

## **Correspondence - 9/76**

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Issues  
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423 West 120th Street  
New York, N.Y. 10027  
4 September 1976

Mr. Jimmy Carter  
Plains, Georgia 31780

Dear Mr. Carter:

Congratulations on your nomination by the Democratic Party as its candidate for President of the United States and on the excellent campaign you carried to such success. Aside from the fact that I am a registered Democrat, even objectively I am confident that you and Senator Mondale will be our next President and Vice President. I take hope from this confidence, and because of it, I also take the liberty of addressing you now about the crucial need for new directions and programs for employment and the problems of our inner cities.

You have spoken about your need to retain your ties with Plains, Georgia, about their stabilizing influence and the balanced perspective they provide to you. In these statements you reflect a universal human need for roots and belonging. Unfortunately, with the urban migration that has occurred in America -- and indeed, is occurring around the world -- family/small community ties are being broken continuously and the cities offer no humanly inspiring substitutes. Cities around the world and the modern, capital-intensive technology they represent are, for the individual, a literal maze of lonely frustration. For those urban citizens bereft of any stabilizing influences, anti-social behavior is both a conscious and subconscious form of protest against a society that passes them by.

This anti-social behavior manifested by the rootless and alienated cannot be cured by reorganizations of judicial and penal systems. Unless the American public wishes to commit itself to constantly escalating bills and generally repressive measures affecting even the law-abiding, more and "better" penal systems are not the answer. Change, starting in our inner cities, that prevents cause for anti-social acts is the only rational goal.

You have expressed your credo clearly on innumerable occasions as it relates to the above problems. To quote briefly from your nomination acceptance speech: "It's time to honor and strengthen our families and our neighborhoods....," "any system of economics is bankrupt if it sees value or virtue in unemployment....," and our nation needs "a strong system of free enterprise based on increased productivity and adequate wages."

I propose that we combine all of these requirements for a healthy American, democratic society in a new kind of effort. This effort would focus on those parts of society -- the inner cities -- that most threaten our democracy. It would be a full employment program based on humanizing community programs of common effort and small industry development utilizing appropriate technologies. It would operate by joint working arrangements between government and voluntary agencies.

My proposals are in no way innovative, unprecedented or untried. They have, however, achieved much greater public recognition overseas. Voluntary agencies are increasingly sought by governmental and intergovernmental bodies to provide their special expertise in developing countries to mobilize communities into self-reliantly proud entities. Reasons for the success of these agencies overseas are partly inherent in the agencies themselves: smallness, flexibility, dedication of staff, and individual/community approach. They also have to do with methods of operation: attention to the development of self-recognition and community pride; assistance with, not imposition of programs; and

utilization of simple, humanly comprehended, non-polluting, labor-intensive technologies.

On the domestic scene there are innumerable success stories, but they are scattered and although frequently locally recognized, the aggregate contribution of voluntary agencies to community development has not been put together. This is partly because we do not recognize the fact that we have marginal peoples in our society analagous to, say, the Andean Amerindians or the favellados of Brazil. We prefer to institute new and costly penal systems rather than working with the communities that produce the offenders.

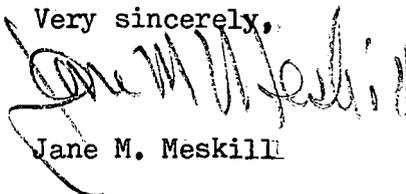
Another reason for our lack of recognition of America's basic needs and of groups and agencies that are successfully meeting them is our decreasing understanding of private enterprise. General Motors, if I may be forgiven for using it as an example, is no longer representative of the kind of private enterprise that is the basis of our democratic system. It is a multinational corporation having in-house expertise and assets greater than those of a large number of developing countries and it is hierarchical rather than democratic. Reliance upon this kind of private enterprise -- rather than government -- to expand still further and increase job openings and employment, is a no-choice option.

If we are committed to our democratic system, and, it must be faced, to an ecological system that does not kill us or cause dreadful mutations, our only choice is to strengthen our small, private enterprise sector in environment-benevolent production. In short, we must support the creation of more private enterprise that will also permit the upgrading of our inner cities. If government would utilize the voluntary sector of our society in programs designed to accomplish this goal, not only would the costs of achieving full employment be considerably reduced, but also the growth of crime would be reversed and the atmosphere in our cities would be greatly improved.

I write this letter to suggest a program to deal with unemployment, crime and pollution at relatively low cost. If I may back up my suggestion with practical facts and figures, e.g., names and addresses of voluntary agencies, time/program projections, mechanisms for operating full-scale government/voluntary agency programs, costs etc., I will be pleased to do so.

Meanwhile, I hope that my suggestion may receive your thoughtful consideration.

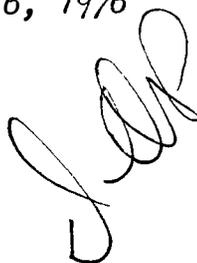
Very sincerely,



Jane M. Meskill

September 6, 1976

The Honorable  
Jimmy Carter  
Governor of Georgia  
Plains, Georgia



Dear Governor Carter:

I believe you made a serious mistake in sanctioning the executive pardon of Richard M. Nixon. It would take courage on your part at this juncture to change your position in that matter, but I believe you should. Wishing that it was the right thing to do cannot change the reality that allowing Nixon to escape punishment was wrong. A wound that is not properly cleaned can never properly heal regardless of how many people in this country might wishfully think otherwise.

Senator Hubert Humphrey, once, when writing of the inhumanity inherent in republican indifference towards human suffering seemed to conclude by saying that he simply couldn't understand it as a principle. Basically, the root fact is simple, and boils down to the principles of big monied interests in general once depicted in the story of the rich victorian era englishman who couldn't enjoy a meal unless he was seated in a restaurant which afforded him a window view of wretched poor people starving to death in the streets while he ate his meals. However sublimated and disguised that basic principle of sickness may be in today's highly sophisticated world, it is still the same principle, and it is the principle of the Nixon Ford administration. There can be no compromise with such principles, and concessions to them are merely taken as signs of weakness to be ruthlessly exploited, in each and every case.

Richard M. Nixon was every bit as guilty of treason in time of war as were Julius and Ethel Rosenberg, and he feared prosecution and conviction for that crime. The intellectual world knows that Spiro Agnew, while Vice President, refused to agree to the same executive pardon that Gerald Ford subsequently guaranteed Nixon, as a condition for Fords' projected Presidency following Nixon's long planned strategic resignation. That's why Agnew (and I am by no means any admirer of Spiro Agnew either) was dumped by the other members of the Nixon crime syndicate. Agnew failed to fully appreciate or recognize the extent of strangling control that the Nixon principles had, (and still have) over the institutions of Federal government in this seriously ill country. When he finally ~~woke~~ woke up to cold reality, he soon realized there was nothing left, (for all practical purposes) that he could do, except buy himself a pistol and get a permit to carry it, in the interests of his own bodily defense.

The judicial branch of government of the United States, while in theory incorporating the best legal system on earth, is simply no longer a viable institution. Corrupt monied interests have simply bought and paid for it. The vast bulk of American judges and lawyers are just so many ~~back~~ <sup>back</sup> ~~to~~ <sup>to</sup> those interests. Richard M. Nixon put himself above the law and got away with it (to date) because he knew the degenerate judicial system of this country for what it is. He set an example which is being followed by still yet ever increasing numbers of immoral monied interests, who no longer fear any reprisals for breaking the law. I remember well the sincere and pathetic speech that Lyndon Johnson once made on a nation wide television appearance in connection with the civil rights legislation. In

effect, he was literally begging the lawyers of this country, as a privileged class, to show some integrity. Do you remember how he reminded them, as a group, of "the good livings" that they had enjoyed over the years, and the grave warnings he implied if they failed to restore some integrity to the legal profession generally? That was his real message, and I didn't miss his point. Things seem to have worsened instead of improved since then. When anyone who has no integrity is given a license to practice law, and the moral responsibility that should go with that privilege is abandoned, the system itself cannot survive, and the once honorable privilege of practicing law, becomes nothing more than a license to steal for personal financial gain, and a willing tool of all the corrupt interests there are.

In instance after instance, over a continuous period in excess of seven years now, I can cite and prove, time and time again, outright deliberate criminal misuse of numerous federal agencies in blatant violation of my own personal civil rights, where the published law was (and still is being) simply ignored by those unprincipled interests currently in control. I am enclosing a portion of my files in that connection which are self-explanatory. I hope you will take the time to review it some time. Beyond that I invite you to review further selected available documentary proof covering some of the allegations I have clearly stated, as a second step. Eisenhower once said in public, of the United States, "somewhere along the line the country just lost it's integrity". Maybe he was right, even way back then.

~~If the government of this country would just obey the law and pay me the money it clearly owes me for my military service connected physical disabilities, (as recognized in the enclosed copy of a certain secret Kissinger telegram) perhaps some light in the tunnel can yet be found in my seemingly futile search for some trace of integrity there.~~

As far as my own personal sacrifices are concerned, fighting Nixon and his gang since 1968, has cost me literally everything I had. My life expectancy has been shortened by a reputably estimated twenty years by respectable medical specialists, as a direct result of of poisons systematically forced into my body by naked gangster brute force, for the express purpose of causing me irreparable liver damage. That means that by that prognosis, at my current age of 44, I could drop dead most any time now from that condition. Meanwhile, according to some of my latest information, the substantial monies that the Veterans Administration owes me, ~~has~~ been earmarked and held in suspension, for a planned corrupt pay-off to my eldest renegade son (whom the Nixon secret service openly recruited in 1971) to be paid to him (in specific defiance of the terms of my last will and testament which specifically disinherits both he and his brother by name) following my expected death in the near future from the said liver condition. The said sons were the products of my first marriage that ended in divorce in 1955. My ex-wife raised both of them to hate me, which created an opportunity for corruption that Nixonian interests were quick to exploit.

Also, some of the expertly formulated vilification files currently maintained on me, by various federal agencies state that I am a negro. Of course, their reasons for putting that in their files is obvious. Suffice to say at this point, I am not a negro. I am a white man. Also, when I was a Nixon/Ford political prisoner in Turku Finland, someone put this same typewriter I am using today, to extensive use. In fact, they practically wore out a new ribbon that I had put in it just before I left Germany. I mention this as a caution to any honest person having access to any of those files on me in government to be alert to possible forgeries, of things allegedly written by me at various points in time over the years, deliberately planted therein for purposes of typical Nixonian deceit.

Decent people must not underestimate the measure of unmitigated evil inherent in the principles supporting Gerald Ford today. If that mistake is made, you could lose in November, and if that happens, cases such as my own could become as commonplace as they are in the soviet union today, and the whole country could go down the historically time worn path to totalitarianism born of complacency, compromise, and plain old fashioned cowardice.

There exists in the world today a totally corrupt international elite who worship power for the sake of power itself. They have no national loyalties, as such, and they regard with contempt anyone who has any such loyalties. They could as easily represent themselves as Republicans, Democrats; Communists; NAZIS, Zionists, or whatever else suits their convenience. For example, the very worst Nazi war criminals of world war two (the ones the public never recognized) were pleasantly enjoying themselves in such places as the Stockholm and Helsinki operas the night that Adolph Hitler blew his brains out in his Berlin bunker. They were never caught and probably never will be caught.

Richard Nixon is a member of that international power elite since he elevated himself from the "expendable" level within that organization to it's top echelon. At one time, when Nixon was still classed as an expendable, his murder was entertained at the top echelon when it was felt that he had outlived his usefulness to them. They were going to murder him in a hospital, and later represent him as a martyr in exploitation of the fact (still in evidence today) that he was never personally convicted of any crime whatsoever at any time! Nixon himself got wind of that plot, and retaliated by going on nationwide television and saying "I know if I ever go into a hospital, I'll never come out alive". All he had was a trivial little case of milkleg. The point is that he was threatening to blow the whistle if they didn't back off their plans to kill him, as many others have been killed by corrupt doctors, as Nixon himself well knew. There are many drugs - lethal drugs - that leave no trace whatsoever in the human body.

As you profess to be a God fearing man, I would like to leave you with some food for spiritual thought. God really does exist. He is almighty, eternal, and incomprehensible, in His entirety, to the mind of mankind. Statistically, medical doctors have the highest suicide rate of any occupational group, and within that circle, psychiatrists as a specialty group have a suicide rate seven times that of ordinary doctors. I pity every doctor who is an atheist and thereby blind to the fact of Divine vengeance upon their heads.

Very truly yours,

Clarence E. McCutcheon  
Clarence E. McCutcheon

Honorable Gov. Carter

Enclosed copy has been  
sent you Sir in case you  
experience delay in  
forwarding the same from  
your Atlanta Office  
Thanking you P.V. Kadaba

GEORGIA INSTITUTE OF TECHNOLOGY  
ATLANTA, GEORGIA 30332

SCHOOL OF  
MECHANICAL ENGINEERING

Sept. 27, 1976

Honorable Gov. Jimmy Carter

P.O. Box 1976

Atlanta, Georgia 30301

Dear Honorable Gov. Carter

An Engineer President ~~is~~ on the making.

I have my wholehearted support since my dreams and dreams of our country depends on your leadership and your ability to put together a team of experts comparable to President John F. Kennedy. In the wake of Sputnik Era he had a mission to put the man on the moon and accomplished it. Unfortunately, he did not live long enough to see it. Peace Corps was another dream of his to bring world peace and better understanding of Americans outside of the United States.

In the wake of Energy Crisis it is my hope that you will have a mission to make us Energy Efficient Society.

In order to portray the importance of energy at the start of the third century of our independence I have prepared enclosed position paper, "Productivity and Prosperity - Where do we go from here?" using the available statistical data.

You as an engineer will appreciate that while we produce more and consume more we are very inefficient in the process when compared to France, Japan and West Germany. We would like to be leader in this new measure of Productivity per Unit of Energy. It is a very difficult task to catchup with other countries which are twice as efficient as we are without

sacrificing our desire to live better than ever and to accomplish our technological growth in efficient ways.

It is my hope that you along with a dozen dedicated persons in the cabinet, a handful of senators who are statesman like and a score of congress persons devoted to growth of our country can move the world's most prosperous democracy into a stable future.

I trust this enclosed material will not be filtered out by your staff and you amidst busy campaign schedules will get a chance to read this manuscript:

In fact, it is my hope that future T.V. debates will project your philosophy to lead the

country by establishing ENERGY CORPS among many other aspirations you have set forth to accomplish.

Let Peace and Prosperity continue since Turmoil and War shakes the very Foundations of such Dreams.

It will be a thrilling experience for me to get a personal acknowledgement. A comment or two will be an exhilarating experience. If such a dream can be a reality, we are the benefactors of your administration.

