

4/8/74
7-9-74

No. parks Ken & I agreed wouldn't argue this away
Regarding Bill's proposal for 7.5 budget cuts. (No 11 B)
Would like opp. to make them now.
Worked up Timmons in considering political implications.

1st Must avoid trap being set - budget = inflation 1/20
2nd Proposes rec. for 7.5 - min B, max pol. cost
Get checks are out for 76 + start now - (even others)
Covered accurately panic
Initiation to reduce defense - self insulation - going
then now

Too narrow list - criticism for selectivity
Too broad - positioned against millions

OK to take on

Want to avoid until end of yr.

- .5 Food stamps - 3.9 - #600,000 signatures
- .750 Res. Sh. - 40⁰⁰⁰ jurisdictions - program committed - I committed
- .5 EPA - States & cities - alloted already - rescind (waste treatment)
- * .7 Highways - committed already - 15% - rural Congressmen - bankruptcy - some jobs - undermine UTA P
- * 1.2 Postal Subsidies (1.2 of 1.6)
- * .5 Space - unexpl - USSR - Goldwater
- * 3.0 Soc Sec - all of it inc = 3B - 50 million people
- .5 Farm Income - support
- Education -

7.650

less than 5
4/1 Soc Sec

Oract - fixed guidance -
Spent underlined - draw ridicule - self insulation

Gov. G. J. ... M.P. 9
meeting
5-9-74

Brady review of how we together

are doing our budget - fairly ^{ambitious} - See budget

How relates to the issue - inflation

74 def 4.7 to 3.5

inc. 270 to 266 - corp down 3 incl. windfall

out. 274.7 to 269.5 - 7.2005; .9 states drawing down educ. ^{show}

1.6 Mary claims logging; 1 def.

out. up 9%

75- def 9.4 to 11.4

inc 295 to 294 - incl up 2 corp - 3 windfall

out 304.4 305.4 Oct 3.2; unemp 1.6; int 1.0 incl 1.6

(hope same factors at work as last few yrs is delayed others. to show 10.2)

out up 13% - largest in years ~~9.4 to 11.4~~

Have? Had approx bal Jan 73. Since 74

no more than 1%
is above entry, own act.
fitted to times

75 deficit more than desirable - 9/10/73 legis.

certainly ~~not~~ tax cut not in order

our jobs (Congress & Exec) held down to max. extent

yet up legislation to contract or stop programs not easy

not enough to ~~cut~~ cut more on some say cut. Can't come to grips individually of what shall we cut.

if from 305 subtr. int, for less, ^{contracts will} 113 AM

of which P6 def - 27 all others

even if 2 out of def (max) + aiming at 500 (reduction)

3.4 out of 27 or 12% all other programs

[unclear]

+ consider way open to do better

So while doing best on 75, must absolutely work on 76 & try not

Hope budget reform will help -

Must ^{earn - still} ~~reducer~~ for inflation to control Fed outlays ^{ready to}

work of some & also of some that want to find in action to the end.

Let me
lead you
into this
present
as little
to get flavor
of the problem

Back to
fundamentals

Own plans -

st-out of the budget cutting quote to
conquering inflation - one action, not only action
a political trap, already too much attention

Bridges off of 2nd qtr GNP data 7/12 - also WOC same day
Fought across broad front - feel of war, not battle

Dove

Control of
60 Mpc satellite
restored oil price
indep.

Monetary policy

Fiscal -

Wages & prices

Production, productivity, shortage elements

Savings & investment

Legislation to remove impediments to production

All monetary & trade governments, incl trade bill

Expectations & speculation

Now budget financial institutions

On budget - put bill to Congress by using new
authority to propose omnibus revision bill

Bridges off of 700 data & use budget before legislation

Vols of Keynes - 76 Feb -

10/25 2:45 ext
12 minutes
Pete worked, Keweenaw - the grants
for Lee

[Cont. Res. - lower of budget or either Raise]

Rev. 294-305(?)

Outlays 305 (6/12)

Potential 315 pending leg; amendments; cases, Towning

Can red. to { 308 Tell paper, reverse pending; if draw unavail.

Conced "to" { 303-5 { normal savings from exp., etc., errors
{ pers. reduction

Key - Lead of legis. increases S.P.
also matter of Congr. resp.

3 alt: (1) deal of leg. as it comes

(2) *Lebit scissus* under *Lebit rform*

Omnibus cont. res. to substitute Pres. Budget
for present cont. res. —

(3) Identify specific programs for revision

→ Could reduce $\angle$ by (7)

Political speech that ^{also} makes economic sense.

Confidence that know problems + working on.

What individual can do:

firm & resolved
share burden

pride in productivity

buy selectively + get good value

If not worth buying - save

Monetary -

{ Tightness no longer same meaning - involuntary
uncertainty killing us but Burns for predictable
Need austerity - not substance

No credit rationing

agri approp - X

Regulatory Reform - impediments

YR Task Force - Personnel cut - what not doing

Conventional economic wisdom dangerous - behavior - hedging

Conventional economic wisdom dangerous - behavior
hedging
etc

New measures changes in consumer sector

o worldwide depression

100 - 40-50% inflation

43-57 normal - last year up to 60 - now 64

18 measures of consumer behavior

§

Tightness no longer has same meaning (monetary)
~~for~~ ~~the~~ ~~monetary~~ borrowing to fight
Keep unpredictable so people won't
play against system

Uncertainty killing us but not enough about money

No credit rationing - !!

Need austerity - not stubbornness.

Pride in productivity

Buy selectively & get good value

If not worth buying - save *

~~Agree agree~~ ~~Test 2~~

~~Political speech that makes economic sense~~

Deferring corporate taxes but w/ interest payable until paid out

abolish cap gains tax - tax at ord. income net dividend

ask business to w/ Red div. increases

ask labor neg. to concentrate on pensions, saving, plans, etc

abolish 9 - govt loans to S & L to tide over

Repeal int rate ceilings on govt bonds.

Issue CR bonds - indexed

allow surplus sales

abolish fair traded price

Anti trust laws

Credit demand 74 1st qtr annualized 16.5
Fed govt 7 S & L 11, Foreign 9, Purchased 53, Non-Treasury 85

Govt 77 167 in 1972 10% - 107 187 in 73 5% - 74 4%

THE WHITE HOUSE

WASHINGTON

May 6, 1974

MEETING WITH ECONOMIC ADVISORS

Tuesday, May 7, 1974

10:30 a.m. (60 minutes)

The Oval Office

From: ~~Royal~~ Ash

I. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background

1. Current polls typically show economic concerns as the key worry of the American people.

2. The economic indicia are not good, and likely to be poor for the next three months. The real GNP decreased over the first quarter at an annual rate of 5.8% -- or the worst since 1958. If real GNP decreases next quarter, we will have met the generally accepted definition of recession. At the same time, inflation as measured by the Consumer Price Index increased at a 14.5% annual rate for the first quarter -- the highest rate since 1946. As we further decontrol industries, and as wage agreements reflect freedom from controls, inflation will be an increasingly serious problem. Unemployment over the next six months is ~~is~~ expected to move from 5.0% to close to 6%. In short, while there are good prospects for economic growth, the next three months will be a very difficult period.

3. For the first time since the 1970 - 1971 slump, Sindlinger reports a majority -- 51% -- believe that the US is in a recession. Last November, 16% felt that way; 32% in January, 45% in February; 48% in March. The accelerating figures and the fact that those believing US was in a recession at a given time has never been over 55% during the past 20 years suggests to Kevin Phillips and Sindlinger that the "worst of the recession is yet to come."

4. Politically, we are ending a positive program of controls, which despite its manifold problems at least has displayed an activist stance and a clear program. We must replace this perception of positive action with another, and it is not as easy to characterize our new economic policies in a positive, activist, posture.

B. Participants: Ash, Dunlop, Shultz, Simon, Stein

C. Press Plan: Ollie Atkins photo only

II. TALKING POINTS

1. I understand you had a useful session on Saturday, and I have had a chance to read through the summary of this meeting. (ATTACHED AT TAB A.)

