federal Government should set goals and monitor progress throughout this long-range program.

Our energy challenge must essentially be solved by private industry.

We believe that unreasonable regulatory and tax policies have hampered development, discouraged conservation, and lessened investment in research, plants and equipment needed for maximum energy production.

-- We propose that all Federal regulations, programs and policies that directly affect energy, be reviewed, and where needed eliminated or revised.

Energy development has been hampered by excessive and often frivolous litigation, endless hearings, studies, commissions and reports.

-- We propose that Congress' comprehensive energy package provide strong legal authority to allow development of resources such as geo-thermal, shale oil, coal and nuclear power, with adequate environmental safeguards.

6 - Older Americans

Many older Americans live on fixed, limited incomes. Inflation has hurt them cruelly.

Excessive Federal spending is the leading cause of intolerable rates of inflation. Congress must lead an all-out fight against inflation to protect the purchasing power of the income and savings of our older people.

One of the health-destroying factors for the aged is poor nutrition.

- We support a Federally-directed nutrition supplemental system that will provide needed nutritious food for those who are unable to afford adequate diets. We also support a comprehensive program of nutrition education, to allow older citizens to get the most nutrition from their food dollars.

7 - Social Security - Retirement

Congress must give top priority to maintaining the integrity of the Social Security Trust Funds and must revise the retirement program to more nearly meet the needs of older Americans. This program must provide benefits in constant value dollars. Adequate funding should be assured from a self-adjusting formula of contributions by employees and employers. Controlling inflation is the only certain way to insure that the Social Security system will provide the retirement security earned by American workers.

We propose that Social Security recipients be allowed unlimited outside earnings without benefit penalties.

To provide the opportunity for retirement security for all Americans we believe there is a need to supplement present programs.

- We propose that Congress enact a Keogh-type pension plan for all workers. Our proposal would provide tax incentives allowing workers to invest in a retirement fund to supplement both Social Security and company pension plans. In addition to providing greater retirement security this plan will provide investment funds needed to build a stronger American economy.

8 - Education

Federal intrusion into the administration of educational institutions must be decreased. There are now more than 400 Federal education programs. Congress must review, evaluate and consolidate these programs and assign priorities to those that are effective. Federal support to encourage vocational education and job training, compensatory education for the disadvantaged, and special education for the physically and mentally handicapped should supplement present assistance to academic programs.

*Maintain present level of
to ed. contribution, in
constant dollars.*

9 - Mentally and Physically Handicapped

In the national interest, we reaffirm and bring emphasis to the rights of the mentally or physically handicapped.

1. The mentally or physically handicapped has, to the maximum degree of feasibility, the same rights and responsibilities as other American citizens.
2. The mentally or physically handicapped person should have access to proper medical care and physical therapy and to such education, training, rehabilitation and guidance as will enable him to develop his ability and maximum potential.
3. The mentally or physically handicapped must be allowed to pursue economic security and a decent standard of living. He should be encouraged to perform productive work or to engage in any other meaningful occupation to the fullest possible extent of his capabilities.
4. Whenever possible, the mentally or physically handicapped should live with his own family or with foster parents and participate in different forms of community life. If care in an institution becomes necessary, it should be provided in surroundings and other circumstances as close as possible to those of normal life.
5. The mentally or physically handicapped should be protected from exploitation, abuse, and degrading treatment.
6. Whenever the mentally or physically handicapped are unable, because of the severity of their handicap, to exercise all their rights in a meaningful way or it should become necessary to restrict or deny some or all of these rights, the procedure used for that restriction or denial of rights must contain proper legal safeguards against every form of abuse. This procedure must be based on an evaluation of the social capability of the handicapped person by qualified experts and must be subject to periodic review and to the right of appeal to higher authorities.

Federal agencies have proliferated and become fragmented, inefficient, duplicative and wasteful. We recommend a bipartisan "New Hoover Commission" be established to review present governmental performance, redefine national goals and recommend legislative revisions to enhance the capability of government in meeting the challenges of the coming decade.

The first and second Hoover Commissions were involved with controlling the expansion of administrative costs of government. The "New Hoover Commission" must also be concerned with the number, size and cost of proliferating Federal programs.

In recent years, an entrenched, burgeoning bureaucracy has developed in the federal government. Regulatory agencies have overstepped their authority in the promulgation of rules and regulations. They have usurped authorities which rightfully belong to Congress, the States, and ultimately to the people.

Decentralization of power, as well as strict Congressional oversight of agency compliance with the letter and spirit of the law, are urgently needed to preserve personal liberty, improve efficiency, and eliminate waste.

11 - Tax Reform

We propose that Congress begin work immediately on revision of Federal taxation:

- to simplify tax preparation
- to discourage tax evasion
- to bring equity to the tax system
- to provide incentives for economic growth.

The most fundamental responsibility of government is to protect the lives and property of its citizens. We believe the thrust of justice must be to protect the law-abiding citizen against the criminal, rather than to absolve the criminal of the consequences of his own desperate acts.

To combat crime:

- We support the continuance of Federal grants to States, cities and towns to strengthen local law enforcement.
- We support court system reform to increase efficiency, eliminate excessive case loads, reverse the present practice of "turnstyle justice" and keep the criminal off the streets.
- We support reform of our penal system to correct the failure of our present policies of punishment and rehabilitation.
- We support redoubled efforts against the hard drug traffic to arrest, prosecute, and convict pushers -- especially those that prey on young boys and girls.
- We propose Congress enact mandatory minimum sentences for persons convicted of Federal crimes involving violence, use of firearms, trafficking in hard drugs and habitual offenses.

Prevention is the long term solution to crime. Effective crime prevention depends on strengthening community ties and encouraging individual participation in community decisions establishing moral and ethical standards.

13 - Illegal Aliens

An estimated 10 million residents of foreign countries now live illegally in the United States.

We have laws which establish a legal yearly rate of immigration. They should be strongly enforced.

The Immigration Service should be backed by Congress with adequate funds:

- to develop and distribute new counterfeit-proof alien identification cards
- for increased border control
- for more effective apprehension and deportation of people living illegally in the United States

Social Security qualifications should be fully enforced, as required by law, to prevent illegal aliens from participation in the system.

Illegal aliens should be denied benefits under Federally funded welfare programs.

The first, and major, responsibility of government is to provide for the common defense. Recent world events have demonstrated that we must continue to maintain our military capability to defend the United States and honor our commitments to Free World Nations. A strong military capability, together with renewed alliances with Western Europe and around the world, are essential to the balance of power on which our safety rests. We cannot retreat to a fortress America concept. To be successful in negotiations with foreign nations we must deal from a position of strength. Preparedness cannot be a sometime policy. Responsibility for the common defense, for maintaining our military capability, our honor and commitments, rests with Congress. We deplore the unwise allegation that the military budget represents a grab bag of Federal money, which can be diverted to other programs. Congress must continue to provide adequate funding to sustain volunteer manpower levels, equip our forces and conduct vital research and development.

It is the imperative responsibility that Congress eliminate frills and waste, to insure a lean, efficient and mobile military to meet the challenges of the 1970's.