Very Sincerely Yours,  
Prasanna V. Kadaba  
PRASANNA V. KADABA.

P.S. We owe Mom Carter a package of pickles from India. Hope such a package can be cleared through the security.

PRODUCTIVITY AND PROSPERITY

WHERE DO WE GO FROM HERE?

by

Prasanna V. Kadaba  
Associate Professor of Mechanical Engineering  
Georgia Institute of Technology  
Atlanta, Georgia 30332

Member, A.S.M.E.

ABSTRACT

The pattern of energy usage and its relation to productivity of several industrialized nations of the World has been presented. Productivity per unit of energy has been defined which is comparable to thermodynamic efficiency. In such a comparison the United States ranks fifth among eight countries selected. Future options that are available and goals that need to be established are explored.

## PRODUCTIVITY AND PROSPERITY

### WHERE DO WE GO FROM HERE?

by

Prasanna V. Kadaba  
School of Mechanical Engineering  
Georgia Institute of Technology  
Atlanta, Georgia

Industrialized nations use major portions of energy consumed by the world which reflects on the extent of their productivity and their high standard of living. A large percentage of the energy they use are fossil fuels which are limited in extent. It is the natural instinct of humanity to live better which will no doubt lead him to consume more energy per capita. If this is coupled with higher rate of productivity per capita some justification can be drawn for the recent trend and future growth can be properly guided. Awareness about the limited availability of fossil fuels and the experience resulting from sharp increase in oil prices have encouraged us in reexamining energy usage pattern of the modern world.

Statistical data on gross national product, energy consumption and population for recent years is contained in the 96th edition of Statistical Abstract of the United States, 1975. Similar data for the various countries of the world is available in United Nation's Statistical Year Book - 1974. They can be used to illustrate the effectiveness of the energy usage of the leading countries of the World. Table 1 contains pertinent data for the years 1970 to 1973. The countries selected are U.S.A. and Canada in the Western Hemisphere,

France, Germany, United Kingdom and U.S.S.R. in Europe, Japan and Australia in the Far East. Table 2 represents similar data for the United States of America for the years 1970 to 1974 taken from the Statistical Abstract published by the U.S. Department of Commerce. Careful examination of the table of figures reveal that on per capita basis the productivity of United States is the highest in the world. In order to achieve this productivity the energy consumption per capita is also the highest. Canada is closely behind the United States in energy consumption per capita. Largest consumption of energy is indicative of the affluent pattern of living in these two countries.

The ratio of productivity to the energy consumption represent the effectiveness of a nation in its energy use which is comparable to thermodynamic efficiency. Figure 1 illustrates such a concept. In this figure, the coordinates are Gross Domestic Product per Capita (Extent of Productivity) and Energy Consumption per Capita (Extent of Prosperity). The data of Table 1 is used in this illustration. The slope of the line from a point on the figure to the origin represents the effectiveness. These lines are drawn for the year 1972 for the eight countries selected. The units for this slope is U.S. dollars per kilogram of coal equivalent consumed. Their numerical values for the years 1970 to 1973 for each of the eight countries are contained in Table 1. Figure 1 demonstrates that France leads the world in effective use of energy as indicated by the highest value for the slope. In such a comparison, Japan, Germany and Australia are trailing France. United States, United Kingdom and Canada are about one half effective compared to France while U.S.S.R. is only one third

effective in such a comparison. During 1970 to 1973 each one of these countries show a marked improvement in effective use of energy. Rapid increase in effectiveness demonstrated by some of these countries may be due to adjustments in monetary exchange rates. These figures should also be adjusted to reflect the relative inflation for true comparison.

Even though United States leads the world in gross domestic product per capita it's fifth rank among these eight selected countries is worth commenting. Principle reasons for high rate of energy consumption per capita in the United States and Canada are a large number of miles driven per capita and the fuel required to drive large automobiles, large square footage of living space per capita and the energy consumed for year round comfort of the living space. They represent the extent of prosperity enjoyed by these two countries. In comparison European countries have old well established, stable urban centers which permits lowering the average number of miles of vehicular transportation required per capita. The urban transportation system is utilized more effectively. Because of the increased land value the living space per capita is also comparatively lower. Increased energy costs have also promoted these factors.

Figure 2 is similar to Figure 1 but is drawn for the United States only for the years 1970 through 1974. The data for this plot is contained in Table 2. The abscissa for this plot is in millions of British Thermal Unit per capita. The slope of the line joining the data point to the origin representing efficient use of energy is in U.S. dollars per million British Thermal Unit. The data reflects reduction in energy consumption in 1974 when compared to 1973 reflecting the impact of

increased oil prices and the reaction of public in readjusting their life style. The gross national product for the year 1974 is an estimation. It shows remarkable improvement in effective use of energy. Primary cause for this improvement is immediate energy conservation schemes adapted by the individuals.

In the face of energy crisis it is necessary to develop a meaningful national policy which promotes improved effective use of energy without sacrificing the ever increasing human desire to live better. Considering that United States is far behind in efficient use of energy when compared to several countries in Europe, Japan, and Australia, a well planned intensive effort on the part of our community leaders and our government to conserve energy will increase productivity per unit of energy towards the level posted by the countries already ahead of the United States. A long range goal promoting multiple uses of a single energy source and planned communities that support this idea will help surpass the current trend towards higher values of productivity per unit of energy.

Some of the options that are available are illustrated in Figure 2. The speculative trends are shown by curved lines which reflects the inertia of the system to any changes instituted. These options are:

- a) Economic Disaster - Increased use of energy per capita without marked improvement in the gross national product. Awareness of the public and the pressure they exert through democratic action in electing their leaders, prevent such a trend.

- b) Unfavorable Trend - Awareness of the public to live in a clean environment resulted in flurry of quick solutions. For example, automotive emission control devices lowered the number of miles per gallon drastically. Reduction of sulfur oxide required additional energy to process the coal or clean the flue gases increasing the energy required per kilowatt hour of electricity generated. Thermal pollution control of nuclear power plant requires increased consumption of energy. These types of solutions to pollution problems will reduce gross national product per unit of energy consumed.
- c) Current Trend - A nation and its leaders without any firm commitments towards energy policies will show a moderate improvement in efficient use of energy particularly when these values are adjusted for inflation. Such a status quo is not expected of a progressive nation.
- d) Desirable Trend - A planned effort to promote energy conservation ideas and educate public will result in immediate improvement in effectiveness of energy usage in relation to productivity. The trend shown between 1973 and 1974 in Figure 2 can be markedly improved. Another concept that promises most improvement for a given investment is the multiple use of single source of energy currently being used. An example of that is to use fossil fuels for generation of electricity or shaft power and use the inevitable waste heat of the power plants for heating and cooling needs of the

community. A leading example of this idea is modular integrated utility system (M.I.U.S.). The utilization factor of the energy content of the fuel can be very high improving greatly the productivity per unit of energy. These ideas already exist in urban centers such as Manhattan Island, New York, and are actively practiced in industries. A national awareness and reliable engineering solutions will permit active expansion programs to other commercial and residential communities. An immediate implementation of this idea in a large scale will help catch up with France in posting a high value of productivity per unit of energy. They will have the beneficial effect of reducing energy consumption of a nation without sacrificing the incentives to live better. The rate of pollution will also be diminished giving much needed relief to develop more meaningful long range solution to pollution problems.

- e) Conservationist's Utopia - A long range national program that addresses to overall plan which includes developing national consciousness to prevent energy currently being wasted, promoting multiple uses of energy sources, encouraging development of alternate energy sources, planning urban communities that are energy efficient, and exploiting communication media to fullest extent resulting in lower energy consumption, will help the United States to be leader not only in the extent of productivity with an ever increasing

extent of prosperity but also in the efficient use of energy in making such gains.

In the light of the above comments it is worth noting the descriptive insert contained in Figure 2 and draw strength so that each one of us can play our part to produce energy efficient society. It will pave the way for other industrialized nations to emulate us and the developing nations to chart their course effectively to improve their lot. We have the potential, technological base and desire to carry our nation towards the pinnacle of prosperity for long years to come. In order to achieve these objectives we need dedicated leaders in our community and government to provide the much needed planned stimulus. With such a leadership and desire in our favor we can reduce pollution, improve productivity and accomplish meaningful energy management without sacrificing human desire to live better as we move on to 1980.

Table 1. Productivity and Energy Consumption  
in the Leading Countries of the World\*

COUNTRY	YEAR	FRANCE	JAPAN	FEDERAL REPUBLIC OF GERMANY	AUSTRALIA
Population** in Million	1973	52.13	108.3	61.97	13.13
	1972	51.68	107.0	61.53	12.92
	1971	51.22	105.6	61.09	12.72
	1970	50.77	104.3	60.65	12.51
Consumption of Energy Metric Tons of Coal	1973	229.0	390.2	358.9	78.22
	1972	214.9	344.6	332.8	73.88
	1971	201.5	342.0	320.4	69.36
	1970	192.8	332.4	317.8	67.24
Energy Consumption Per Capita Kilogram Coal Equivalent	1973	4393	3603	5792	5957
	1972	4158	3221	5409	5718
	1971	3934	3239	5245	5453
	1970	3798	3187	5240	5375
Gross Domestic Product in 10 <sup>9</sup> U.S. \$	1973	---	396.4	344.3	---
	1972	194.6	299.0	260.6	51.76
	1971	171.1	252.1	233.3	43.00
	1970	145.6	198.2	188.3	36.57
Gross Domestic Product Per Capita U.S. \$	1973	C ---	F 3660	F 5556	C ---
	1972	C 3765	F 2794	F 4235	C 4006
	1971	C 3340	F 2387	F 3819	C 3381
	1970	C 2868	F 1900	F 3105	C 2923
Gross Domestic Product \$ Per Kilogram Coal	1973	---	1.0158	0.9592	---
	1972	0.9054	0.8674	0.7829	0.7006
	1971	0.8490	0.7369	0.7281	0.6200
	1970	0.7551	0.5962	0.5926	0.5438

\* Data base - United Nations - Statistical Year Book, 1974.

\*\* Estimated - Linear interpolation for 1971 and 1972.

C - Current system of national account.

F(A) - Former system of national account.  
(New material product)

Table 1. Productivity and Energy Consumption  
in the Leading Countries of the World\*  
(Continued)

COUNTRY	YEAR	U.S.A.	UNITED KINGDOM	CANADA	U.S.S.R.
Population** in Million	1973	210.4	55.93	22.13	249.7
	1972	208.6	55.76	21.86	247.4
	1971	206.7	55.58	21.59	245.1
	1970	204.9	55.41	21.32	242.8
Consumption of Energy Metric Tons of Coal	1973	2516	323.9	248.6	1230
	1972	2426	318.0	235.0	1180
	1971	2317	309.2	209.7	1112
	1970	2269	300.2	201.1	1055
Energy Consumption Per Capita Kilogram Coal Equivalent	1973	11958	5791	11234	4926
	1972	11635	5703	10750	4770
	1971	11204	5563	9713	4537
	1970	11074	5418	9432	4345
Gross Domestic Product in 10 <sup>9</sup> U.S. \$	1973	C 1298	C ---	C 120.3	F(A) 452.0
	1972	1162	143.7	104.7	378.3
	1971	1060	141.9	94.0	367.9
	1970	983	119.7	85.5	322.1
Gross Domestic Product Per Capita U.S. \$	1973	6169	---	5436	1810
	1972	5570	2577	4790	1529
	1971	5128	2553	4354	1501
	1970	4797	2160	4010	1327
Gross Domestic Product \$ Per Kilogram Coal	1973	0.5159	---	0.4839	0.3674
	1972	0.4787	0.4519	0.4456	0.3205
	1971	0.4577	0.4589	0.4482	0.3308
	1970	0.4332	0.3987	0.4251	0.3054

\* Data base - United Nations - Statistical Year Book, 1974.

\*\* Estimated - Linear interpolation for 1971 and 1972.

C - Current system of national account.

F(A) - Former system of national account.  
(Net material product)

Table 2. Productivity and Energy Consumption  
in the United States of America\*

Year	1970	1971	1972	1973	1974
Population, million	201.7	204.3	206.5	208.1	209.7
Gross National Product, in Billions of U.S. \$	977.1	1054.9	1158.0	1294.9	(1397.3)
Energy Consumption in Trillions of Btu	67143	68698	71946	74743	73121
Energy Consumption per Capita in Millions of Btu	332.9	336.3	348.4	359.2	348.7
Gross National Product per Capita in U.S. \$	4844	5163	5607	6222	(6663)
Gross National Product in \$ per million Btu	14.55	15.35	16.09	17.32	(19.11)

\* Data base - Statistical Abstract of the United States 1975, 96th Edition,  
U.S. Department of Commerce, Bureau of Census.