2. (TO HERB STEIN) Herb, after your weekend overview, what would you say are the weakest assumptions we might be making in our economic projections? What is our outlook for the 1974 and 1975 Federal revenues and expenditures?

3. (TO BILL SIMON) Bill, do those revenues sound about right? Well, that's a \$10 billion deficit for 1975 -- what should we do about it?

4. (TO HERB STEIN) Should we strive for budget balance in 1975?

(TO ROY ASH) What would we have to do to cut out \$10 billion?

5. Of course, we always have the trade-off between inflation and unemployment. If we would balance the budget, by cutting expenditures, I suppose unemployment would rise over 6%. Are there any circumstances in which we should let this happen?

6. (TO BILL SIMON) I see from the weekend summary memo that you all have been meeting with Senate and House leaders on the subject of shortages. Do you think we'll be able to work something out?

7. (TO HERB STEIN) Herb, I've seen your recommendations on the housing issue. How can we get the maximum impact and psychological lift out of these proposals? What else could we do?

8. (OPTIONAL) (TO ROY ASH) Roy, I've still been thinking about that economic speech. Will we have something ready in a week or so?

Attachment

THE WHITE HOUSE
WASHINGTON

March 27, 1974

MEMORANDUM FOR:

AL HAIG

FROM:

~~ROY L. ASH~~

SUBJECT:

A Plan to Assert Presidential
Management Control

The following plan provides the President with the means to exert leadership and management control on key issues. Through reliance upon the commitments made by the heads of 21 major agencies to produce specific results in 1974 and 1975, the President can pinpoint issues and responsibility for their accomplishment.

I believe that the following course of action will help the President to unify and to control departmental and agency actions while demonstrating to the public that he is firmly leading the way:

1. Cabinet Meeting. In the Thursday, March 28 Cabinet meeting he should:

- Ask specific questions and give direction to several Cabinet officials (Tab A).
- Note his intention to hold a series of four 60 minute mini-Cabinet meetings (with appropriate press coverage afterwards) to review personally the work going on in each.

2. Four Separate Mini-Cabinet Meetings. These sessions would be scheduled over the next several weeks. They would be grouped according to like agency functions and they would be attended by the appropriate agency head. They would give him the opportunity to:

- Ask specific questions about the progress each agency head is making on his or her key objectives.
- Comment both conceptually and in specific detail on their future plans.
- Provide direction and assign responsibility for follow-up actions.
- Accent his leadership with appropriate press coverage after each meeting.

Tab A sets forth recommended talking points for the Thursday Cabinet meeting.

Tab B shows the proposed grouping of the agencies for each of the four mini-Cabinet meetings.

Tab C illustrates the type of material he would use in the mini-Cabinet meetings for two representative agencies (HEW and Agriculture).

cc: Ken Cole
Dave Parker

THE WHITE HOUSE
WASHINGTON

March 27, 1974

CABINET MEETING
Thursday, March 28, 1974
10:00 a.m. (One hour)
The Cabinet Room

From: Roy ~~A~~ Ash

I. Background

Al, Ken Cole and I have worked out a program which will attempt to strengthen Presidential leadership and control over the Cabinet. It will be designed around four sixty minute sessions the next few weeks -- but it can be announced and the flavor and tone well conveyed in this Cabinet meeting.

II. Talking Points

A. General

- We are captives of the continual flow of phone calls and paperwork, of short term crises, and of meetings and speeches. Often those goals and priorities about which we care the most receive inadequate attention.
- On April 26 we begin our last 1000 days: We have set out a lot of things to do that really count for this Administration and the American people.
- Let's talk about getting these things done together.

ASIDE TO SECRETARY WEINBERGER

Cap, five years from now no one will remember that you made a speech to Welfare Mothers in Chicago. But they will remember what we have done if we are successful in straightening out the overall welfare mess in this country.

- This is why we have placed so much emphasis on setting our goals for 1974 and 1975 and then working to attain them.
- Last week I asked that you identify those activities that you will commit to get done this year. If the major goals I outlined in my State of the Union Message are to be realized, I especially want to underline the fact that I expect a unified position when we present these initiatives to the Congress and the public.
- I plan to schedule a series of four smaller meetings to review with each of you where you are on these key goals that are especially critical. I want to spend more time today on a few of these, and then get into more detail in smaller group meetings I will be having with you.

B. Specific Questions

1. TO CAP WEINBERGER -- Comprehensive Health Insurance Program

Background - The Secretary has done a fine job in preparing the Comprehensive Health Insurance legislation. However, special efforts are needed to secure rapid enactment and to assure effective implementation.

Discussion Points - Cap, perhaps we can start with you. I think you have done a truly outstanding job in preparing the Comprehensive Health Insurance legislation. Now we need to focus our full attention and resources on the enactment of the legislation.

- Do we have our best people assigned to this task? Who in your department has full time responsibility? Who else in the Executive branch is or should be helping you?

- Within the next two weeks, I would like to have a coordinated tactical plan showing the various steps that will be taken by each party in dealing with Congressional, public and private interest groups until enactment is attained.

2. TO JIM LYNN -- HUD-acquired Property

Background - HUD now owns over 100,000 housing units, including 16,000 and 11,000 units in the Detroit and Dallas areas, respectively. Newspapers and GAO reports also are pointing out HUD's reluctance to acquire additional delinquent properties where mortgage insurance foreclosure is inevitable. Numerous scandals involving fraud, kickbacks, etc., in mortgage insurance programs are being publicized.

Discussion Points - Jim, I think you have done a good job on the Hill. I know you will continue to press ahead on your legislative initiatives, including a Better Communities Act that will be acceptable to the Administration. In the meantime we continue to have serious problems in many existing programs.

- What are you doing to get HUD out of being a landlord of acquired properties?

- What are you doing to handle the abuses that seem to exist on the mortgage insurance programs?

- Within two weeks I would like a detailed plan outlining your actions to date and your plans for the future on those two items.

3. UNDERSECRETARY RUSH FOR - State Department Management Secretary Kissinger

Background - The accomplishments of the Administration on high priority foreign policy initiatives are outstanding and highly visible. However, these accomplishments are the work of a handful of key individuals. Little has been done to gain control of the bureaucracy within the Department and improve its overall effectiveness.

Discussion Points - I believe the whole country is very much aware of the truly outstanding progress we have made on our major foreign policy initiatives. Certainly, much of it is due to Henry's personal involvement.

- Although we are doing extremely well on our major thrusts, I am concerned that we must move forward to revitalize the Department so that we can point to results across the board.

- It is essential that you operate as a full Department. How are you setting and carrying out foreign policy objectives beyond those that the Secretary is personally involved in? What has been done to bring in new people with new ideas? I expect to go over soon with you the organization, management and goals of the State Department.

4. TO SECRETARY BRENNAN - Minimum Wage Legislation, Youth Differential

Background - While the minimum wage legislation does not go as far as we wanted on the use of special wage ceilings for youth, it does give us some flexibility. If you sign it, we will have the opportunity to pursue the idea aggressively.

Discussion Points

- Pete, if we sign the minimum wage bill, how do you plan to handle the youth differential?
- What steps have you taken so far? I would like to see a plan in two weeks that outlines your approach on this youth differential issue.

5. TO SECRETARY SCHLESINGER - All Volunteer Army

Background - Progress has been reasonably good. A small shortage of 5,000 - 10,000 men is projected for the Army and Marine Corps active forces by June 1974, but quality as measured by mental aptitude is actually higher than it was under the draft.

Discussion Points

- Jim, how are you improving your ability to recruit and maintain an all-volunteer force?
- How is the study going on the military health care system -- will you get enough Doctors into the military?
- I hope you are figuring in that a lower supply of male eligibles in the 1980's will mean that you'll have to get 1 in 2.5 instead of 1 in 3 you're getting now.

6. TO SECRETARY BUTZ - Agricultural Research

Background - There has been much discussion recently of the current world food shortage and the likelihood that it will become chronic. Demand for food is spurred both by population growth and by increasing affluence which leads to substantial additional consumption of meat rather than gain. Once all the good farm land is under cultivation, raising yields per acre becomes the only way to raise total output. There were modest increases in the FY 1975 budget for soybean and meat research.