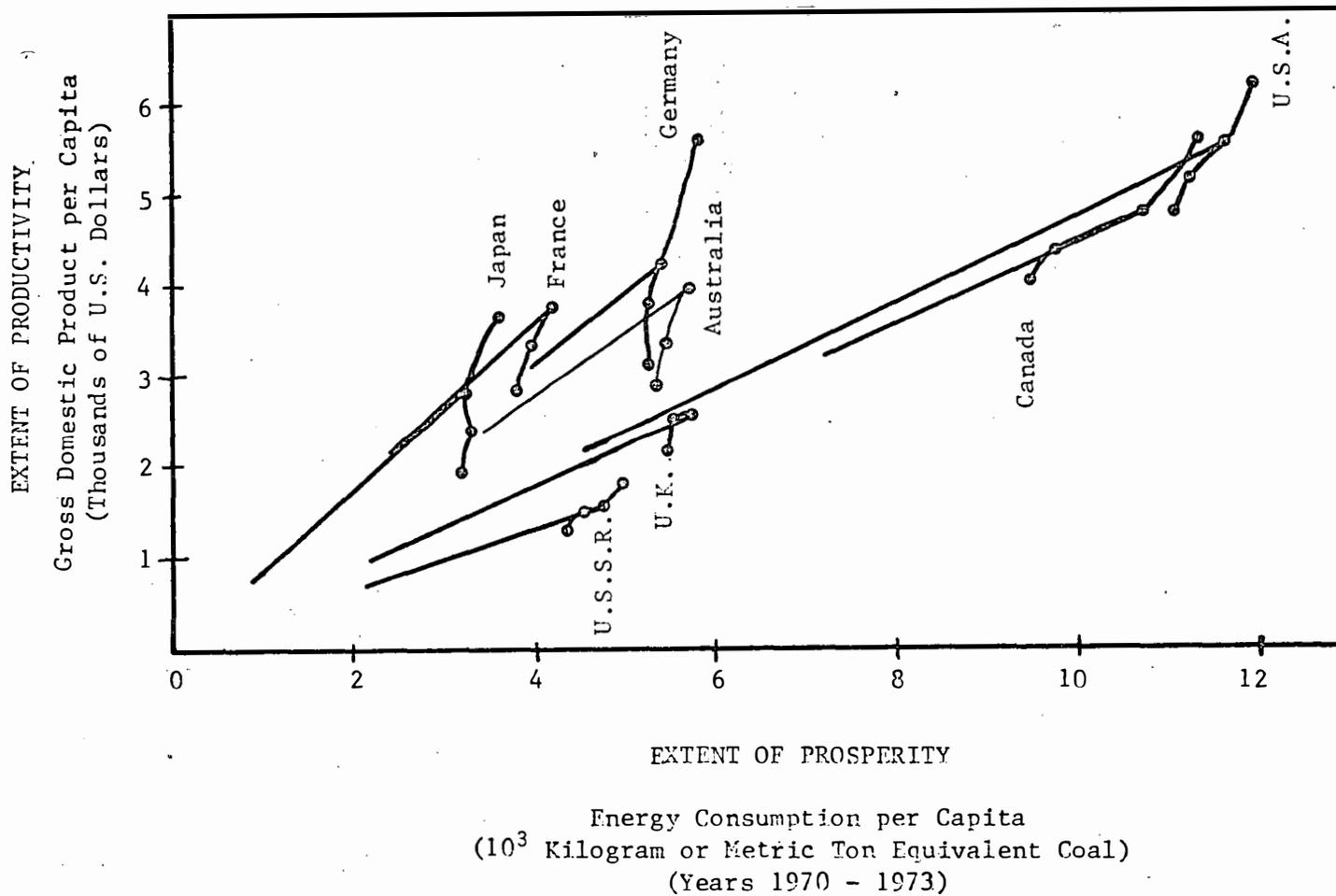
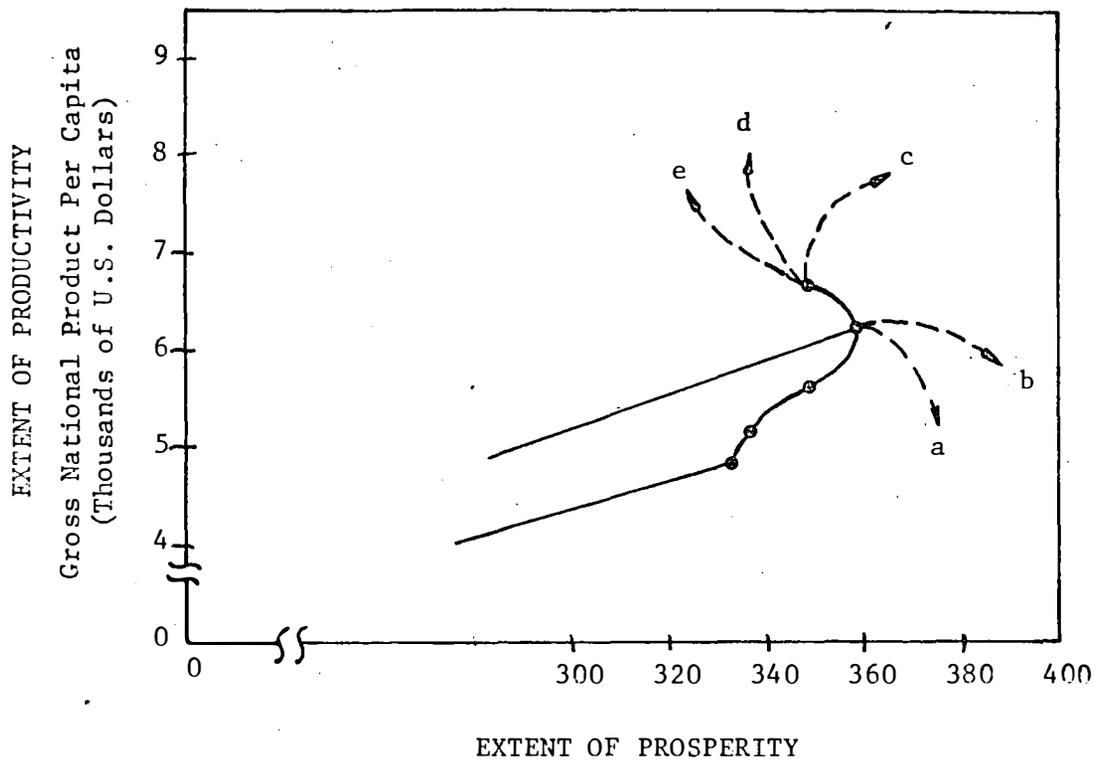


Figure - 1 Effectiveness of Energy Usage of Selected Countries in the World.



Energy Consumption per Capita  
(Millions of British Thermal Unit)

- a - Economic Disaster
- b - Unfavorable Trend
- c - Current Trend
- d - Desirable Trend
- e - Conservationist Utopia

Public awareness, democracy studied with statesmen, engineers gifted with talents, technology dedicated to conservation, business leaders actively supporting the research and long range planning by our peers can help bend the inertia of our technological base towards "conservationists topia" and betterment of our civilization which is biding time for alternate source of energy.

**We can save some for the 21st century.**

Figure - 2 Past Trend and Future Options for Effectiveness of Energy Usage in the United States of America (Years 1970 - 1974)

# AMERICAN PUBLIC WELFARE ASSOCIATION

1155 SIXTEENTH STREET, N.W. WASHINGTON, D.C. 20036

Edward T. Weaver  
Executive Director

Suite 201  
Telephone: (202) 833-9250

September 30, 1976

Mr. Jimmy Carter  
Plains, Georgia 31780

Dear Mr. Carter:

On behalf of the American Public Welfare Association and its President, Wilbur J. Cohen, I am pleased to submit to you copies of two policy statements approved by the Board of Directors last Friday. Enclosed are statements on National Health Policy and Welfare Reform Objectives with supporting background information.

Committees of the Board of Directors of APWA have been working for more than a year to prepare these statements. We hope the products of this effort will increase understanding and contribute to the public debate on these important subjects.

Sincerely,



Edward T. Weaver

Enclosures

ETW:pmr

FROM: AMERICAN PUBLIC WELFARE ASSOCIATION  
1155 Sixteenth Street, N.W.  
Washington, D.C. 20036

CONTACT: Barbara Wallace or Rob Fersh  
(202) 833-9250

FOR IMMEDIATE RELEASE

Washington, D.C. (Sept.28)--Welfare reform recommendations described by the American Public Welfare Association (APWA) as "realistic and achievable" were sent today to Congress, both Presidential candidates, and major public interest groups.

The recommendations are the result of a year-long study of income support programs and welfare reform proposals by an APWA committee of economists, social experts, academicians, program administrators, and public welfare case-workers from all parts of the country. The committee's report concludes that early action on welfare reform is needed to help ease the burden of a 2.5 million increase in the poverty population in the past year and to bring order to an overlapping maze of assistance programs that contribute to family break-up and inequities among the working and non-working poor.

Recommendations of the committee, officially endorsed by the APWA board of directors in the past week, call for consolidation of certain assistance programs--including Aid to Families with Dependent Children, food stamps, and local general assistance programs--into a single program with a nationwide minimum payment fully funded by the Federal Government. The level of the national payment would be based upon a percentage of an "objectively established and annually updated United States government poverty index." Other recommendations include the following:

- States should be allowed to supplement the minimum payment with the Federal Government sharing the cost of this supplementation.
- No participant should receive a lower payment under a new program than provided under current cash assistance programs.

--Income assistance should be available to all persons who lack adequate income resources, including intact and single parent families, childless couples, and single persons.

--As a condition of eligibility, employable participants should be required to accept a bona fide offer of employment or training leading directly to a specific job. Persons unable to work because of age or disability, or because they are needed in the home to care for children or a disabled or aged person, should be exempted from work requirements.

--As an incentive to work, employed program participants should be allowed to keep at least half of their earnings.

--Program administration should be the responsibility of the states, with federal supervision of uniform eligibility criteria for the nationwide minimum payment. The states and federal government should share the costs of administration.

In a background paper accompanying the recommendations, the APWA Committee on Income Maintenance stressed the need for a national policy of full employment and a comprehensive training program to support welfare reform. "The single most important variable determining work force participation by poor people who are able to work is the presence or absence of jobs," the committee said. "Incentives should be provided to private employers to train and hire welfare recipients, and if necessary, public service employment should be provided."

Committee chairperson Steven A. Minter, APWA's President-elect and Program Officer, The Cleveland Foundation (Cleveland, Ohio), said the committee also recommended state administration of the national minimum payment because "the states already have a system intact which can readily adapt to new program requirements."

"To start a new federal system--even one administered through the income tax structure, for example--would require several years' start-up time and would involve enormous complications," Minter said. "After thoroughly reviewing the various alternatives for sweeping reform, we determined that progressive reform is needed now and would be an important step toward reaching an ideal system in the future."

A copy of the committee's recommendations and background report, as well as a listing of committee members, can be obtained from the American Public Welfare Association, 1155 Sixteenth St., N.W., Washington, D.C.

APWA is a national non-profit, voluntary membership organization composed of agencies, organizations, and individuals concerned about national social policy and the professional development of persons working in the public welfare field. The current president of the elected board of directors is Wilbur J. Cohen, former secretary of the U.S. Department of Health, Education and Welfare and now dean of the school of education, University of Michigan at Ann Arbor.

American Public Welfare Association  
Position on Welfare Reform

Adopted by the APWA Board of Directors  
September 23, 1976

The American Public Welfare Association adopts the following objectives for reform of the United States' welfare system. In general terms, APWA calls for a Federal benefit floor to be established for all needy persons. Program administration, except for the Supplemental Security Income program, would be the responsibility of the states and states would be able to supplement the Federal benefit floor. Various programs which provide income maintenance (e.g. General Assistance, Food Stamps, AFDC) would be consolidated into one program, although the SSI program would continue to function independently. A limited work requirement would be maintained and work incentives would be provided. Our position includes the following features:

(1) FEDERAL BENEFIT FLOOR

A nationwide minimum payment, funded fully by the Federal Government, should be provided to all eligible participants. The level of this payment should be based upon a percentage of an objectively established and annually updated United States government poverty index.

(2) STATE SUPPLEMENTATION

States should be allowed to supplement the Federal minimum payment at their own option, except that no participant should receive a lower payment than provided under current cash assistance programs.

(3) UNIVERSAL ELIGIBILITY

Income maintenance should be provided to all persons (intact and single parent families, childless couples and single persons) who qualify on the basis of their income and resources.

(4) CONSOLIDATION OF PROGRAMS

Various programs which provide income maintenance (such as AFDC, Food Stamps, and General Assistance) should be consolidated into one cash payment program. The SSI program should continue as an independent program.

(5) WORK REQUIREMENT

As a condition of eligibility, employable participants should be required to accept a bona fide offer of employment or training leading directly to a specific job. Age, disability or defined socially productive activities, such as providing care for a child, disabled or aged person, should each be a basis for exemption from the work requirement.

(6) WORK INCENTIVE

The "tax rate" applied to the earned income of program participants should be no higher than fifty percent.

(7) ADMINISTRATION

Program administration should be the responsibility of the state, with Federal supervision of the uniform eligibility criteria for the nationwide minimum payment. The states and Federal government should share in the costs of administration.

American Public Welfare Association  
Committee on Income Maintenance Policy

Report on Welfare Reform  
September 1976

I. INTRODUCTION

This paper represents the position on welfare reform developed by the American Public Welfare Association Committee on Income Maintenance Policy. In this paper, we address primarily the income maintenance function of the public welfare system. We do not attempt to address the entire range of governmental transfer programs and tax policies which affect the income of individuals. Income maintenance is perhaps the most central function served by the public welfare system. It refers to the provision of cash or in-kind benefits by which needy individuals are able to purchase the necessities of life. Although this paper focuses on income maintenance, we are keenly aware that income maintenance (or "welfare", as the public refers to it) is not neatly severable from other public welfare functions. The potential for success of any income maintenance proposal is dependent upon the effectiveness with which other closely interrelated functions, such as medical care and social services, are served. It is also dependent upon larger societal conditions, such as the availability of employment for those able to work.

This welfare reform proposal should be viewed as one approach to alleviate the serious problem of poverty in the United States. It by no means represents a complete solution to that problem. The existence of poverty is a most complicated social ill which an income maintenance program cannot and should not assume full responsibility for curing. However, an efficient and humane income maintenance system can and should be designed to greatly ease the burdens of those who are poor.

II. THE PROBLEM

The United States is one of the most affluent nations on earth, yet the Bureau of the Census reported that in 1975, 25.88 million persons, comprising 12% of the population, endured a living standard at or below the poverty level.<sup>1/</sup> Over forty years ago the Federal government initiated efforts through the Social Security Act to provide subsistence to certain persons unable to provide adequately for themselves. Since that time a network of programs has evolved, some based on income and some not, which are designed to support various "categories" of people who meet certain requirements in addition to need. Among the categories are the aged, the infirm, the blind, single parent families with children and the unemployed.

The Federal and state governments provide assistance to the aged, blind and disabled through Supplemental Security Income; to single parent families with children (mostly female-headed), through Aid to Families with Dependent Children (AFDC); and to two-parent families through AFDC-Unemployed Parent, which operates in only about half the states. The Federal government provides additional aid to public assistance families and the working poor through the Food Stamp Program. The unmarried poor, intact families with working fathers, and childless couples

<sup>1/</sup> U.S. Bureau of the Census, Current Population Reports, Series P-60, number 103, "Money Income and Poverty Status of Families and Persons in the United States: 1975 and 1974 Revisions, (Advance Report) U.S. Government Printing Office, Washington, D.C., 1976.

who are poor may receive additional help through a state or local General Assistance. In addition to these basic "welfare" programs there are a variety of nutritional programs, housing subsidies, and Medicaid.

Social insurance, principally Social Security (OASDHI) and unemployment insurance, also serves to prevent need for a variety of individuals and households. While Social Security and UI are usually classified as insurance programs, they have features which tie them closely to the public welfare function.

This overlapping, yet non-comprehensive, maze of programs has been the subject of much controversy and debate over recent years. Beginning with the proposal of the Family Assistance Plan in 1969, there has been a series of proposals for "welfare reform" before Congress which would affect, directly or indirectly, all of the programs mentioned above. The push for welfare reform has come from many directions. Poor people have decried the inadequacy of benefits. They have criticized gaps in program coverage which induce the breakup of families. They have objected to the dehumanizing, stigmatizing ways in which programs are administered, sometimes involving unnecessary invasions into their privacy. They have voiced resistance to work requirements when there have been no jobs to be found or when accepting a low wage job results in a real loss of income to their families. These reactions to the welfare system are shared by many other members of society.

Program administrators have bemoaned the administrative complexities of Federal-State programs. Extensive Federal regulation within each program has curtailed the ability of states and localities to respond to the special circumstances existing in their respective areas. The unnecessarily complicated procedures by which eligibility and payment level are determined have contributed to relatively high error rates in program administration. This, in turn, has led to strained Federal-State relations. The failure to develop standard guidelines and forms for separate programs which serve similar needs (e.g. AFDC and Food Stamps) has caused substantial duplication of effort by state administrators and an unnecessary flood of paperwork.

State and local governments are actively seeking welfare reform to ease the acute budgetary pressures they have felt in recent years. Social welfare programs are draining increasing proportions of state and local revenues. There is growing pressure from various state and local officials to federalize "welfare", or at a minimum, to increase the Federal share of program costs.

Finally, there is considerable sentiment among the public at large for reform of the welfare system. The explosive growth of the welfare rolls in the late 1960's and the continued rise in expense has made the cost of various programs a major concern of citizens. The rise in participation also tends to reinforce the popular misconception that ineligible and cheaters comprise a significant segment of welfare participants. The continued exploitation of this theme by politicians adds fuel to the fire. The situation is worsened by the fully justified recognition that the welfare system does create certain inequities among working people and between the working and non-working poor. Under current law,

it is possible for one of two persons with the same family situation and working at the same job at the same pay, to qualify for assistance, while the other will not. And, in some instances, those who work are worse off economically than those who do not. Furthermore, to many citizens, "welfare" epitomizes the ultimate in bureaucratic mismanagement; it is, in their view, a bottomless pit into which taxpayers' money flows to pay for paper shuffling and red tape, with little tangible evidence of benefit accruing to "poor" people or society at large.

Such concerns continue to militate in favor of reform of the United States' system of income maintenance. Each of these concerns should, in some way, be addressed by any systemic reform which may be adopted. Administrative simplicity and efficiency should be emphasized. Programmatic costs should be equitably distributed across the nation. Perhaps above all, the income maintenance system should be accountable to both the public at large and the population to be served. The public should have confidence that their dollars are well spent, providing sustenance to those most in need. Those who will receive benefits should be assured that the system is responsive to their needs. It is they who can best evaluate how effectively a system designed to serve them achieves that objective. For this reason, it is most important that low income people be included fully in the political processes which determine the nature of welfare reform.

The Committee has attempted to develop a realistic and achievable position. We have formulated its objectives with a careful eye toward what has been done in the past and what appears to be politically realistic for the future. We think that it addresses the major issues in welfare reform in a most constructive fashion. We hope it will contribute to an early and positive resolution of the continuing welfare reform debate.

Our position calls for a Federal benefit floor to be established for all needy persons. Program administration, except for the Supplemental Security Income program, would remain the responsibility of the states and states would be able to supplement the Federal benefit floor. Various programs which provide income maintenance (e.g. General Assistance, Food Stamps, AFDC) would be consolidated into one program, although the SSI program would continue to function independently. A limited work requirement would be maintained and work incentives would be provided.

### III. THE POSITION

#### (1) FEDERAL BENEFIT FLOOR

A nationwide minimum payment, funded fully by the Federal Government, should be provided to all eligible participants. The level of this payment should be based upon a percentage of an objectively established and annually updated United States government poverty index.

#### (2) STATE SUPPLEMENTATION

States should be allowed to supplement the Federal minimum payment at their own option, except that no participant should receive a lower payment than provided under current cash assistance programs.

(3) UNIVERSAL ELIGIBILITY

Income maintenance should be provided to all persons (intact and single parent families, childless couples and single persons) who qualify on the basis of their income and resources.

(4) CONSOLIDATION OF PROGRAMS

Various programs which provide income maintenance (such as AFDC, Food Stamps, and General Assistance) should be consolidated into one cash payment program. The SSI program should continue as an independent program.

(5) WORK REQUIREMENT

As a condition of eligibility, employable participants should be required to accept a bona fide offer of employment or training leading directly to a specific job. Age, disability or defined socially productive activities, such as providing care for a child, disabled or aged person, should each be a basis for exemption from the work requirement.

(6) WORK INCENTIVE

The "tax rate" applied to the earned income of income maintenance program participants should be no higher than fifty percent.

(7) ADMINISTRATION

Program administration should be performed at the state level, with Federal supervision of the uniform eligibility criteria for the nationwide minimum payment. The states and Federal government should share equally in the costs of administration.

IV. EXPLANATION AND RATIONALE FOR THE POSITION

(1) FEDERAL BENEFIT FLOOR. A Federal minimum payment is needed to guarantee that participants in all states receive some measure of adequacy in benefit payments. The monthly payment standard for a family of four in the AFDC program currently ranges from about \$60 to about \$413 within continental United States.<sup>2/</sup> Such disparities in payment levels are difficult to reconcile, even allowing for cost-of-living differentials.

The level of payment for the Federal floor should be based on an objectively established U.S. Government poverty index which is updated annually to reflect cost-of-living changes. We recognize that there is an unavoidable conflict between providing adequate benefits and work incentives on the one hand and controlling

<sup>2/</sup> AFDC, Standards for Basic Needs, State Maximums and Other Methods of Limiting Money Payments, July 1975, Dept. of HEW, SRS, Publication #76-03200, April 1976.

program costs on the other. It should be possible to reach an acceptable compromise of these concerns, keeping in mind that states will be allowed to supplement benefit payments.

(2) STATE SUPPLEMENTATION. States should be allowed to supplement the minimum Federal payment and receive Federal assistance for part of the cost of the supplement. Supplementation will undoubtedly be needed due to variances in the cost-of-living and the existence of unique circumstances in various areas. It is unlikely that the Federal minimum payment would equal the combination of benefits now available in some states.

With one exception, supplementation should be at state option. With the switch to the Federal floor, no person should receive lower benefits than he receives under current cash assistance programs. This should not pose a threat to state budgets since the combination of the Federal floor and Federal participation in the supplement should combine to provide considerably greater Federal assistance than is currently provided.

(3) UNIVERSAL ELIGIBILITY. One of the reasons for the perpetuation of a series of welfare programs is the failure of any single program to address the needs of all Americans requiring income assistance. By providing universal coverage, a nationwide income maintenance program will remove the primary *raison d'etre* of various other programs. In addition, it will shift some of the financial burden from hard pressed states and localities to the Federal Government.

The Committee urges the abandonment of the concept that only certain categories of low income people be provided assistance. All persons below an established income level should have the opportunity to qualify for assistance. Complex societal conditions play a critical, if not decisive, role in the ability of many people to become self-supporting. The line between the "worthy poor" and the "unworthy poor" has become so blurred that no clear distinction can be made. Our current cash assistance programs unfairly discriminate against single individuals, childless couples and intact families. A certain amount of unemployment and underemployment is built into our economic system, thus ensuring that some of these people must live with an income below the poverty line. It is possible for the head of an intact family to work full time at the minimum wage and still have an income below the poverty line. In light of these factors, the Committee strongly urges that those needy persons formerly excluded from Federal assistance programs now be afforded the right to participate.

Universal eligibility will also remove incentives for family breakup which exist under current programs. Particularly in states which have no AFDC-UP program, it is currently a rational economic decision for certain parents to leave their families.

Other than the work requirement discussed below, eligibility should be based only upon satisfaction of income and resource tests. Countable income should include cash income only. The valuation of in-kind benefits is administratively cumbersome and governmental in-kind benefits should be cashed out wherever possible.

Reasonable assets guidelines should be set for program participants. The limits should protect against flagrant abuse of the program and assure the public that only those in need receive assistance.

(4) CONSOLIDATION OF PROGRAMS. The Committee urges a consolidation of as many programs as possible which serve similar, if not identical, objectives into a single cash payment program. While we are fully aware that many programs have been established to meet specific, unmet needs, we believe that an adequate cash payment will obviate the need for a series of programs designed to support the purchase of food, shelter and other necessities. We advise caution in the consolidation of programs, recognizing that uniformity of treatment may lead to diminished responsiveness to the particular needs of individuals. However, if a variety of programs exist primarily to provide income maintenance, it makes little sense to maintain each of them as a separate program.

The consolidation of several income maintenance programs should result in considerable administrative savings. No longer will separate bureaucracies -- each keeping its own records, making its own eligibility determinations and arranging for its own payment mechanisms -- have to be maintained to perform similar functions. In addition, the problem of multiple tax rates resulting in work disincentives would be diminished. For instance, at the present time, the tax rates on earnings imposed by the AFDC and Food Stamp Program combine in a way to minimize or even negate the profitability of increased work effort for certain low income earners.

The consolidation of programs will also mean that a single cash payment could replace a variety of coupon, vendor and voucher payments. The payment of cash to individuals is not only simpler administratively, but is also beneficial to those who receive assistance. It reduces the stigma which attaches to those who must currently purchase necessities with in-kind benefits which clearly identify them as "welfare" recipients. Furthermore, it allows poor people to spend their money in a manner which is most responsive to their own needs and priorities. In-kind benefits and vendor payments often hinder rather than promote efficient management of resources. For these reasons, the Committee endorses, as a general rule, the conversion of in-kind benefits into cash payments wherever feasible.

The one major exception to our advocacy of the consolidation of like programs is the Supplemental Security Income program. This program presently provides a federally administered, federally funded benefit floor to aged, blind and disabled persons. States may supplement the Federal floor and may choose whether to administer the supplement themselves or delegate that responsibility to the Social Security Administration. To mandate that this largely Federal program now be returned to state administration does not appear to be a wise policy choice. Among the aged, almost all of the recipients are already in touch with the Social Security Administration for Medicare. The percentage of those on SSI who receive cash Social Security benefits is now 70% and is predicted to reach 95%. About 30% of SSI disability recipients receive Social Security benefits. With this

large overlap among the programs it seems sensible to allow recipients to continue to do business with one agency rather than two. A more detailed statement on the SSI program is presented in a separate APWA position paper.

(5) WORK REQUIREMENT. A work requirement is included in the Committee position on welfare reform despite our belief that the overwhelming majority of potential participants who are able to work are willing to do so. To focus on the presence or absence of a work requirement in an income maintenance program is to miss the really critical issue in the politically sensitive debate over work and welfare. The single most important variable determining work force participation by poor people who are able to work is the presence or absence of jobs. If sufficient numbers of jobs are made available for those able to work and if compensation for those jobs is sufficient to make employment an economically rational choice, the question of work requirements would become one of much lesser significance. As indicated in our Social Policy statement, APWA strongly supports a national policy of full employment. As a complement, a comprehensive training program should be developed to enable individuals to gain skills consistent with labor market demands. Incentives should be provided to private employers to train and hire welfare recipients, and, if necessary, public service employment should be provided.

Any work requirement imposed should be a limited, realistic requirement. Basically, it should deny eligibility only to those persons who refuse to accept a bona fide offer of employment or training leading directly to such employment. The denial should apply only to the person refusing work, not his entire family or household. The requirement is included to insure public confidence in the program and to protect against potential abuse by a small minority of individuals. It is not intended to be a punitive exercise which discourages those truly in need from participating in the program. Features such as frequent reporting to the employment service and job search should not be included. Such requirements are difficult and expensive to administer, with relatively little benefit to be gained in return. In addition, the Committee opposes work programs which are created for or restricted to recipients of Federal or state income maintenance payments. Efforts should be concentrated on including program participants in the mainstream of employment or in broad employment or training programs, rather than singling them out for special treatment.

As a recent Senate Subcommittee report pointed out: "With few exceptions, people are only more or less employable, not employable or unemployable."<sup>3/</sup> The work requirement should be humanely administered, sensitive to the varying work capabilities of program participants. Clearly, age, disability or the need to care for a child or disabled person should be a basis for exemption from work requirements. Other socially productive activities which are a public service to the community, but which are not gainful employment, should be explored as voluntary alternatives to participation in the competitive labor market.

<sup>3/</sup> "Income Security for Americans: Recommendations of the Public Welfare Study", Report of the Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the U.S., December 5, 1974. p. 3.

(6) WORK INCENTIVES. The tax on the earnings of program participants is a critical variable in the design of any income maintenance program. It is important that the tax rate be set low enough to make it worthwhile for participants to work. Any system which precludes real economic gain from employment contributes to higher unemployment with the attendant losses in production, tax revenue, personal self-esteem and independence. The indirect public costs of high unemployment are well documented through positive correlations in the rise of physical and mental health problems, social and family problems, crime rates, and substance abuse.

However, if the tax is too low, benefit levels will diminish slowly as earnings rise, persons with relatively high incomes will remain eligible for assistance and overall program costs may be prohibitive. The guaranteed income experiments in New Jersey suggested that work force participation dropped significantly when tax rates reached 70% or above. The Committee takes the position that in order to maintain an effective incentive and maintain equity between those who work and those who do not work, the effective tax rate should not exceed 50%. In this way, program participants will be able to keep at least half of their earnings. An incentive of this nature is important in encouraging voluntary work force participation. We think an emphasis on voluntary participation is preferable to relying solely upon mandatory work requirements.

(7) ADMINISTRATION. The Committee favors state administration of the basic income maintenance program, with Federal supervision of the national minimum grant and eligibility requirements. Administrative costs are currently shared equally by the states and Federal Government in the AFDC and Food Stamp programs and the Committee envisions a similar cost sharing in the future. States would retain their present option to administer locally. At the present time, there are no clear indications that Federal administration will lead to more efficient or effective program management. Our proposal would continue to apply a means test to a population which experiences a comparatively high rate of flux in income, location and living situation. Despite the simplification of eligibility requirements proposed here, the administration of the program will remain a complicated process. The states already have a system intact which can readily adapt to new program requirements. In addition, states are familiar with and can be more responsive to unique needs and circumstances which exist in various localities.

Two of the most important arguments frequently made for Federal administration of income maintenance are disposed of by the inclusion of universal coverage and a minimum nationwide benefit payment in the proposal. All classes of needy persons would be eligible for benefits and states would be unable to pay less than the Federal floor. In addition, Federal Government would retain the authority for prescribing eligibility requirements for the minimum benefit.