Discussion Points

- Earl, you and I have talked a lot recently about the outlook for farm production this year. I know your Department is doing everything it can to enable American agriculture to run at full speed this year. But I'm concerned about the future. Are we doing enough in agricultural research, especially on protein production?

- Are there areas we should be shifting our research money out of to focus on higher priority concerns? I've heard some suggestions that we're not moving quickly enough to respond to a changing world situation, that we're not spending enough on basic research, but we're spending too much on problems of small crops in limited areas, for example.

III. Summary

- On April 26 we begin our last 1000 days.
- I want to be certain that we are working together on the most important issues to this Administration and to the American people.
- When we meet again in a smaller group, I will be asking you specific questions about how you are progressing.
- It is of utmost importance to me that we are pulling together as a team in this Administration.

Proposed Agency Participation in the
Four Mini-Cabinet Meetings

Group I Human Resources and Community Affairs

Health, Education and Welfare
Housing and Urban Development
Labor
Veterans Administration
* ACTION

Group II Economics and Government

Commerce
Justice
Transportation
Treasury
* CSC
* GSA
* SBA

Group III National Security and International Affairs

CIA
Defense
State

Group IV Natural Resources, Energy and Science

AEC
Agriculture
EPA
Interior
* NASA
* NSF
**FEO

* Participating in Presidential objectives program but need
not attend meeting.

** Not participating in Presidential objectives program but
should attend meeting.

HEALTH, EDUCATION AND WELFARE

A. COMPREHENSIVE HEALTH INSURANCE PROGRAM (CHIP)

- Background - Legislation submitted to Congress.
- Hearings may be held in House in April.

Discussion Points - The Department is to be congratulated for a substantial accomplishment in the development of the legislation

- We need to make sure that we capitalize on the momentum that we gained by proposing CHIP:

-- I want to see in 10 days a firm tactical plan for securing enactment of CHIP and within a month we should establish a task force to plan for CHIP implementation.

B. HIGHER EDUCATION

Background - All higher education programs expire on 6/30/75. HEW is beginning a major review of its programs to develop the Administration's proposal.

Discussion Points - I would like to have developed by 9/30/74 legislative proposals for higher education to be reviewed simultaneously with your FY 1976 budget request, so that a unified budget-legislative proposal may be presented to the Congress in January-February 1975.

- Since the Congress has not so far been willing to fully fund the Basic Opportunity Grant Program, as we propose, what steps are being taken to present and explain our case to the Congress and the interested groups?

- I am particularly concerned about the plight of students from middle-income families. We should be working to increase the availability of loan funds for such students. What steps have you been taking in that regard?

C. HEALTH MANPOWER EDUCATION LEGISLATION

Background - HEW has not yet completed work on its health manpower bill as outlined in the FY 1975 budget. Current authorities expire on 6/30/74.

Discussion Points - HEW's inability thus far to submit a bill jeopardizes our chances for favorable action by Congress.

- The Department should complete its drafting of the bill within two weeks.

- Upon submission of the bill to the Congress, HEW should have ready for distribution to the substantive Committees, a group of back-up documents providing the factual and analytical basis for the legislation. At the same time the Department should press both Committees for hearings and action on the legislation as soon as possible.

D. NATIONAL CANCER PLAN

Background - National Cancer Institute is developing an Operational Plan for planning, managing and funding of the overall cancer program.

- Report is 5 months behind schedule.

Discussion Points - We need to be able to report to the American people on the progress being made on cancer. I understand that a National Cancer Plan is being prepared by the NCI but is very late. When can I expect to see it?

E. HEW MANPOWER

Background - The Secretary is initiating a major review, by function, of HEW manpower levels and requirements with a view to eliminating unnecessary personnel and readjusting those areas which are understaffed.

Discussion Points - I want to be able to report to the Congress and the people on the progress we are making in improving government efficiency, responsiveness and overall management. I should, therefore, be kept abreast of the Departments efforts to reduce and reallocate personnel, and the status of decentralization/regionalization efforts.

DEPARTMENT OF AGRICULTURE

FOOD SUPPLY AND PRICES

Background

Efforts are underway to maximize U.S. crop production this year. Actions that have been taken include eliminating all restrictions on planting major crops, releasing all reserved cropland for production, and giving the highest priority to agriculture in our fuel allocation plans. Given decent weather, all indications point to another record-breaking year of U.S. production. Despite this, our projections also indicate continued increases in food prices, slackening somewhat in the second half of the year.

Discussion Points

We have talked a good deal recently about food production and food prices, both privately and publicly. I just want to emphasize to you again that, while I'm concerned about farm income, and pleased that it has risen markedly, my main concern is food prices. We have to make sure that this year's all-out production does in fact have some noticeable and positive impacts on the consumer's pocketbook.

AGRICULTURAL RESEARCH

Background

There has been much discussion recently of the current world food shortage and the likelihood that it will become chronic. Demand for food is spurred both by population growth and by increasing affluence which leads to substantial additional consumption of meat rather than grain. Once all the good farm land is under cultivation, raising yields per acre becomes the only way to raise total output. There were modest increases in the FY 1975 budget for soybean and meat research.

Discussion Points

- Earl, I'm well informed about the outlook for farm production this year. Are we doing enough in agricultural research, especially on protein production?
- Are there areas we should be shifting our research money out of to focus on higher priority concerns? I've heard some suggestions that we're not moving quickly enough to respond to a changing world situation, that we're not spending enough on basic research, on things like the photosynthesis process, but we're spending too much on marginal problems of small commercial crops in limited areas.

- U.S. agriculture, as we both know, is highly energy intensive. What provisions have been made to take into account the substantially increased prices of energy inputs that are likely to be with us for some time? It seems to me that new cultivation techniques, different ways of controlling pests and weeds, more efficient use of fertilizers, and better processing techniques may all be needed.

WORLD FOOD ISSUES

Background

In response to international interest and concern, Secretary Kissinger has called for a World Food Conference to be held under U.N. auspices in Rome in November. Some particularly difficult questions of food aid and world food reserves are likely to be discussed, and our position on these is not yet clear.

Discussion Points

- Are you doing everything you can to support Secretary Kissinger and Ambassador Martin (State Department project manager) in preparing for the World Food Conference? Who is heading up the effort at USDA? What specific products are you committed to turn out?
- I know you think that P.L. 480, our food aid program, should be transferred to the State Department since we no longer have vast surpluses to give out. But what should our national posture be on food aid? I don't want any President to be faced with the dilemma, several years from now, of choosing between the options of buying massive amounts of food here to donate to a famine area and thus causing high inflation, or letting millions starve but keeping domestic food prices down.

FOOD STAMPS AND CHILD NUTRITION TRANSFER

Background

These two program groups now make up over 60% of the budget of USDA. Since these programs are no longer necessary to help deal with excess government commodity holdings, Secretary Butz has proposed that they all be transferred to the Department of Health, Education, and Welfare. He has little interest in administering "welfare" programs.

Discussion Points

- Earl, I understand that these feeding programs now consume a large part of your budget and of your management time, while no longer meeting the surplus disposal objectives for which they were originally established. How realistic is our proposal, though, to transfer them to HEW? Will we get any response in Congress other than a big yawn? Where will our principal opposition come from?
- If the legislative approach fails, what other options do we have for these programs? Welfare reform may take care of food stamps, but what do we do about the school food programs?

RURAL DEVELOPMENT

Background

The Rural Development Act of 1972 is in its first year of operation. It is being administered in a manner to give maximum weight to state and local priorities, despite the fact that the law is written to be one more centrally administered Federal program. Naturally, this program thrust has met with some opposition, both on the Hill and within the USDA bureaucracy.

Discussion Points

- You and I share a common aversion to over-controlled and centralized Federal programs. Is our experiment with the rural development programs working? Do we have any feedback from Governors indicating that they support our efforts to give them more control over these Federal programs in rural areas?