In administering the program, states should continue their efforts to assure its accountability to both the public and to participants. Study should be given to utilizing monthly income reporting and retrospective accounting as methods of insuring greater accuracy in income reporting. At the same time, such proposals should not be implemented in a way which is insensitive to the needs of recipients. Current income, rather than income received in past months, should be the basis for determination of initial eligibility to insure that the

program is responsive to the immediate needs of destitute people. If a monthly income reporting requirement is adopted, special allowances should be made so that the illiterate, those persons changing address, those whose reporting forms may be lost or delayed by the postal service or others who may have difficulty preparing a form do not automatically lose benefits for failure to file a form.

There is one other aspect of the administration of an income maintenance program which we would like to address. For many people, application for cash benefits constitutes their point of entry into the public welfare system. It is most important for the income maintenance agency to assume some responsibility for outreach and referral of clients to the variety of social services administered by the public welfare agency and other organizations. If the needs of the client are to be served, the provision of income maintenance should be coordinated with the provision of other services.

#### V. RELATIONSHIP TO OTHER PROGRAMS

(1) FOOD STAMPS AND HOUSING SUBSIDIES. As expressed above, we support the conversion of in-kind benefits to cash wherever feasible. The adoption of our welfare reform position should result in sufficient cash distribution to replace the present patchwork of programs which serve the income maintenance function. Among those programs are food stamps and some housing subsidies. The current programs should be continued until such time as an adequate income floor with universal coverage is established.

(2) MEDICAID. The Committee does not intend to cash out the Medicaid program through its welfare reform proposal. Due to the unique unpredictability of health care expense, adequate medical care for low income persons could not be assured by providing an additional cash grant.

The Medicaid program is currently closely intertwined with the AFDC and SSI programs. Participants in AFDC and, in most states, participants in SSI are automatically eligible for Medicaid. Any income maintenance proposal must be framed with sensitivity to its impact on health care expenditures. For instance, if all participants under our proposed welfare reform plan would qualify automatically for Medicaid, it would likely cause a dramatic increase in that program's costs. Yet, it would be very difficult and inequitable to provide medical care for only some of the program's participants. We believe that a solution to the problem of health care coverage lies in some form of national health insurance. The passage of a national health insurance plan would certainly ease a major burden in adopting income maintenance reform. A separate APWA position paper deals in greater detail with health issues.

(3) SOCIAL SERVICES. We support continuation of a federally financed and supervised social services program that serves all people regardless of income. Such a comprehensive social service program will complement and often improve the effectiveness of basic income maintenance and health care programs. The absence of adequate state and locally administered programs could lead to increased dependency on income maintenance. A separate APWA position paper addresses overall social service policy.

(4) UNEMPLOYMENT INSURANCE AND SOCIAL SECURITY. The American Public Welfare Association over the years has been a strong supporter of social insurance. To the extent possible, the Committee believes that it is desirable to use insurance against the loss of wages as the basic plan for preventing economic insecurity caused by the interruption of work income. We believe that income-tested programs are necessary to accomplish the social goal of preventing need among the entire population regardless of the cause of need, but to the extent that need can be prevented through "income insurance"; we believe the country is better served than relying, as it would otherwise have to, on a greatly expanded welfare system. Therefore, over the years, APWA has backed universal and compulsory coverage under social security and benefit improvements designed to reduce reliance on welfare. In the years immediately ahead, we support further changes to improve the equity of the Social Security system, to meet the need of those members of the population who are least adequately served by Social Security, and to promote the financial stability of the program. A further elaboration of these views has been prepared by the APWA Committee on Policy for Aging.

As for Unemployment Insurance, we favor expanded coverage and greater adequacy of benefits. Our proposed welfare reform scheme is not intended to usurp any of the functions now served by UI. We think that UI should continue to protect against loss of income for those in the labor market unable to find work.

(5) EMERGENT NEEDS. APWA recognizes that some special provision must be made, in addition to the basic income maintenance program, for special needs and emergencies. Such a program exists currently within AFDC. Inevitably, circumstances arise, such as a loss of possessions due to a fire or natural disaster, which the normal grant cannot cover or the normal eligibility process cannot respond to quickly enough. To avoid an excessive drain on state and local resources, Federal financial participation should be provided for the costs of such a program.

## VI. CONCLUSION

As mentioned above, the Committee has endeavored to develop a welfare reform position which is politically realistic, yet rationally and thoroughly addresses the major shortcomings in the present welfare system. We feel that there are no insurmountable political barriers to the adoption of our proposal. In addition, our proposal is not incompatible with the various sweeping welfare reform proposals that are now under discussion, in the event they should be deemed a wise policy choice sometime in the future. We have not framed a proposal which is intended to cure the welfare system for all time. Instead, we think we are putting forth a logical, progressive proposal which is well suited to these times and constitutes a large step forward toward reaching an ideal system in the future.

American Public Welfare Association  
Committee Members of the  
COMMITTEE ON INCOME MAINTENANCE POLICY

AUSTIN, Dr. David M.  
Center for Social Work Research  
University of Texas  
School of Social Work  
Austin, TX

AXINN, Dr. June  
Professor of Social Welfare  
School of Social Work  
University of Pennsylvania  
Philadelphia, PA

BAYLOR, Ms. Patricia B.  
Fairfax, VA

BERMAN, Mr. Jules  
Associate Professor  
School of Social Work  
University of Maryland  
Baltimore, MD

BLOOM, Mr. Marvin  
Associate Professor  
School of Social Work  
State University of New York/Buffalo  
Buffalo, NY

BOGART, Mr. Frank L.  
Food Stamp Supervisor I  
Unicoi County Department of Public Welfare  
Erwin, TN

BROEDER, Ms. Lynn  
Program Developer  
The Presbytery of Elijah Parish Lovejoy  
St. Louis, MO

BOOTH, Mr. Philip  
Research Associate and Consultant  
University of Michigan  
Ann Arbor, MI

BRIZIUS, Mr. Jack  
Deputy Director  
Bureau of the Budget  
Springfield, IL

COLEMAN, Mr. Paul H.  
Corporate Counsel  
Arthur Treacher's Fish and Chips, Inc.  
Columbus, OH

COSTA, Mr. John L.  
Senior Planning Specialist  
Regional Office, Bureau of Supplemental  
Security Income, Social Security Adm.  
Boston, MA

DAVIS, Mr. Joe  
Director of Research  
Federation for Community Planning  
Cleveland, OH

DEMPSEY, Mr. John T., Director  
Michigan Department of Social Services  
Lansing, MI

DITMORE, Mr. Jack, Director  
Division of Planning and Development  
Minnesota Department of Agriculture  
St. Paul, MN.

FITZPATRICK, Ms. JoAnn  
Cambridge, MA

GORELICK, Mr. Sol, Director  
Human Resources Administration  
Fulton Income Maintenance Center  
Brooklyn, NY

GRAY, Mr. William J.  
Social Welfare Specialist  
Department of Human Resources  
Washington, D.C.

GUILLORY, Mr. C. J.  
Assistance Payments Program Administrator  
Division of Family Services  
Louisiana Health and Human Resources  
Administration  
Baton, Rouge, LA

JACKSON, Ms. Nancy B.  
Program Director of Education Services  
Texas Department of Public Welfare  
Dallas, TX

KELLEY, Mr. John D., Director  
Lake County Department of Public Welfare  
Gary, IN

MACOMBER, Mr. Gary D.  
Deputy Director  
California Department of Benefit Payments  
Sacramento, CA

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Page Two

MARKO, Ms. Rosemary M.  
Eligibility Supervisor  
Laramie County Department of  
Public Assistance  
Cheyenne, WY

MARKOVITZ, Mr. Elliot  
Caseworker  
Philadelphia County Department of  
Public Welfare  
Philadelphia, PA

MARQUEZ, Mr. Arnulfo I.  
Staff Assistant, Financial Services  
Texas Department of Public Welfare  
Laredo, TX

MATHESON, Mrs. Lois  
Administrative Assistant to the Director  
Michigan Department of Social Services  
Lansing, MI

MCCRACKEN, Ms. Sally  
State Public Welfare Review Commission  
Portland, OR

MORRISON, Dr. Malcolm H.  
Research Analyst/Economist  
Office of Research and Statistics  
Division of SSI Studies  
Social Security Administration  
Baltimore, MD

O'NEIL, Ms. Barbara T.  
Assistant to the Director  
Food Stamp Program  
Food & Nutrition Service  
Washington, D.C.

POIROT, Mr. Carl R.  
Special Consultant  
California Employment Development Dept.  
Sacramento, CA

RHODES, Mrs. Shirley  
Planning Associate  
Ohio Citizens' Council for Health  
and Welfare  
Columbus, OH

ROBERTS, Mr. Donald H., Director  
Operational Unit  
Division of Economic Services  
West Virginia Department of Welfare  
Charleston, WV

ROSENFELD, Ms. Gertrude Lotwin, Director  
Division of Income and Resources  
Bureau of Supplemental Security Income,  
Social Security Adm.  
Baltimore, MD

SCHLECHTER, Mr. Raymond E., Casework Analyst  
Community Services Department  
Philadelphia County Board of Assistance  
Philadelphia, PA

SILVERSTEIN, Mr. Gerald  
Field Services Supervisor  
Division of Public Welfare  
Trenton, NJ

SIZEMORE, Mr. James F.  
Assistant Manager  
Quality Control Branch  
Bureau for Social Insurance  
Kentucky Dept. for Human Resources  
Frankfort, KY

WIENERS, Mr. Walter  
Cambridge, MA

YANKEY, Dr. John A., Associate Professor  
School of Applied Social Sciences  
Case Western Reserve University  
Cleveland, OH

CHAIRPERSON:

MINTER, Mr. Steven A., Program Officer  
The Cleveland Foundation  
Cleveland, OH

CONSULTANTS

BALL, Mr. Robert M.  
Senior Scholar  
National Academy of Sciences  
Washington, D.C.

JOE, Mr. Tom, Consultant  
Lewin and Associates, Inc.  
Washington, D.C.

STAFF

FERSH, Mr. Robert, Counsel  
Government Affairs and Social Policy  
American Public Welfare Association  
Washington DC

MILLER, Ms. Janice, Secretary  
The Cleveland Foundation

RITZ, Ms. Pat, Executive Secretary  
American Public Welfare Association

American Public Welfare Association  
Statement on National Health Policy

Adopted By APWA Board of Directors  
September 24, 1976

The American Public Welfare Association has long recognized the importance of health in a coordinated, national policy of human services. Without adequate health care and health maintenance, related programs such as income maintenance and social services are blunted in their effectiveness. Only an integrated social policy which includes all these components is likely to prove effective in meeting human needs. "Access to comprehensive physical and mental health services is essential for all persons" — a statement adopted by APWA in 1970 reflects this concern. The present statement further amplifies the necessary components of a system which can meet this broad goal; the existing fragmented, uncontrolled and inequitable health care delivery and financing systems have proven that they cannot.

The American Public Welfare Association believes that the Nation must now enunciate a national health policy, a fundamental and guiding strategy of which must be a national health insurance program which meets the principles outlined in this paper. The NHI program should be enacted immediately, setting forth the long range goal of adequate quality health care for all citizens. Implementation of the program, however, should be scheduled over a period of years in order to assure that the NHI program will:

- be financially sound and capable of controlling expenditures;
- be administratively feasible, with efficient management techniques and regulatory measures capable of implementation;
- build upon what now exists and works effectively within the health care system, including maintaining private, and public financial support for existing programs until they are phased into NHI;
- be planned and implemented to anticipate the changes in demand on the health care system it will produce, and to develop the capacity of the system to respond to those changed demands; and
- assure and preserve individual integrity and freedom of choice within the health care delivery system.

The American Public Welfare Association recommends that national health insurance should:

- (1) Provide coverage for all residents of the United States.
- (2) Cover a comprehensive scope of essential health care services including:

- a) primary preventive care;
  - b) emphasis on health education so that the consumer has an active role in the maintenance of his own health; and
  - c) long term care.
- (3) Impose no deductibles or coinsurance.
  - (4) Be financed through earmarked Federal revenues to the maximum extent possible on a progressive basis.
  - (5) Be enacted immediately, setting forth the long-range goal of adequate health care for all citizens with phased implementation over a period of years.
  - (6) Be administered by an independent Federal agency, newly established, which would be responsible for overall policy determination, budgeting and allocation of funds, supervision of program and health system performance and research and program evaluation.
  - (7) Authorize the use of regional, state and local public and private organizations which, through contracts negotiated on a periodic and competitive basis, could be delegated the daily operation of the benefits payment process, including client and provider relations. In addition, contracts with public agencies would be negotiated to assure regulation of the delivery system performance and resource development.
  - (8) Utilize the budgeting appropriations process as the basic expenditure control in the program with appropriations planned on a five-year basis and subject to annual review. Within that constraint, adoption of a flexible management process through controls and incentives will assure adequate administrative performance, quality of care, cost control, and accessibility to appropriate services.
  - (9) Provide Federal leadership and earmarked funding for research, planning, and development of resources to improve the capacity of the health care system to perform in relation to its financing, organization, quality, and supply of facilities, manpower and services.
  - (10) Assure an open and participatory process of policy making at all levels, initially and on an ongoing basis, which includes participation from consumers, providers, and Federal, state and local public and private interests.
  - (11) Allow states a major role in administration of NHI, particularly in regulatory activities, but with no responsibility in the financing of NHI.
  - (12) Give priority in the first years of NHI to coverage of children and primary-preventive care while improving Medicaid, Medicare and related programs until NHI is fully comprehensive.

American Public Welfare Association

Report of the Committee  
on Health Policy

September 1976

- Part I: Scheduling Priorities  
for National Health Insurance
- Part II: Administrative Structure and Functions of  
National Health Insurance
- Part III: Financing of National Health Insurance -  
Sources, Allocation, Use
- Part IV: Assuring Performance of the Health Delivery  
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American Public Welfare Association  
Report of the Committee on Health Policy  
September 1976

PART I: SCHEDULING PRIORITIES FOR NATIONAL HEALTH INSURANCE

A national health insurance program that meets the principles endorsed by APWA, cannot be put into operation at once. A careful plan following stated priorities must guide the scheduled implementation of the program. Before any of the population is covered by any scope of benefits, there must be assurance that the capacity of the health care system can respond to the new demands that will be placed upon it and that the management systems are in place and capable of assuring efficiency and cost effectiveness.