TIMBER SALES

Background

In response to rapidly rising lumber prices last March, the Forest Service's timber sales goal for FY 74 was raised from 10.8 to 11.8 billion board feet. Lumber prices declined accordingly and up until last month we were making very good progress on meeting the goal. Then a Natural Resources Defense Council suit succeeded in changing the goal back to 10.8 bbf, on the grounds that the decision to increase it was a major Federal action significantly affecting the environment, and thus required an Environmental Impact Statement. USDA now plans to prepare the additional 1 billion board feet for sale, but to keep it "on the shelf," to be used if prices again rise steeply.

Discussion Points

- I'm concerned that as housing starts begin to rise, lumber and plywood prices will follow them, as they always do. Can we make sure that the timber sales we will have "in reserve" as a result of the recent District Court ruling will be ready to go to fight steep price rises?
- What should our strategy be if we are hit with a suit to require an Environmental Impact Statement on the entire Forest Service program?

AGRICULTURAL SERVICE CENTERSBackground

USDA in November launched a major effort to bring its rural delivery systems out of the 1930's and into the 1970's. The program involves about half of USDA's 15,000 field facilities. The offices of four major agencies--Agricultural Stabilization and Conservation Service, Farmers Home Administration, Federal Crop Insurance Corporation, and Soil Conservation Service--will be consolidated, providing one-stop service to farmers and eliminating many marginal offices.

Discussion Points

- I'm particularly impressed with your Agricultural Service Centers program. What major obstacles have you run into so far?
- Is there any help we can give you from the Executive Office in carrying out this worthwhile objective?

THE WHITE HOUSE
WASHINGTON

March 12, 1974

MEETING WITH ECONOMIC ADVISORS

Wednesday, March 13, 1974
10:00 A.M. (One Hour)
The Oval Office

From: Roy L. Ash

I. PURPOSE

To discuss pending economic and energy issues

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: This is the latest in a series of meetings to address key energy issues and their economic impact.
- B. Participants: Ash, Dunlop, Shultz, Simon, Stein
- C. Press Plan: Meeting to be announced. No photo. (Option: Press photo opportunity)

III. TALKING POINTS

- 1. (Herb Stein) I see unemployment is holding at 5.2% and the wholesale price index increase has abated somewhat. What is the economic outlook now?
- 2. (John Dunlop) Where are we now on wage and price controls? How is our legislation doing? What do we know about upcoming wage negotiations with major unions?
- 3. (Roy Ash) I understand you met yesterday afternoon to discuss proposed contingency plans to increase spending. What do you recommend? (See attached option paper).

4. (Bill Simon) Since our last meeting you have been meeting regularly on energy data and issues. What are the key issues now? What is the short-term outlook?
5. (Bill Simon) What is the outlook for all of the energy legislation we have pending?
6. (Bill Simon) I understand you all have been meeting to develop coordinated plans for Project Independence. I'll look forward to a comprehensive report on the subject in a few weeks.

THE WHITE HOUSE
WASHINGTON

Information

March 12, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ROY L. ASH

SUBJECT:

Budget Contingency Plans

At a meeting of the Troika this afternoon, we developed the following three options for you to consider which would address the question of whether additional spending should be undertaken to stimulate the economy:

Option I Exhort the Congress to act upon the 1975 Budget, our unemployment proposal, our veterans change, and already announced supplementals, but add no new spending.

Option II Announce a low-cost, but high profile package which includes Option I but adds:

	Dollars in Millions			
	<u>1974</u>		<u>1975</u>	
	<u>Budget Authority</u>	<u>Outlays</u>	<u>Budget Authority</u>	<u>Outlays</u>
Public service jobs	350	20	--	330
Summer youth programs				
(1)	100	--	--	100
Five popular programs				
(2)	--	540	--	-327
9 others (3)	<u>1,001</u>	<u>132</u>	<u>12</u>	<u>843</u>
Total	<u>1,451</u>	<u>692</u>	<u>12</u>	<u>946</u>

(1) Over budget amount of \$300 million.

(2) Acceleration of VA insurance dividend, sewage treatment reimbursement to municipalities, run-out of current Corps of Engineer projects, rural water and sewer and soil conservation service.

(3) Including 260 new Corps of Engineer projects and NSF, VA, AEC, NASA and GSA construction and procurement.

Option III Announce a major impact program which includes
Option I plus:

	Dollars in Millions			
	<u>1974</u>		<u>1975</u>	
	<u>Budget Authority</u>	<u>Outlays</u>	<u>Budget Authority</u>	<u>Outlays</u>
Public Service jobs	1,000	140	--	510
Refund of withholding tax	--	6,000	--	--
Summer youth programs (1)	200	--	--	200
VA insurance dividend	--	140	--	-140
Total	1,200	6,280	--	570

Additions to Social Security, Revenue Sharing, or tax reductions are possible, but we would not recommend them.

Your economic advisors feel that Option I is appropriate stimulus for the economy at this time. Option II, however, does provide a positive action posture without unduly overheating the economy. Option III is felt to be unduly inflationary at the current time.

(1) Over budget amount of \$300 million.

THE WHITE HOUSE
WASHINGTON

MEETING WITH ROY L. ASH

Wednesday, February 27, 1974
4:00 P. M. (one hour)
The Oval Office

From: Roy L. Ash

I. PURPOSE

To discuss:

- a. Contingency plans for increasing budget outlays to spur the economy
- b. Follow-up of energy discussion

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: (See above)
- B. Participant: Roy L. Ash
- C. Press Plan: None (Alternative: Press photo)

THE WHITE HOUSE
WASHINGTON

February 28, 1974

Meeting with Economic Advisors on Energy

Friday, March 1, 1974
10:00 A.M. (60 minutes)
The Oval Office

From: Roy L. Ash

I. PURPOSE

To be brought to date on current energy activities.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Last week you set in motion an effort to provide economic policy overview to energy matters. That is now being accomplished under the leadership of George Shultz. You may wish to reread my talking points of February 21, 1974, but we have already moved toward dealing with most of the issues identified in that paper, (copy attached).

B. Participants: Ash, Dunlop, Shultz, Simon, Stein

C. Press Plan: None (alternative: press photo)

III. TALKING POINTS

1. I understand that you have been making some changes in the crude oil allocation program. What are they and what results do you expect?
2. What actions are you now taking to deal with our most immediate problem which is the lines at gas stations? What is the outlook?

3. I understand that you are bringing up to date the supply, demand and shortage information. What is the outlook for the rest of this year?
 1. Assuming embargo continues
 2. Assuming embargo is lifted
4. We must continue to move toward our longer term goal of Project Independence. What thinking are you doing about the best ways to accomplish this? What do you plan to do next?
5. What should we be doing now to deal with the legislative alternatives to the Energy Emergency Legislation which will be vetoed? What legislation do we really need?

also, haven't revised economic forecast, still confident

What to do:

/	①	Reiterate unempl. comp. extended benefits	1.0
/	x	AMTAK, right of way, improvement	(.180)
/		Public works	.300
/		NST research, scienc group, Va med. c.	.150
/		gla center acceleration	.050
/		Public sector jobs CETA	.350
/	x	Rural water & sewer	.020
/		Veterans ins. refunds.	.100
/		Disabled vet. benefits	.130
→	x	Vets compensation inc. 1% to	.350
	<u>total</u>	withholding refund 6%	<u>2.600</u>

② Need ^{7F} capital on summer youth - 300 - being asked on for 4/15

③ all leg (approp) by 5/1

Agency Trust fund

Staple to
note re 2/27
not

Energy - Policy issues - not tomorrow - Simon success
allocation regulations, toward marketplace - ^{get} imports!
Facts of supply, demand, + meaning
Project Fed. (self-sufficiency) definition and
program to achieve - not just rhetorical
→ but substantial - forced draft

Policy reviews
Need P.R. strategies from above - { predictability
confidence - lower
credibility - lower
Risks + Costs
Legislative needs & plan.

Clean Air Act, Energy, Home, Health, etc. - NEPA 54, water, etc. etc.
Home, etc. etc.