Therefore, the American Public Welfare Association recommends that the following priorities be taken into consideration in planning for the scheduled implementation of NHI:

- (1) The capacity of the health care system to deliver the services must be developed in advance of creating new and additional demands on those services, keeping pace with the changes in NHI coverage over time. Funds must be available and planned for development of such resources e.g., facilities, manpower and services, and more importantly for their appropriate distribution and organization. A lead time of two (2) years should be allowed to carry out planned development and organization of resources, building upon existing capacity and expanding it in relation to the priorities of population coverage and benefits. Such investment in the system's capacity will continue until there is assurance that demand and supply are balanced within overall expenditure controls.
- (2) The capability of the administrative management system to assure achievement of the program's objectives within expenditure constraints must be built and tested prior to full implementation of the program. Various mechanisms, some of them now in place or being demonstrated, may be appropriate. The new Federal agency for NHI must be established on enactment of the NHI legislation and given authority over and responsibility for all Federal programs that relate to the financing and delivery of personal health services, and to regulation and policy for personal health services. In this way, existing programs can be molded and modified to test out management procedures and all the programs that will ultimately be incorporated into NHI will come under one administrative agency during their phase-out--phase-in periods. Budgeting and forecasting techniques can also be developed and tested.
- (3) After the two year lead time, the NHI program should begin operation with coverage of some benefits for all the population - something for everyone. However, children, as a particularly vulnerable

population, must receive special priority and offer the greatest potential rewards from preventive health dollars. Children should have initially the most comprehensive coverage, particularly covering pre-natal and post-natal services and comprehensive care up to age 6. Until more comprehensive coverage is available, the aged should continue to be covered by Medicare, supplemented where necessary by Medicaid.

With respect to the poor, Medicaid must temporarily be continued, but in modified form until comprehensive care is available including:

- a. Simplification of existing regulations to stress less the process of administration and more the performance of state agencies, including more technical assistance by the Federal government, simplification of eligibility requirements, and 100% Federal funding of administrative costs that relate to federally mandated priorities, e.g. EPSDT, utilization review, fraud and abuse control, etc.
  - b. Federal assumption of total Medicaid costs for the SSI population.
  - c. Assuming a welfare reform proposal is adopted along the lines being recommended by APWA, then, until NHI assumes total responsibility:
    1. Medicaid for those covered by the welfare reform measures should be totally financed by the Federal government.
    2. States should be mandated to provide Medicaid coverage for the medically needy not receiving cash grants, within Federal guidelines and with Federal sharing in the costs.
- (4) In scheduling priorities for benefit coverage, primary health care and preventive health services should be emphasized. Benefits should not be biased toward the high cost, institutional services except for those who require such.

APWA estimates that it may take up to ten years to fully implement NHI in a comprehensive fashion.

PART II: ADMINISTRATIVE STRUCTURE AND FUNCTIONS OF NATIONAL HEALTH INSURANCE

National health insurance will be an extremely complex program to administer. There must be centralized policy decisions based on consultation with the multitude of affected interests and implemented through a decentralized management structure, in order to accommodate the vast differences in regional capacities and capabilities. Existing bureaucracies and agencies at Federal and State levels, and traditional regulatory relationships between governmental levels, will not be adequate to carry out the administrative task.

Therefore APWA recommends the following approach to administrative structure and functions under NHI:

FEDERAL AGENCY STRUCTURE AND FUNCTIONS

Structure

1. NHI should be administered by an independent Federal Board or Commission empowered by statute to carry out or delegate all appropriate program functions. The agency's independence and commission structure should assure that:
  - a. It will be less subject than a cabinet department to political changes in the Executive branch.
  - b. It will have statutory authority guaranteeing access to the Congress through a requirement for periodic independent recommendations and reporting by the NHI agency.
  - c. Its authority, powers and sanctions are sufficient to make its decisions effectively binding, and that judicial review is largely limited to constitutional policy issues.
  - d. A chief executive officer of the agency is responsible for implementation of policy established by the Commission/Board.
2. NHI administration must assure a broad representation from all interests in the policy making process. Advisory councils should be established including:
  - a. A strong general advisory council, representative of a wide range of viewpoints but not of organizations, and with independent staffing and funding for its role.
  - b. An interagency Council representative of all Federal agencies with an interest, direct or indirect, in NHI.
  - c. An advisory council of State and local governments.
  - d. An advisory council of contract administering agencies.

- e. An advisory council of providers of service.
- f. An advisory council of consumers.

Functions: The NHI Federal agency would carry out the following functions:

1. Policy determination, through the rule making process as well as through the contracting mechanism, in the following general areas:
  - a. Establishing coverage and benefit definitions, which much evolve over time with changing medical technology and concepts of health status, and which may require modification based on expenditure control.
  - b. Establishing standards of administrative performance for contracting agencies, including determining the geographic areas for contract management, standards of administrative performance of decentralized functions, and standards for data processing.
  - c. Establishing standards for performance of the health care delivery system, including general parameters in such areas as: reimbursement methods, conditions of participation and performance by providers, quality of care and utilization, and accessibility to services.
  - d. Establishing policies and priorities for resource planning and development, including capital investment, manpower planning, and organizational innovation and development.
  - e. Establishing standards with respect to consumer and provider rights, responsibilities and relationships.
2. Budget planning and allocation of fiscal resources through contract negotiation with state or other public or private administering agencies.
3. Supervision, review and monitoring of decentralized management, including:
  - a. Monitoring of contractor performance.
  - b. Program evaluation in such areas as: administrative effectiveness, quality of care, access to services, control of fraud and abuse, etc.
  - c. Establishing of an internal review and grievance mechanism and appeals process to assure that consumers and providers receive prompt and adequate resolution of complaints. This will be supervised by the Federal agency, and adjudicated where necessary at the Federal level, including binding arbitration. Judicial review should be limited to constitutional issues.

- d. Federal capability to undertake the State-local management and control processes, if no state agency is able or willing to do so. The Federal agency may maintain and operate model administrative areas for testing out techniques and to develop its capabilities to step into direct administrative management.
4. Authority to contract with other Federal agencies and with State and local agencies for specified functions that the other agencies are better able to carry out.
5. Conduct research in health services delivery systems, financing, and management techniques.

#### STATE/REGIONAL STRUCTURE AND FUNCTIONS

##### Structure

The nature of the decentralized functions will require public accountability. Contracting with agencies would normally be within existing governmental jurisdictions, most usually state areas or substate areas of sufficient size. Contracts may be with either public or private agencies (including State government) for administrative functions. Resource development activities may only be delegated (by contract) to public agencies. Regulation would only be delegated to State or other government bodies. Contracts would be negotiated with agencies qualified within Federal standards, but to the extent possible a competitive bidding process would be used to select the most qualified agency. Contracts would encompass a five year span, consistent with the budgetary cycle adopted. Advisory council structures reflecting the scope of participation at the Federal level would be established at the State/substate level as well.

Functions: The three basic functions to be decentralized include:

1. Management of the benefits payment process, including:
  - client relations, information on clients, promotion of client education programs, information and services to clients
  - provider relations, information on providers and information and services to providers
  - claims payment, to the extent fee for service is used; institutional budgeting, prepayment, etc., to the extent these mechanisms are used
  - coordination with related organizations
  - internal management controls, and collection and reporting of data to the Federal agency
2. Application of controls and incentives to assure adequate performance of the health care delivery system (see related position statement).

3. Resource planning and development, including State area-wide planning of facilities, manpower and services, allocation of funds for development of needed resources and for improvement in the organization, quality, and distribution of existing resources.

PART III: FINANCING OF NATIONAL HEALTH INSURANCE  
Sources, Allocation, Uses

National health insurance of the scope recommended by APWA, will be extensive and costly. It will represent, on the one hand, a large transfer of expenditures from the private sector to the public sector, and on the other hand will represent a redistribution of income — from the well to the sick, and from the wealthy to the indigent. As a basic principle the method of financing NHI should treat all persons equitably, and should not impose any degrading or administratively complex test of financial resources, such as income testing used in welfare programs.

There are three alternative sources for the financing of NHI: premiums, payroll tax, and general revenue. (Deductibles and coinsurance are a method of controlling expenditures, not a source of income for NHI. They are controls that the APWA recommends not be used since they may discourage necessary services, delay treatment and add considerable complexity to the administrative process.)

Premiums represent a payment by the individual (family), usually in a flat amount in order to secure coverage. The term is usually applied to voluntary enrollment; if it is mandated to be paid, it constitutes a tax. Flat premiums would be unacceptable since they fall unevenly upon the poor and would constitute a disproportionate share of their income relative to the more affluent. Any premium subsidy approach would necessarily introduce a means test, which is an unacceptable procedure.

Payroll taxes usually take the form of a flat percentage of funds withheld from wage payments to cover the cost of the benefits. Most usually, the payments are shared between the employer and employed, but sometimes are paid totally by the employer. Payroll taxes would apply only to the wage earning population and thus would be limited in population coverage, requiring supplementation from other sources for unemployed. Payroll taxes are regressive, placing a heavy relative burden on those with lower incomes. The working poor would be particularly vulnerable to this unequal tax treatment. In addition, the payroll tax would not involve non-wage earners in the support of NHI.

Federal revenues, largely composed of income and related taxes, offer a broad-based, generally progressive, means of financing NHI. Such funds may also be earmarked to finance particular government programs.

Therefore, APWA recommends that:

1. NHI be financed from Federal revenues.
2. The basic expenditure control over NHI will be the budgeting-appropriations process, with appropriations planned for a five year period, subject to annual review.
3. Within the overall appropriations, funds would be allocated to state-substate regions, through the contracting mechanism. The allocation would be negotiated with each area, based broadly upon

the number of people in each jurisdiction, and with consideration of regional needs and variations in costs, and taking into account administrative expenditures for the three functions being decentralized.

4. A percentage of NHI funds (up to 5%) should be earmarked for resource planning and development to improve the supply, distribution, quality, and organization of health resources, and to finance research and evaluation of the health status of the population health services, and health care financing system. Allocations of these earmarked funds would be made based on contracts with state and substate agencies delegated responsibility for the resource development function, with a portion of the earmarked funds reserved for national priority programs, and national research and evaluation.

PART IV: ASSURING PERFORMANCE OF THE HEALTH DELIVERY SYSTEM UNDER  
NATIONAL HEALTH INSURANCE

Under NHI the performance of the health care delivery system will be directed at four key objectives:

- assuring adequate quality of care
- achieving an optimal accessibility to needed service
- curbing excessive program expenditures
- promoting appropriate utilization

These are not new concerns and a variety of techniques designed to achieve such goals have been tested. So far the experience has been mixed. No one method or set of methods has been proven most effective in meeting the four program objectives. This has been the case for several reasons: policies are not flexible enough to account for the wide variations in capacity among geographical areas; they are implemented unilaterally, with little attention to their mutual impact (e.g. the effect of quality control measures on cost containment); and they tend to be adopted without sufficient planning, coordination, or evaluation to project their likely overall effectiveness.

The national health insurance program will ultimately impact every sector of the health care delivery system. It must have the means to influence appropriately the cost, quality, availability and utilization of services. However, given the lack of knowledge about present control mechanisms and the variability among regions and states, reliance on one or even a set of existing methodologies may not prove adequate. Only when sufficient information becomes available from a working, comprehensive NHI program can the positive and negative effects of various control strategies be evaluated. And even then a method which proves effective in one region may be wholly inappropriate for another. Therefore, APWA recommends that:

1. Until adequate information is available concerning the effectiveness of certain controls and incentives, NHI policy should be flexible and cautious with respect to a system of regulatory controls.
2. The basic expenditure control should be the national budget, allocated to the States or region, through the negotiated contract.
3. A decentralized program of incentives and controls should be adopted. Each regional or state (public) contracting agency will negotiate a set of performance objectives relating to each of the four key program goals. Performance criteria would be formulated to reflect the variations in resources and expertise each agency area might demonstrate. The contract will specify which set of strategies will be undertaken to achieve the objectives. Should a jurisdiction be unable or unwilling to meet the performance objectives, the NHI agency should be empowered to implement necessary controls and incentives.

4. The NHI agency should monitor, through the contract mechanism, the performance of each contracting agency and should take appropriate action to upgrade such performance as necessary.
5. Information regarding the effectiveness or lack thereof, of particular mechanisms, should be documented, analyzed and evaluated, so that effective methods can be used more widely.
6. Areas that controls and incentives will likely address include the following:
  - capital expenditure control to assure that the appropriate supply of services is available (to curb those found medically unnecessary and encourage those that are)
  - institutional quality control to assure that facilities meet appropriate physical plant and staffing requirements
  - provider reimbursement policies, to explore the use of financial incentives to curb inappropriate expenditures (would include prospective reimbursement, rate setting, capitation, fees, etc.)
  - practitioner quality assurance to assure the level of provider qualifications and services (including certification, licensure, continuing education, utilization review)
  - manpower planning to assure appropriate supply and distribution of physicians, nurses and allied medical personnel
  - interchange with claims processing systems to monitor and structure appropriate reimbursement policies, provider eligibility and fraud and abuse detection
  - consumer utilization review to provide enrollees with incentives to seek appropriate health services (e.g. immunizations, screening, pre-natal care) and practice good preventive medicine (e.g. moderation in smoking, diet, drinking). This would involve a great deal of consumer education (see Preventive Care Section)
  - health product quality control to assure effectiveness of medical devices, foods, drugs, cost/benefits of technological advances. (This function would be largely administered by other Federal agencies in conjunction with the NHI agency.)
  - Assurance of consumer involvement in all aspects of regulation and controls.

PART V: THE ROLE OF THE STATES IN NATIONAL HEALTH INSURANCE  
ADMINISTRATION AND FUNDING

The flow of funds for health programs between Federal, state and local governments has long been complex and largely disorganized. Myriad programs with similar objectives have frequently competed with one another for limited funds. Programs with required matching, the most prominent being Medicaid, have long been a source of controversy. Wealthy states have been able to spend more and thus capture greater Federal funds than their poorer counterparts. As a result, Medicaid is not uniform among participating jurisdictions. Some states have broad based programs, while others are fairly limited. As a result, indigent persons have not been treated equally.

States have, however, assumed major responsibilities in several areas: regulation, quality assurance, cost containment and resource development. Some jurisdictions have developed sophisticated administrative mechanisms under Medicaid. The key characteristic of states is, however, their tremendous variability. Therefore:

1. To assure uniformity of coverage and benefits, states and local governments should have no role in the financing of NHI. All present Federal categorical grant-in-aid programs should ultimately be eliminated, including Medicaid.
2. States should have major involvement in the administration of NHI. In particular, states should generally be responsible for regulatory functions under contract to the NHI central authority. They may also have responsibilities in resource development and benefit management.
3. States should continue to finance services, e.g. Medicaid, or residual parts of them, until they are fully covered under NHI.
4. States should also continue to finance health services as they deem necessary which are eliminated under national health insurance (particularly those categorical grant programs), perhaps under a Federal block grant. Such services could include community mental health centers, migrant health programs, etc.
5. The states should maintain epidemiological and environmental health services.