Risk analysis - trade off strategy, & adequacy
Embargo lifting statement

→ { Too much leaning toward govt management
"may have to accept massively controlled economy" Schatz-Hudson I.
→ Convince Saudi Arabia of self-interest in producing

→ Make Phase II ^{visible} credible to get imports increased.
(N.A. Food, Energy, Materials Conference (Community))
{ Credible by specific programs + quantified expectations
Refines coal output rate, shale, OCS & what govt
doing about drug - investment incentives, R&D, etc.
→ 4 dimensions + different solutions
→ and different modes of management

In Fund, auth. of spec. ind variables; amended force
& expenditure; low spending decisions made.

Talking Paper
Actions to Stimulate the Economy

Contingent Federal spending

We have identified a number of actions we could now take to stimulate the economy. The attached list identifies those actions which were chosen on the following basis:

- . Have program merit and are consistent with Administration objectives,
- . A quick and significant effect on employment,
- . Targeted to areas with major unemployment problems, and
- . Can be stopped quickly.

The proposals listed in Attachment A would add over \$2.5 billion to spending in the next 12 months and would add about 100,000 jobs at the end of 6 months and peak at 270,000 jobs at the end of 12 months. The unemployment rate at the end of the 12-month period would be reduced by about 0.3% as a result of these actions.

Alternative plan

If we announce that a series of actions is being taken to stimulate the economy, it will then appear that our economic forecasts are not being realized. This interpretation will be made despite the fact that no group of upcoming economic indicators will clearly signal invalid forecasts.

As an alternative, the following plan might avoid this dilemma:

- Develop a package of proposals which the President could send to the Congress which would
 - . ask the Congress to add 1974 supplementals with accompanying decreases to the 1975 budget where appropriate,
 - . emphasize need for early action on proposals now before the Congress for unemployment compensation and the Defense supplemental,

+ has app. by ST,

- .. list other actions which the Administration is now taking to speed-up Federal payments without adding necessarily to the budget totals for the two-year period, e.g., acceleration of veterans insurance dividends,
- . agree to Congressional increases for veterans compensation.
- Recognize publicly in connection with the proposed package that 1974 spending may not reach \$274.4 billion.
- Justify speed-up as a shift in spending to insure that the economy will not falter.

Attachment B lists those items which could be covered in the package outlined above.

Contingent Actions to Stimulate the Economy

Effect in 12 months		
	Added spending (M)	Added jobs end-of-period (K)
✓ 1. Unemployment compensation.....	\$1,000	28
Obtain speedy action on Administration bill to extend unemployment benefits. The bill contemplates an additional 13 weeks benefits for those currently eligible for benefits and 26 weeks benefits for certain unemployed persons not currently eligible. These payments would be targeted to areas where the insured unemployment rate has averaged 4.5% or more over a 13-week period.		
2. AMTRAK right-of-way improvement	(180)	14
By administrative action, provide \$180 million in loan guarantees to accelerate upgrading of AMTRAK right of way. Additional loan guarantees could be provided for fiscal 1975 through legislation raising the current limitation.		
> 3. Public service employment.....	600	170
Seek increased supplemental appropriation within the next three weeks to create jobs in State and local governments. Easily targeted to areas of high unemployment.		
✓ 4. Public works speed-up (largely water resource and land management programs).....	550	12
Seek added supplemental appropriations for Corps of Engineers, TVA, Reclamation, Land Management, and Forest Service. Would accelerate ongoing projects which are labor intensive and can be targeted geographically.		
✓ 5. Veterans insurance dividend....	(140)	3
Prepay \$140 million in veterans insurance dividends. This would increase spending in 1974 and reduce it in 1975. Similar actions have been taken in the past during periods of economic slowdown.		

<u>Effect in 12 months</u>	
<u>Added</u>	<u>Added</u>
<u>spending</u>	<u>jobs</u>
<u>(M)</u>	<u>end-of-period</u>
	<u>(K)</u>

6. NSF research and purchase of scientific equipment..... 100 5

Take administrative action to speed-up research already planned. Also accelerate procurement of new scientific equipment.

7. GSA construction..... 35 4

Speed-up construction schedule of public works projects already under contract. In some cases, Public Works Committees would need to approve authorization increases; in other instances only administrative action is required.

8. Veterans compensation..... 350 11

Give in to Congressional desire to increase veterans compensation payments for cost-of-living. Agree to increase of 12% effective in March 1974.

9. Veterans medical equipment.... 70 8

Seek added appropriations to eliminate backlog of equipment orders at VA medical facilities.

10. Rural water and sewer program.. 20 0.5

Accelerate release of funds now planned to be made available in 1975.

Proposed Alternative Package

Affected amount
 (millions)

1. Supplemental requests:

Public service employment..... 350

Increase 1974 supplemental by \$350 million (to \$600 million); decrease 1975 by equal amount and seek no-year appropriation.

Public works speed-up..... 475

Seek added supplementals for Corps of Engineers, TVA, GSA, Reclamation; make no change in 1975 on assumption that February budget request would need to maintain presently planned levels.

Forest Service, Water resource development, and Land Management..... 130

Seek supplementals for projects now scheduled in 1975 and decrease 1975 an equal amount. (Some administrative action to shift funds also involved.)

Veterans medical equipment..... 70

With offsetting 1975 amendment.

NSF research..... 50

With no 1975 change.

NSF equipment purchase..... 50

With offsetting 1975 change.

Rehabilitation of NASA facilities..... 40

Not currently planned in 1975 but other projects could be shifted to 1976 to offset part of 1975 outlay effect.

Affected amount
:(Millions):

2. Legislative actions:

Extension of unemployment compensation...	1,000
X Veterans compensation -- 12% cost-of-living increase.....	350
General revenue sharing.....	1,500

Propose shift in entitlements from 1975 to 1974. (To keep payments properly spaced, administratively shift present 1974 entitlement payments from July 5 to April and make added 1974 entitlement payment on July 5.)

3. Administrative actions:

✓ Veterans insurance dividend (shift from 1975 to 1974).....	140
✓ AMTRAK right-of-way improvement -- loan guarantee.....	180
Rural water and sewer funds -- accelerate release of funds.....	20

THE WHITE HOUSE

WASHINGTON

February 21, 1974

Meeting with Economic Advisors on Energy

Friday, February 22, 1974

3:00 P.M. (60 minutes)

The Oval Office

From: Roy L. Ash

I. PURPOSE

To discuss key energy issues and their relation to overall economic policy.

To establish procedural means to tie energy initiatives and economic policy more closely.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: It is becoming clear that our energy-related actions are having major effect on our overall economic policy both substantively and as perceived by the American people. We need to find the fine line between solving existing problems and unnecessarily creating new ones.

B. Participants: Ash, Dunlop, Shultz, Simon, Stein

C. Press Plan: None (alternative: press photo)

III. TALKING POINTS

1. The energy crisis, and our reaction to it, is a major issue, and so I have called you together to discuss energy in its broader context. I expect this meeting to be the first of a regular series of such meetings, and I also expect you, George, to call the Troika together with Bill Simon regularly to address major economic problems resulting from our energy shortage and the policies we should follow in dealing with them.

2. I think it extremely important that we ensure that we are using the same data and information base when we speak about shortages of energy. In that regard, I was particularly encouraged to see that Bill Simon has undertaken with the Troika to look into our data and projections of shortfalls.
3. I am somewhat concerned that we are not fully getting our message across to the American people on the energy shortage -- a message of confidence, that the crisis we do have is manageable, that we are solving the problems, and how we are solving them. In this regard, it is critical that we present an easily understood conceptual basis of the problem and explain our allocation program, why we are doing it and how it works. How can we increase the confidence of the American people? Should I have a "fireside chat" on national TV?
4. With closings of automobile plants and recreation facilities, I want to be certain we are not unduly scaring the public -- we want them to be concerned so that they will conserve energy, but not at the cost of amassing huge inventories or being too negative about consumer or capital spending, which could lead us right into a recession.
5. This political/PR effort is one of three strategies we need. The second is legislative, which we have talked about before. We seem to be dealing with individual legislative actions all right but do we have a broad program to keep the pressure on Congress for what we really need? The third is substantive: what are we trying to accomplish -- this month, in three months, and in six months? What constitutes success? I think we need to state clearly, at least to ourselves, the definition of the problem and the direction of the solution, both for our own use and for our "confidence-building" effort.
6. I understand that our crude oil imports are way down since January -- it seems like the U.S. is bearing the full brunt of the world shortage. There are no gasoline lines in Europe -- even the Dutch who are totally cut-off by the Arabs have enough gas. All these socialist countries like Sweden seem to be relying on the free market while we have this complex crude oil allocation program! Do we have to do it?