PART VI: PRIMARY PREVENTIVE CARE UNDER NATIONAL HEALTH INSURANCE

Within the spectrum of preventive services, health care services are but one component. Adequate nutrition, housing and sanitation are more important factors in determining level of health status than is medical care. In addition, perhaps the most important single factor in preventing illness and disability is the behavior and life style of the individual consumer of health services. Here, health education can play a major role. National health insurance cannot finance all factors that affect the health of the populations. It must be limited to health care related benefits. Therefore, APWA recommends that:

1. National health insurance should place great emphasis on health education to assure the individual consumer assumes an active role in the maintenance of his health. This should be the responsibility of NHI contracting agencies but may be funded from Federal resource and development allocations. One appropriate locus for basic health education is the school health program, which should ultimately be financed by NHI.
2. Routine maternal and child health services should be among the first covered services for appropriate populations in the phased-in implementation of NHI, including well baby care, pre-natal and post-natal care, immunizations, and necessary examinations to assure appropriate growth and development. Adults should have equal access to preventive services.

## PART VII: LONG TERM CARE UNDER NATIONAL HEALTH INSURANCE

There are among our citizens of all ages and all economic circumstances, a significant number for whom day-to-day life activities are limited due to disability: physical, mental, emotional, or developmental. A large number have adjusted to these limitations or have continued to function independently, sustained within their own environment with the support of family and friends. For other, however, external support services - economic, social, vocational, educational, housing, as well as medical - are necessary for the maintenance of life at a satisfactory level of quality. It is these persons who are the target population of what has come to be known as "long term care."

Three major areas of concern that arise out of the current situation must be addressed by any National Health Insurance Program:

1. For persons who require a combination of external support services, the most frequent choice tends to be a institutional setting. This occurs largely because of the inertia of the providers (it is easier to hide the person away in an institution), the paucity of organized services that can combine to maintain the individual in his or her own environment, and the availability of financing mechanisms which tend to deny payment for non-institutional services while paying for the higher cost of institutional care.
2. The major source of payment for long term institutional care is Medicaid. This source of payment further skews the delivery of long term care to the institution. Medicaid also tends to put the delivery of services into the medical model, which not only may be inappropriate to the needs of the individual but also more expensive than necessary. Because of the lack of financing from other sources, and because of the heavy reliance on nursing home and intermediate care facility services, payments for long term care now consume almost 40% of all Medicaid expenditures.
3. With the exception of a few experiments and demonstrations, there are no community-based organizations that have the authority to bring together the range of interrelated support services in order to focus on the needs of those persons requiring long term care. The problem of defining the population in the community that needs long term care is a difficult one. The problem of preventing unnecessary admission to institutions is even more difficult given the lack of coordinated support services and absence of payment sources. However, prevention of unnecessary admission - or control of entry into - institutions is a key element, because the individual tends to lose whatever resources of support might have sustained him outside, and once in the institution finds change or transfer to other settings traumatic.

The objectives of any long term care must be to:

- a. Sustain individuals in their own environment to the extent possible.

- b. Where the individual cannot or should not be maintained in his own environment, then assure the most appropriate institutional placement, with all service support systems paying their share of the costs.

Therefore, the APWA recommends that:

1. National Health Insurance be responsible for financing all of the medical-health services required by persons needing long term care. In addition to the services of physicians, other health care practitioners, hospital care and outpatient care, this would include such long term care-related services as:
  - home health aide services.
  - nursing and medical services provided in the individual's residence, including medical devices and supplies for use in the home.
  - therapeutic and rehabilitative health and mental health services required to maintain an optimal level of functioning.
  - health related day care services, beyond those needed for socialization, including medical, nursing and rehabilitative services.
  - transportation related to the need for medical care.
  - institutional care, exclusive of hotel costs, for those whose disability or social condition do not allow maintenance at home and where the institution can provide a variety of levels of personal, medical, social and rehabilitative services.
2. Persons covered under NHI and found to need a combination of non-medical support services, should automatically be eligible for those services needed, with an appropriate co-payment as necessary.
3. NHI should finance appropriate assessment, review, placement functions for persons requiring long term care. Community agencies should be established which will carry out the following functions:
  - a. Identification of persons needing long term care services, and including referrals from all service support systems of persons they identify as needing such services;

- b. Assessment of each person identified or referred to determine the range of support needed;
- c. Assistance in securing the services needed and the financing for the services;
- d. Continuing review and assessment of changing needs of persons using long term care services (both institutional and non-institutional) with recommendations to the various support systems of changes in services or financing required;
- e. With respect to placement in institutional settings, no NHI payments will be made for care in institutions, including day care, unless and until the community agency has conducted an assessment and determined that such placement is the most appropriate needed by the individual; and
- f. Advise the NHI resource development agencies concerning the community-based and institutional long term care services needed to be developed.

FROM: AMERICAN PUBLIC WELFARE ASSOCIATION  
1155 Sixteenth Street, N.W.  
Washington, D.C.

CONTACT: Barbara Wallace or Margo Vignola  
(202) 833-9250

FOR IMMEDIATE RELEASE

Washington, D.C. (Sept.28)--The American Public Welfare Association (APWA) has called for immediate enactment of a national health policy that will set forth a long-range commitment to adequate health care for all citizens.

The APWA proposal is based on a recently completed year-long study by a committee of health and social work practitioners, economists, and social policy and health insurance experts. The committee's recommendations--officially endorsed by the APWA board of directors in the past week--urge the phase-in of a national health insurance program in the next several years.

"Without adequate health care and health maintenance, related programs such as income maintenance and social services are blunted in their effectiveness," the APWA Committee on Health Policy concluded in its report. At the same time, the committee said, national health insurance should be carefully implemented to assure that the program will be financially sound, administratively feasible, capable of controlling expenditures and anticipating changes in demand, and built upon effective components of the present system.

The program envisioned by the APWA proposal would gradually provide comprehensive coverage for all residents of the United States and would include preventive health care, emphasis on consumer involvement and health education, and provisions for long-term care. It would be financed through earmarked federal revenues and administered by an independent federal agency--to be newly established--which would be responsible for overall policy determination, budgeting, and allocation of funds, supervision of program and health care system

performance, research, and program evaluation.

Children would be the first to receive comprehensive health care under the program, the committee said, because they are particularly vulnerable and offer the greatest potential rewards from preventive health dollars. Until comprehensive coverage is available, the aged should continue to be covered by Medicare, supplemented where necessary by a modified Medicaid program.

Committee chairperson Beverlee A. Myers, former Deputy Commissioner for Medical Assistance, the New York State Department of Social Services, and now a lecturer with the School of Public Health, University of Michigan, said the committee recommended that coinsurance or deductibles not be used in a national health insurance program.

"These measures present a hardship for the poor and may discourage necessary services, delay treatment, and add considerable complexity to the administrative process," Ms. Myers said. "The committee sought national health policies that would not discriminate by income--an undesirable characteristic of the present Medicaid program. We think basic expenditure control should be achieved through the budgeting and appropriation process with appropriations planned for a five-year period and reviewed annually."

In addition to suggesting that an appropriations ceiling be placed on the country's health care expenditures, the committee spelled out a specific administrative structure for national health insurance. The structure would give the states an active role, particularly in regulatory activities. Day-to-day enrollment and claims processing operations would be delegated to regional, state, and local public and private organizations--including existing health insurance companies--through a system of contracts negotiated on a periodic and competitive

basis. The federal agency would monitor contract performance and set policy while state and local public agencies--also under contract--would regulate the delivery system, monitor the quality and cost of services, and develop local health care resources. The committee said this would allow enough flexibility to account for wide regional variations in health care resources.

Ms. Myers said the committee urged allowance of adequate lead time to improve the capacity of the nation's health care system before the new program is implemented. Also recommended were initial and continuing participation in policy making by consumers, providers of medical care, and public and private interests.

A copy of the principles of national health insurance adopted by the APWA board of directors, the full committee report, and a list of committee members can be obtained from the American Public Welfare Association, 1155 Sixteenth Street, N.W., Washington, D.C.

APWA is a national non-profit, voluntary membership organization composed of agencies, organizations, and individuals concerned about national social policy and the professional development of persons working in the public welfare field. The current president of the elected board of directors is Wilbur J. Cohen, former secretary of the U.S. Department of Health, Education and Welfare and now dean of the school of education, University of Michigan at Ann Arbor.

President Jimmy Carter  
Plains, Georgia

3532 Tyler Street  
Bailey's Cross Roads, Virginia 22041

*Handwritten:* Files Input

*Handwritten:* I-OR

President Carter:

Over one year ago, I began writing tax and economic analyses which are, I believe, exactly pertinent to your 1976 campaign and to your forthcoming Presidency. I have been trying to get this material to you since before New Hampshire. I hope this direct attempt will be successful.

In particular, I respectfully suggest that a key theme for both your fall campaign and your Presidency should be: FULL ENTERPRISE. As I define the term, FULL ENTERPRISE is a dynamic combining of Private Enterprise with Full Employment. Among other things, my analysis forecast that America's emerging economic 'recovery' would not be sustained throughout 1976. In fact, I believe that by January 1977, you will be facing serious economic deficiencies throughout the nation--symptomized by re-recession and re-inflation--which will demand significant new economic actions and reforms at the highest levels.

These writings deal specifically with the underlying forces that are leading to those predicted results, and with proper policies and actions to deal with them. Some of my study concludes that chronic-deficient unemployment is itself fundamentally dysfunctional with a true Enterprise system (and also increases inflation in a modern economy, for some very interesting reasons). I suggest certain policy and institutional solutions as being appropriate to deal with such conditions. My conclusions are in many cases different from much of the "orthodox" economics because my assumptions and definitions are different.

I have taken the liberty of including with this communication certain of these analyses, including proposals for new Presidential tax-adjustment powers which I believe are pertinent to a fully-functioning modern American economy. Frankly, it is my hope that you will read them personally, and find them sufficiently unique and germane to your goals that I may get the opportunity to work with you in that effort. In other words, I would like to serve in 'Carter's Army', both for the current battle and for the rest of the war.

Also being forwarded, under separate cover, is a copy of the initial draft of a book I have been writing, titled The Second Great Depression. Its central premise is that we have been experiencing some elements of an inflationary depression; the full outline is included in this current mailing. I hope that all of this writing will be of interest to you. Thank you very much.

*Handwritten:* P.S. - Perhaps I can also assist you in another way. I am Catholic. GPD

Very truly yours,

*Handwritten signature:* G. P. DeJardins  
G. P. DeJardins

THE SECOND GREAT DEPRESSION

G. P. DeJardins

3532 TYLER STREET  
BAILEY'S CROSS ROADS, VA.

22041

Outline of Expanded Edition:

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\* The Quality of Life

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CONCLUSION

ADDENDUM: The World Economy

## Presidential Tax-Adjustment Powers

A large part of current difficulties in proper 'fine tuning' of the economy is the result of an extensive time lag between the initiation of a tax-adjustment proposal, the formalization of the tax decision into law, and the impact of that action in the real (i.e. actual-transaction) money economy. Such a lag is neither desirable, nor necessary in a modern economy. As we noted earlier, we are in a computer age, but we are still operating with horse-and-buggy economic-control procedures. It is not probable that the framers of the Constitution envisioned the computer age which would develop in the nation within less than two centuries after its founding. Nor did they likely anticipate such phenomena as institutionalized unemployment, large-scale welfare programs, and other costly features of the present national government in America which contribute to its huge cost.

Since it is getting late in the day to bring this nation's economic-regulation procedures 'kicking and screaming into the Twentieth Century', I respectfully suggest it is the time to get a running start on the Twenty-First Century. The history of national economic adjustments in the first half of the decade of the 1970's has been one of systematic confusion. Unfortunately, this cacophony of strident economic melodies has ill served the United States national economy, and indeed has contributed substantially to the Economic Emergency of 1975. There should be a much better solution to the need for some governmental action in regulation of the national economy, than the series of economic experiments to which we have been subjected in America during the past five years. We feel that an essential part of this solution--and the method for maintaining a smoothly-functioning Enterprise economy in the future on the national level--is to substantially increase the power of the President to adjust withholding tax rates.

There are many circumstances when rapid action would be necessary to properly maintain functioning profit centers in an enterprise economy; and it is the responsibility of the political system to ensure that such measures as might be necessary can realistically be aggressively employed. The Legislative Branch of the United States federal government (specifically, The House of Representatives) is empowered by the Constitution to initiate taxes--on the theory that only the political body closest to the people should initiate taxes. And it is natural that such political representatives would tend to be slow to act on tax matters--particularly tax increases. Yet there is a predictable continuing need for responsive and sophisticated tax-adjustment actions in modern economies, because of their pace and intensity. Despite the inherent unpopularity of tax-revision or tax-increase actions, the fact is that there may be times when quick responses would be needed to optimize the functioning of the national economy. Present procedures and time-frame constraints would be highly inadequate to meet such exigencies in proper fashion.

The proper approach in a modern Enterprise economic system is to maximize the institutional flexibility for making minute adjustments within the taxing system. Particularly as regards the present American context, this could be accomplished by instituting a new procedure which would give important additional responsibility and authority to the Executive Branch of the federal government. The procedure would function as follows:

The President, based on a declaration of economic emergency, would be empowered to make changes in the federal income-tax withholding rates--within certain prescribed limits, and subject to ratification by the Congress. The total adjustment range would be 10% in each direction from the base tax rates: i.e. income tax decreases, or income tax increases, of as much as 10%--which would mean a total potential 'spread' of as much as 20%. The detailed procedure would be initiated by a declared need for emergency action because of conditions within the economy, and would require a specific legal statement to that effect by the President as a prelude to his actions. The President would declare his proposed rate reduction or rate surcharge to become effective within a specified period of time--such as 60 or 90 days--subject to a negative vote by the Congress. That is to say, the Presidential tax-rate adjustments would go into effect automatically at the end of the consideration period, unless dis-approved by the Congress. This procedure would be the same as confirming the tax actions, on the basis of a Congressional veto of the Presidential tax-rate adjustments. It would have the same effect as a majority vote by the Congress, but it would prescribe a definite time period within which the Congress would have to act on the tax proposal in order to have effect on it.

There are several advantages to such an approach--not the least of which is that it firmly fixes on the President the responsibility for achieving and maintaining a dynamic and smoothly-functioning economy. The biggest functional advantage is the fact that true fine-tuning of the economy would realistically be attainable on a continuing basis. The current process and methodology is far too cumbersome for a sophisticated modern economy. In fact, the ponderousness of the system has itself aggravated the Economic Emergency of 1975. Yet such 'horse and buggy' procedures do not have to be continued. Indeed, it is essential to attainment of a true Enterprise economy in America that sophisticated economic adjustment procedures to match the sophisticated potential of the United States national economy be instituted.