7. I know we have problems in the 1975-1980 period, and we'll have to work with the private market and price system to take care of most of them. But I can't overestimate my concern about right now - February, March, April -- right on to November. How can we cut down on these gasoline lines? What can we expect the next three months, if we don't get Arab oil back on-stream, or if we do? I want all of you to concentrate on this short-term problem and stop worrying for right now about who is going to do what with what money in 1976 or 1980. We are approaching a crisis situation here -- and we have got to increase the confidence of American public and business that we are solving a manageable problem.

THE WHITE HOUSE
WASHINGTON

January 14, 1974

MEETING WITH ROY L. ASH
Tuesday, January 15, 1974
11:30 a.m. (30 minutes)
The Oval Office

From: Roy L. Ash

I. PURPOSE

- To present the final tally of 1974 and 1975 budgets.
- To solicit approval of the budget message for the 1975 budget.
- To discuss the relation of certain State-of-the Union proposals to the budget.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

- A. Background: The budget will be submitted to Congress on January 28; final drafts go to the printer this week.
- B. Participants: Roy L. Ash
- C. Press Plan: Open -- probably press photo opportunity.

12/5/73

Talking Points for Cabinet Meeting

The Budget Outlook

- . Appropriate shift from \$14 B deficit in FY 1973 to near balance in FY 1974.
- . Balance in FY 1974 possible, but small deficit (\$2-\$3 B) likely because of Congressional add-ons and uncontrollables.
- . FY 1975 Budget guidelines to agencies had objective of balance at about \$292 B.
- . Agency requests were substantially above that figure, and uncontrollables will keep us from getting back to \$292 B.

Threats

- . Combination of Congressional add-ons and uncontrollables threaten to add \$4 B in 1974 and \$7-1/2 B in 1975 to the figures the President is considering.
- . The big items are:
 - legislation to increase social security benefits,
 - Labor-HEW appropriations coupled with the effect of court actions,
 - unemployment insurance benefits, and
 - COLC denial of postal rate increase.

Effect of Energy Crisis

- . Net effect of energy crisis on budget is expected to be less than one percent in 1975.
- . \$10 B energy program initiative will add no more than \$1 B to 1975, with larger outlays later.
- . Biggest impact is on unemployment benefits.
- . Receipts loss due to some slowdown in production is more than offset in 1975 by higher prices.

Controllability problem

- . Uncontrollables have grown from about 60% of total outlays in 1967 to about 75% now.
- . In other words, the President and the Congress can adjust significantly only about 25% of total spending. (Actually, the controllable part is probably closer to 5% to 10%.)
- . All of the uncontrollable growth was for payments to or on behalf of individuals and General Revenue Sharing.

Increases in uncontrollables

- . The controllability problem is magnified this year; uncontrollables will grow by nearly \$25 B from 1974 to 1975.
- . Here, again, most of the increase is in payments for individuals.

Conclusions

Major Increases in Fiscal Year 1975 are in

UNCONTROLLABLES

(Outlays, in billions of dollars)

Increase:
FY 1974 to
FY 1975

Social security and disability	9.4
Medicare and Medicaid	2.9
Welfare payments - adult, AFDC and social services...	2.1
Federal employee retirement	1.8
Pay increase for civilian and military agencies	1.8
EPA construction grants	1.4
Interest on the debt	1.2
Food stamp program	1.0
All other changes in uncontrollables	<u>3.1</u>

24.7

- . EFFECT OF ENERGY CRISIS ON BUDGET
IS LESS THAN ONE PERCENT
- . UNCONTROLLABLES PLUS CONGRESSIONAL
THREATS POSE MAJOR THREAT TO BUDGET
TOTALS
- . GROWTH IN UNCONTROLLABLES FORCES
SEVERE CONSTRAINT ON REMAINING
QUARTER OF BUDGET
- . IT IS MORE ESSENTIAL THAN USUAL TO
FOCUS ON PRIORITIES

EFFECT OF ENERGY CRISIS ON BUDGET
(In billions of dollars)

	<u>FY 1974</u>	<u>FY 1975</u>
<u>On Outlays:</u>		
\$10 billion energy initiative	--	+0.8 to +1.0
Increased unemployment benefits	+0.5	+1.7 to +2.2
Larger statutory cost-of-living adjustments	<u>--</u>	<u>+0.2</u>
TOTAL	+0.5	+2.5 to +3.5
<u>On Receipts:</u>	-0.2	+0.5 to +0.8
<u>On Balance:</u>	<u>-0.5 to -1.0</u>	<u>-2.0 to -3.0</u>

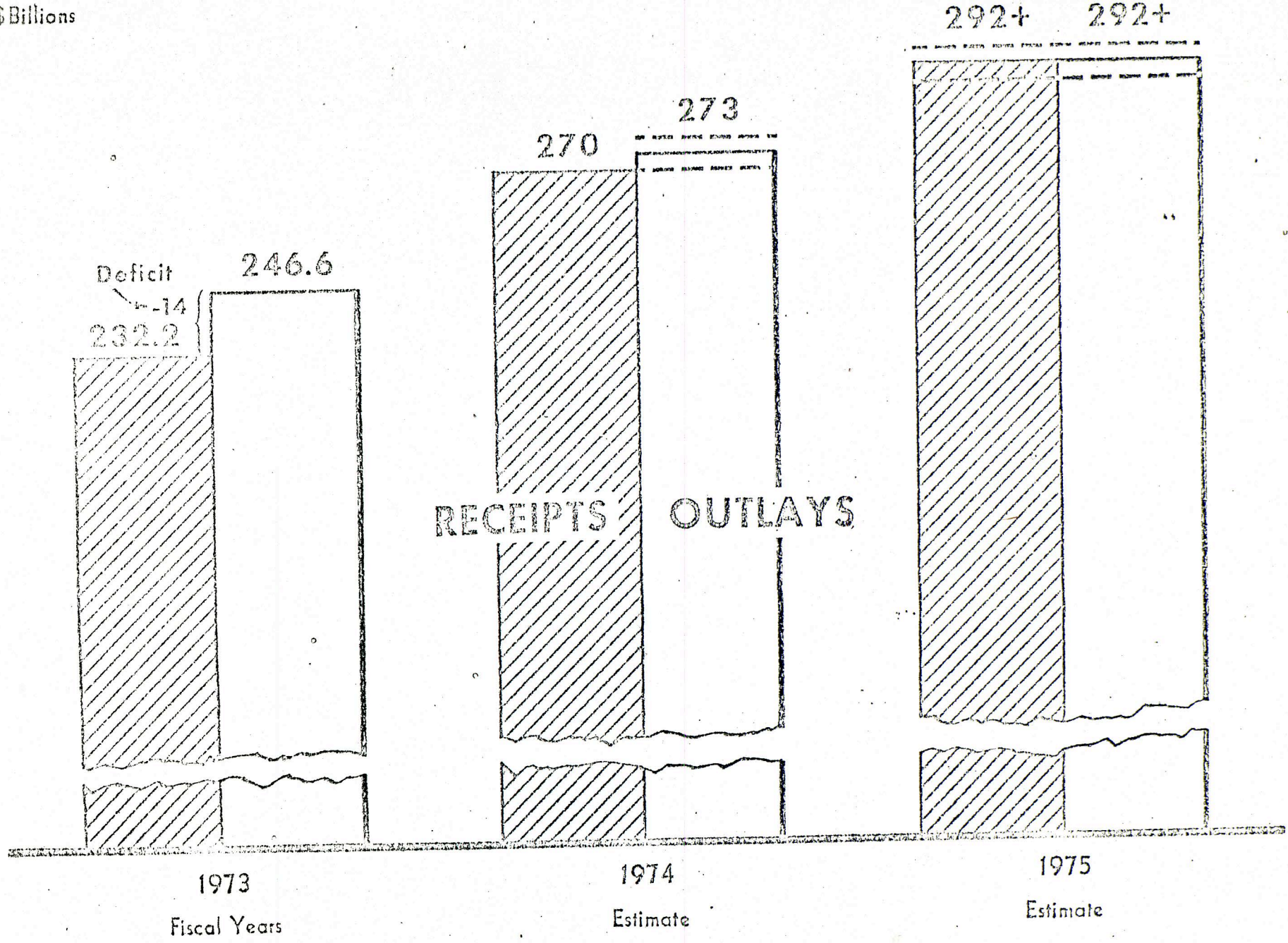
NET EFFECT ON BUDGET: LESS THAN ONE PERCENT

THREATS TO THE BUDGET TOTALS

(Outlays in billions of dollars)

	<u>1974</u>	<u>1975</u>
<u>HEW:</u>		
Social security benefits - 7% in April and 4% more in July	1.0	0.2
Add-on to Labor HEW appropriations, plus adverse court actions	1.3	1.9
<u>HUD:</u>		
Uniform relocation assistance	0.1	0.1
<u>LABOR:</u>		
Higher unemployment insurance benefits	0.6	2.1
<u>DOT:</u>		
Mass transit operating subsidy	--	0.4
Northeast rail financing	--	0.1
<u>TREASURY:</u>		
Interest on the debt	--	0.4
<u>CIVIL SERVICE COMMISSION:</u>		
Government share of health insurance	0.1	0.3
Retirement benefit increases	0.1	0.2
<u>POSTAL SERVICE:</u>		
COLC turndown of postal rate increase	<u>0.9</u>	<u>1.9</u>
TOTAL	4.0	7.5

\$ Billions



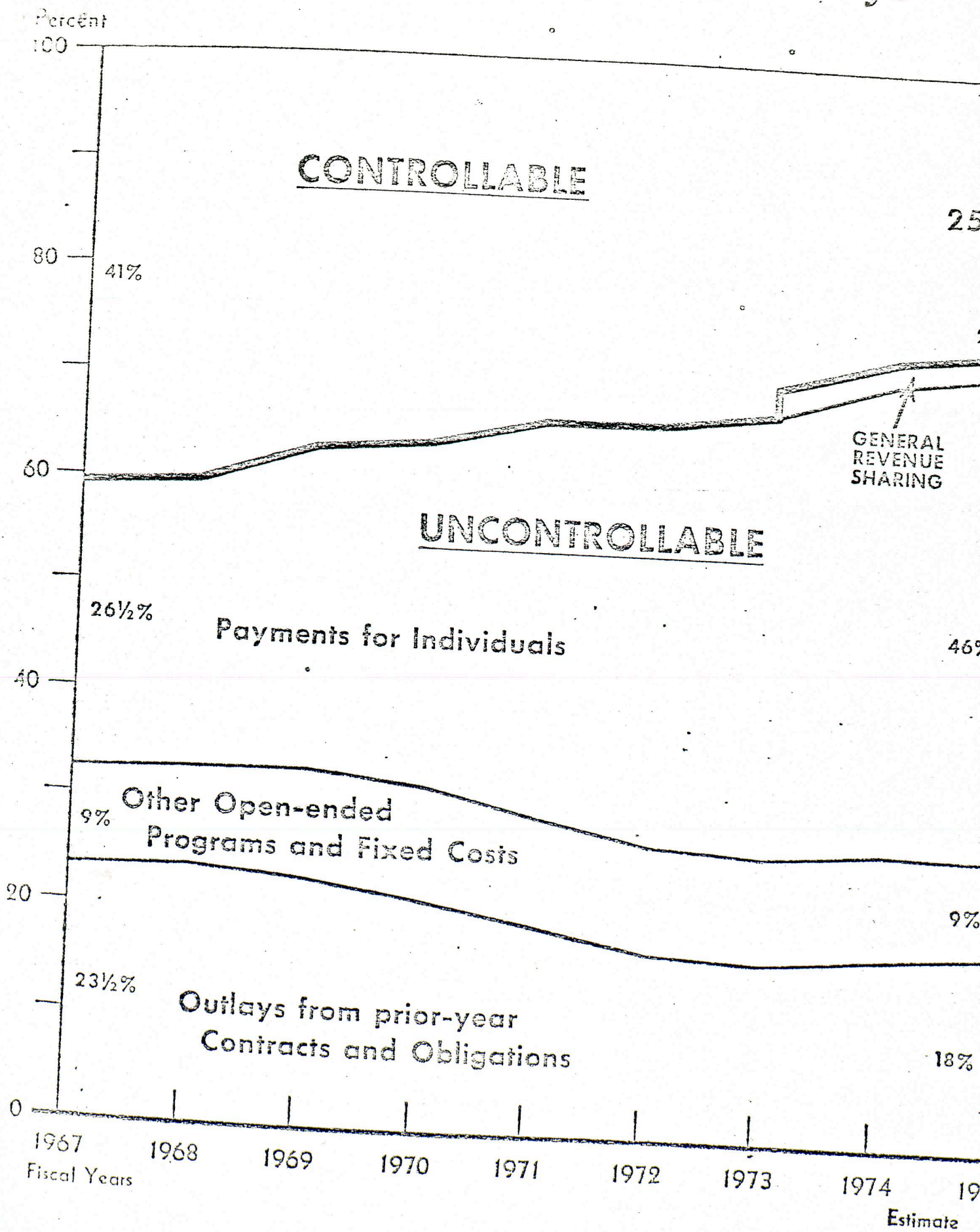
THREATS TO THE BUDGET TOTALS
(Outlays in billions of dollars)

	<u>1974</u>	<u>1975</u>
<u>HEW:</u>		
Social security benefits - 7% in April and 4% more in July.....	1.0	0.2
Add-on to Labor-HEW appropriations, plus adverse court actions.....	1.3	1.9
<u>HUD:</u>		
Uniform relocation assistance.....	0.1	0.1
<u>Labor:</u>		
Higher unemployment insurance benefits.....	0.6	2.1
<u>DOT:</u>		
Mass transit operating subsidy.....	--	0.4
Northeast rail financing.....	--	0.1
<u>Treasury:</u>		
Interest on the debt.....	--	0.4
<u>Civil Service Commission:</u>		
Government share of health insurance.....	0.1	0.3
Retirement benefit increases.....	0.1	0.2
<u>Postal Service:</u>		
COLC turndown of postal rate increase.....	<u>0.9</u>	<u>1.9</u>
Total.....	4.0	7.5

EFFECT OF ENERGY CRISIS ON BUDGET
(In billions of dollars)

	<u>FY 1974</u>	<u>FY 1975</u>
<u>On outlays:</u>		
\$10 billion energy initiative.....	--	+0.4
Increased unemployment benefits.....	+0.5	+1.7 to +2.2
Larger statutory cost-of-living adjustments.....	<u>--</u>	<u>+0.2</u>
Total.....	+0.5	+2.0 to +3.0
<u>On receipts</u>	-0.2	+0.5 to +0.8
<u>On balance</u>	<u>-0.5 to -1.0</u>	<u>-1.5 to -2.5</u>

NET EFFECT ON BUDGET: LESS THAN ONE PERCENT



Major Increases in Fiscal Year 1975 are in
UNCONTROLLABLES

(Outlays, in billions of dollars)

	Increase: FY 1974 to FY 1975
Social security and disability.....	9.4
Medicare and Medicaid.....	2.9
Welfare payments - adult, AFDC and social services.....	2.1
Federal employee retirement.....	1.8
Pay increase for civilian and military agencies.	1.8
EPA construction grants.....	1.4
Interest on the debt.....	1.2
Food stamp program.....	1.0
All other changes in uncontrollables.....	3.1

24.7

- EFFECT OF ENERGY CRISIS ON BUDGET
IS LESS THAN ONE PERCENT
- UNCONTROLLABLES PLUS CONGRESSIONAL
THREATS POSE MAJOR THREAT TO BUDGET
TOTALS
- GROWTH IN UNCONTROLLABLES FORCES
SEVERE CONSTRAINT ON REMAINING
QUARTER OF BUDGET
- IT IS MORE ESSENTIAL THAN USUAL
TO FOCUS ON PRIORITIES

THE WHITE HOUSE

WASHINGTON

July 25, 1973

MEETING WITH THE CABINET

Thursday, July 26, 1973

10:00 a.m. (1 hour)

The Cabinet Room

L.

From: Roy Ash

I. PURPOSE

The President discusses with the Cabinet the need for a more precise articulation of goals and priorities and ways of focusing agency attention on seeing that they are achieved.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: By memo on April 16 the President asked each department and selected agency heads to determine his own department's objectives toward realizing the President's committed goals. Since that time, OMB and other Executive Office and White House offices have been working with the department to fulfill the President's request. This Cabinet Meeting will serve to reinforce this effort and provide the President with an opportunity to express his desire for a clearer second term articulation of the Administration's goals and priorities. It will also reinforce the President's management role across the whole of the Executive Branch.

B. Participants: The Cabinet and selected agency heads.

C. Press Plan: Ollie Atkins photo only. Meeting to be announced

III. TALKING POINTS

A. Attached at Tab A is a one-page outline of the talking paper for use at the Cabinet Meeting.

B. Tab B contains further elaboration on recommended points to be covered at the meeting.

OUTLINE OF THE PRESIDENT'S REMARKS ON PRIORITIES
TO THE CABINET

1. Focus of today's meeting is on the need to articulate more clearly our goals and priorities; several agency heads are present.
2. One of the most important functions that you and I have is to determine the goals and priorities for the country and to see that they are achieved.
 - Our major need is to carefully select those things that are truly meaningful and concentrate our combined energies on pushing them through to completion.
3. I think we are close to crystallizing our national priorities and goals for the next 1,254 days and to adopting an approach to government that will help us focus our primary attention on achieving our most important goals.
 - You have been working with Roy Ash to establish these priorities for your departments for the next three and one-half years and to translate these into specific action plans.
4. It would be of real interest to me personally if we would spend the next few minutes hearing from each of you about the top 2 or 3 things you would like to see accomplished by the end of our second term. (Go around the room.) Your ideas regarding priorities in your area are most useful.
5. I would very much like to achieve a clearer communication of our priorities and national goals for the next several years, particularly in the domestic area.
 - I am asking Mel Laird to lead an effort to develop a Nixon Domestic Doctrine, consistent with the philosophies I have articulated.
 - He will involve each of you in this effort and produce by the end of October a strategy for the remainder of my Administration which can be readily communicated to and understood by the American public.
6. In addition, I would like each of you to contribute to push within your own departments to further crystallize priorities and establish objectives. I intend to use these action plans as agenda items at future Cabinet Meetings and to discuss them with you individually from time to time.

PRESIDENT'S REMARKS ON PRIORITIES TO THE CABINET

1. Introduction.
 - a. I intend to focus today's meeting on the need to better articulate our goals and priorities for the next three and one-half years and on ways that we can work together to see that our goals and priorities are realized.
 - b. Before moving to our discussion, I would like to note that we have several heads of agencies with us today.
 - c. We will have selected agency heads at future Cabinet meetings in an effort to expand our official family.
2. One of the most important functions you have as Cabinet Officers and I have as President is to determine the goals and priorities for the country and its citizens and to see that our selected goals and priorities are achieved. I am aware of the difficulties and complexities of carrying out this important function.
 - a. There are many goals and priorities that we would all like to achieve, and it is difficult to select from among them those that should receive our primary attention.
 - b. Even when we go through the work of establishing goals and priorities, we all find it difficult to avoid becoming captives of the continual flow of phone calls and paper work, of short-term crises, of meetings and speeches--we find it difficult to give adequate attention to those goals and priorities about which we perhaps care the most.
 - c. Most unfortunately and as all of you know, the Watergate episode has for months so diverted the attention of the public from the nation's most pressing problems--and from the priorities and directions that we have had in mind--we now must return to fundamentals and make it absolutely clear to the American people that we know where we are going and how to get there.
 - d. I am convinced that our major need is to carefully select those things that are truly meaningful--those things that represent real breakthrough opportunities - for the American people--and focusing our combined attention on these things, on these goals and priorities, to see that they are successfully pushed through to completion.
3. Over the last four and one-half years I have articulated many goals, policies and priorities in the areas of national security, economic prosperity, domestic affairs, and--cutting across all of these--effective management. We have taken, and are continuing to take, a host of actions to see that these goals are achieved--that government reflects our philosophy and our priorities.

- a. At my request, you have been working for the past several months to establish goals and priorities for your own departments that reflect those articulated during my first term and as I began my second term.
- b. I also know that you have been working quite closely with Roy Ash and his people at OMB to translate your goals and priorities into realizable action programs--into objectives that specify what it is we are going to do and by when.
4. On the basis of my stated goals, policies and priorities and your efforts over the last several months, I think we are close to crystallizing our national priorities and goals for the next three and one-half years and to adopting an approach to government that will help us focus our primary attention on achieving our most important goals.
- a. This is not to say that we yet know where we are going in every area or in every case over the next 1,254 days or how we are going to get there. There is still a lot of work to be done.
- b. It is to say that we are on the right track and that I think we need to quickly complete the task of sorting out where we want the country to be three and one-half years from now, mutually decide how to get there, and work together to insure that we make it.
5. I think it would be appropriate, and of real interest to me personally, if we would spend the next few minutes hearing from as many of you as would care to comment about the top 2 or 3 things you would like to see accomplished by the end of our second term.
- a. This should be something that you feel is of paramount importance to the nation at this point in its history, and something to which you are willing to devote a considerable portion of your personal time and the resources of your department, even if other important things have to fall by the wayside.
- b. Go around the room.
6. Thank you. Your ideas regarding priorities in your area are most useful.
- a. As I indicated earlier in the meeting, I would like very much to build from this discussion a more clear articulation of our priorities, both in terms of national goals for the next several years and of specific actions leading to the accomplishment of these goals.
- b. Of particular concern to me in this respect in the domestic area. I am asking Mel Laird to lead an effort over the next several months to develop a comprehensive long-term Nixon Domestic Doctrine, consistent with the philosophies that I have articulated in the past.

-- I want him to involve you closely in this effort.

-- The result should be a strategy for the next three and one-half years that comprehensively addresses the major long-term problems of this country and also proposes short-term actions to get the ball rolling. The Doctrine should also provide the framework for the work each of the domestic agencies has been doing regarding short-term priorities and objectives.

-- It is important that this be in a form that can be readily communicated to and understood by the American public, because I want to get across in a forceful way our plans and record in the domestic area.

-- I would like to have this by the end of October.

7. In addition, I would like each of you to continue the push within your own departments to further crystallize priorities and establish objectives.
 - a. I appreciate the work you have already accomplished in this respect and hope you will continue working closely with Roy Ash in this effort.
 - b. My intent is to use these priorities and action plans as agenda items at future Cabinet Meetings. I also anticipate meeting individually with you from time to time to discuss your objectives, your successes, and your problems with particular objectives where my insights might be helpful.
8. Implicit in what I am saying is the need for more effective management.
 - a. You know even better than I that we have many unfilled needs--much that needs to be done for the American people--but precious little new money to accomplish the tasks.
 - b. This makes all the more important the need for carefully setting priorities and for improved management. And by priorities I am not referring only to the allocation of dollars, but also the allocation of your own time and leadership efforts and the energies of your whole organization.
 - c. We must keep our fundamental philosophies and goals before us as guiding lights; but we must also translate these into specific departmental objectives so they are not just rhetoric and promises; we must harness and apply our efforts to achieve them.
 - d. Our accomplishments are what we will be judged by--they will be our lasting contribution to America and its future. It is what we are able to do--not just our ideas, no matter how dramatic--nor our promises, no matter how appealing--that will make the difference.