## CHAPTER III

### THE FULL ENTERPRISE ECONOMY

Within the context of the Full Enterprise society functions the Full Enterprise economy. It is one element or segment of that macro-organism, but it will be subject to the same basic principles of individual potentiality and individual achievement that apply to the general human framework. And, like the social context, any law or practice which is inimical to those essential principles must be eliminated quickly and permanently—lest the functioning of the economy become distorted and require abnormal adjustment only reacting to the distortion.

It is the purpose of this chapter to identify and examine in detail the components of a true Enterprise economy. This is the necessary preliminary to identifying the deficiencies and reversals in the national economy--which must itself precede the development of a rational program to correct the many root deficiencies which exist. Certainly it is critical to accomplish such an analysis: the prospect of an official level of unemployment of 7% to 8% for three or more years, combined with federal deficit levels exceeding \$50 billion annually along with double-digit inflation, indicates the absence of a sound comprehensive domestic economic program.

The basic building blocks of a sound free-enterprise economy have been weakened and distorted in recent years. And while blame should not be attached to the official confusion about the policies necessary in the present situation, it is clear that a sound affirmative program must be developed and quickly implemented. For it is a corollary to the central thesis of this book that the present social and economic system in America, even in 'normal' times, has become antithetical to a true Enterprise system. The governmental sector--defined as the aggregate of federal, state and local governments--acts against it; the tax system defeats the initiative required to sustain it; and even the functioning of the consumer markets and other elements of the private sector is contrary to a true Enterprise system in many important respects.

These elements will be individually examined and corrective measures will be detailed during the course of this study. For now it is important to realize that a strict application of economic adjustments which have been used successfully in the past will not be effective in the same way in the present depressive recession. This is true because the national economy is significantly different from prior economic times, and will require a substantially new approach to be righted. Even in terms of a purely capitalistic frame-of-reference, the United States economy in the mid-1970's is in a critical posture: Existing capital is being devalued at an accelerating rate; true business profit is unstable and very uncertain; valid new capital is virtually non-existent; and the true rate of inflation has been exceeding potential growth of capital, and will continue to do so for the foreseeable future. That is a bleak prospect for Capitalism, but it is not nearly as detrimental for an Enterprise system. This is true because valid Enterprise economics derives its energy from individual 'profit' motivation as a possible substitute for purely monetary capital.

## Federal Income-Tax Rate Reduction

The simplification of the federal income tax system which we have detailed in the previous chapter is necessary to correct the basic deficiencies in the American national economy, so that it may become a functioning universal individual Enterprise mode. In addition to the affirmative stimulus which that tax revision would give to the American economy, a more positive governmental stimulus will ultimately be needed in order to permanently achieve a dynamic and growing national economy. The re-structuring of present tax rates will itself initiate economic recovery in America; but a significant permanent reduction in federal income tax rates will prove to be necessary before any long-term prosperity will be restored to the economy of the United States of America. Until this is accomplished, a healthy and dynamic true Enterprise economy will not occur in America, because individual profit incentive will be under-energized; the profit principle will not be sufficiently disseminated throughout the national economy.

Using a tax cut to stimulate economic activity is a viable approach in a true-enterprise economy, because it enlarges the private profit sector on a general basis by lowering the (tax) cost factor for all profit centers in the economy. This in turn results in increased demand for goods and services as the supply of discretionary profit is used to satisfy latent demand for a better life in individual profit centers at all levels of the economy. But this general principle will not function in that fashion in a non valid-enterprise economy, because sufficient dynamism does not exist in the private profit sector to be affirmatively affected by a tax cut. In a socialist system, for instance, a tax cut will only aggravate the economic circumstances; because the cost of government is only deferred into the future--being added on to the tax burden of the private sector at that time. But the private sector in a socialist system is already heavily burdened with taxes, and adding to the future burden at the expense of temporary present relief serves no real useful purpose.

If deficiencies exist in profit centers of the private sector, however, a tax cut could be seriously dysfunctional even in a non-socialist economy. That is true whenever the additional available income produced by the tax cut would be much more likely to be allocated to increased prices than for real increase in economic activity--i.e. the increment would go into increased cost rather than increased discretionary profit. Such a result could occur in a capitalist economy, for instance, if deficiencies with respect to business profits exist; because the tendency would be for business profit centers to increase their prices to recover and maintain their profit levels first--having no obligation to regard any impact on other potential profit centers throughout the economy, and also not needing to fear any significant balancing competition from other kinds of profit centers. A true full enterprise economy, on the other hand, would not exhibit that result with a cut in tax costs, because profits would tend to be maximized throughout a much broader range of functioning profit centers. Cost increases would not have to occur (in the face of actual cost reduction because of lower tax costs), and therefore profit increases (and increases in profitable transactions and profit-center interaction) would tend to occur.

Since the latter feature is the objective, it is apparent that the profit status of the general economy must be carefully analyzed before the application of tax-cut stimulus is implemented. But if the general economy is a validly-functioning true-enterprise economy, and if profit centers are healthy throughout all levels of the economy, then a tax cut will work in a

positive fashion. Passing an income tax cut, therefore, would in itself provide a stimulative effect on the national economy if it were a valid true Enterprise economy. But that is not the only benefit which would result from adopting the new federal income tax rate schedule which we are going to detail forthwith. What we are really discussing in this section is a permanent federal tax rate structure which, in combination with guaranteed employee rights, consumer protection and other key features of a true full-enterprise system, will offer continuing incentive for all individuals to achieve their own personal profit potential. By their so doing in an orderly system of human relationships, a dynamic Full Enterprise system would be achieved in this country. And, as we will see, when combined with the proper program of governmental actions, a prosperous and growing national economy will be the result.

Our earlier federal income tax analysis was formulated on the tax rate base in effect presently in the mid-1970's in the United States. But with a progressive tax schedule ranging as high as a 70% federal tax rate, full self-enterprise profit motivation is not possible. For, when combined with state and local taxes, an effective total tax rate as high as 80% or more could result--which is extremely detrimental to valid Enterprise motivation of individual profit centers. Instead, what is really needed to achieve and maintain a robust economic recovery and permanent economic prosperity in America is a permanent federal tax rate schedule for taxable income which is not only simplified as earlier described, but also is substantially lower than current income tax rate levels.

We present herewith the proposed reduced-rate single-table rate schedule for United States federal income taxes:

<u>TAXABLE INCOME</u>	<u>INCOME TAX RATE</u>	
up to \$ 5000	10 %	
\$ 5000-\$ 15000	15 %	
\$15000-\$ 25000	20 %	
\$25000-\$ 35000	25 %	
\$35000-\$ 45000	30 %	
\$45000-\$ 55000	35 %	
\$55000-\$ 65000	40 %	Copyright © 1975
\$65000-\$ 75000	45 %	by: G. P. DeJardins
\$75000-\$100000	50 %	All Rights Reserved
Over \$100000	55 %	

The maximum federal income tax under this optimum tax-rate schedule would be 55%. It would be based on the restructured tax-schedule (simplified) format which was detailed earlier--i.e. a single, simplified rate structure for all taxpayers. And, as with that earlier modification of present tax-rate schedules, annual consideration will have to be given to economic review and revision with the aim of keeping minimum exemption and deduction levels consistent with any inflationary increases or other basic changes in the general economy. This tax schedule, however, would remain unchanged, since it is based on the taxable income of the individual taxpayer. There is no question that it is the basic ultimate tax rate schedule which will be needed in this country to achieve and maintain a vital and growing full-enterprise American economy. Unless and until this federal income tax rate schedule is adopted in America, our promise and potential as a people and a nation will remain unfulfilled. Realistically, this proposed federal tax-reduction table could not be implemented in a single step (particularly now!), because the federal government and the national economy could not absorb its impact. Instead, that federal rate system would need to be reached in stages--and then only after the American economy was fully recovered from its current serious malaise. This could be done by adopting the proposed revision of the current tax-schedule rates which I detailed earlier, and then reduce it in stages to the above schedule.

## Education and Employment

In order for true Enterprise to function, there must be universal opportunity for individual self-attainment of personal ability, and there must be free interaction between individual energy (i.e. profit attainment) centers. No individual can have even the possibility of self-attainment, however, unless he has proper education, and unless he has employment which is fully commensurate with his ability and training. Thus the great injustice of the American urban ghetto: as a practical matter, individual children and adults have not had realistic opportunities for the kind of quality education and dignified employment which they would need to become viable self-attainment energizers in a free-enterprise system. They have not been furnished the tools of basic Enterprise, and do not participate in its benefits; no wonder they openly rebel against a free-enterprise system!

A quality education for every individual is their ultimate right in a true Enterprise society, therefore, and every person must be able to attain that best education for themselves reliably and reasonably. Quality, universal ease of access, and reasonable cost: these are the hallmarks of education in a true Enterprise system.

In terms of employment, every individual has the right to complete freedom of opportunity to obtain and retain a job which is fully commensurate with their ability as perfected in the educational system, and with their work experience. It is the responsibility of the full-enterprise system to provide for ample job opportunities, and also to protect the rights of every individual employee against systemic inequities and personal employment inequities. Because employment is the key to individual progress in a basic Enterprise system, its laws must insure equitable treatment of employees in their job conditions, guarantee full rights of grievance appeal, and protect work integrity for all individuals in the system. In addition, the resources of the system must be used to their fullest to prevent unemployment, since individual profit attainment depends on employment above any other factor. Further, underemployment is almost as serious a threat to true enterprise as unemployment, since the individual is not achieving his personal self-potential by doing work in a job which is unrelated to his own ability and experience.

Both underemployment and unemployment, therefore, are dysfunctional in a valid Enterprise system. A society simply cannot afford the cost of having a person pumping gas or digging ditches who is able to contribute intellectually to its advancement. It cannot afford to have college graduates who cannot find ready suitable employment upon graduation, which is commensurate with that training. It cannot afford to have able women excluded from any executive positions for which they are qualified.

Put simply, a true Enterprise society cannot afford any form of economic or social discrimination. Nor can it allow any such known deficiencies to continue. To do so is to void the essential principles of the basic Enterprise system itself.

## Profit Centers

Advancement in the economic sphere in America has consistently been the result of wider dispersal of the direct benefits of a true full enterprise system. A corollary of this principle is that the proper and enduring way to energize the general economy in the present circumstances is to disseminate the motivation of full enterprise throughout the United States economy as quickly as possible. As has been discussed earlier, the profit motive is operative in many areas besides the general business sector. Indeed, the basic profit unit is the individual, since discretionary spending only exists when what the individual must have to survive, costs less than what the individual has available to spend. Every individual a full enterprise system, therefore, is a 'profit center'; and in order for the valid Enterprise system to function properly, healthy profit centers must be operating throughout the economic system at all levels.

For the individual wage earner, a profit center exists when housing, food, transportation, health, education, and the other basic necessities require a moderate percentage of his net take-home pay, so that additional money is available to spend on other items of their own choosing. As many working people rudely discover, a raise in wages is completely meaningless if it does not affirmatively affect their own profit center. In fact, if a raise in pay results in higher general prices and higher taxes paid, the wage earner is better off without a general raise; for then he can get more real-net pay for himself by working longer hours. Thus the wage earner would realize a true increase in his own individual profit center, and thereby directly benefit from his own personal enterprise achievement.

This demonstrates that even the individual working person can epitomize the very essence of the true Enterprise system. Indeed, every individual must function as a profit center in order for the true full enterprise system to work. Laws in a valid Enterprise system must protect the integrity of the individual profit center above all else; and practices must ensure the smooth functioning of the individual profit center above all else—so that personal profit attainment may reliably and universally occur.

The point is, that every small economic transaction and every active economic principle is important to the functioning of the entire economic system. No law or practice can be tolerated that is a threat to the basic integrity of the system. In a basic Enterprise economy, therefore, every economic transaction must be realistically evaluated in terms of the profit principle and sound cost factors. If pension benefits are increased without the necessary commensurate increases in payment factors, then the benefits are mythical--and sooner or later they will be proven such: either the benefits will not materialize, or they will depreciated in value as a result of other illusory income increases which have occurred.

Such a situation is not necessary, however. If the principles of true Enterprise are consistently adhered to, every proposed change or every economic transaction will be evaluated in terms of its effect on profit. And non-profitable transactions will not occur, nor be allowed.

## Inflation

An inflation race cannot be won by anybody. Full understanding of this fact is critical to the central thesis of this book. The result of inflation is to transfer monetary resources from profit to cost, and this can only have a negative effect on basic Enterprise profit centers. Pay increases are worthless if they are negated by increases in the cost of what workers must buy. Pensions are worthless if the monetary amounts have been drastically depreciated in value by the time they are received. In an ideal basic Enterprise system, the profit motive of the individual operates in concert with productivity, and valid cost information, to produce a stable relationship between costs and prices. Personal income is related to the valid operation of profit analysis, so that wage and income increases mean profit increases to every contributing individual, rather than cost increases.

What we are really arguing for in this book, is creative participation in a private-enterprise system by all profit components of that system. Working people literally must determine what gains in wages, fringe benefits, or pensions, can be obtained without inflation. Businesses must determine what products or services they can provide at reasonable and stable cost. Legislators and municipal councils must decide what government services are necessary and simultaneously consistent with stable taxes--just like any other cost element. In other words, any economic change must be both economically feasible, and consistent with individual universal-enterprise profit realization. If any economic change does not meet these tests, it will produce inflation.

Any degree of inflation ultimately threatens the basic Enterprise system itself. For any contribution to inflation by any functioning element of the full enterprise system affects the profit sector negatively, and simultaneously threatens the individual profit centers in the system. If a wage increase exceeds productivity, the source of that increase can only be the profit sector of the business; inflation is the inevitable result, because that decrease in the business-owner's profit center must be compensated for. The only possible source of that compensating adjustment is to draw from other profit centers--i.e. to increase prices, which produces inflation. That action, in turn, reduces the individual profit centers affected, and creates pressures in those profit centers for compensating adjustments--i.e. further wage increases, which produces inflation.

Inflation, therefore, is the inevitable result of non-profitable (or less-profitable) transactions. If an ideal Enterprise economy is working perfectly, inflation would not occur. This is true because wage or income increases would be based on productivity or output increases only, in order not to detract from the individual self-attainment profit centers. Thus, all of the increased income would go to profit, costs would not increase, and improvements in the quality of life would inevitably be made by the individuals in the economy making use of their increased discretionary profit. Those transactions would, in turn, produce profit for other profit centers, which would again stimulate demand for other profit transactions. At the same time, competition between profit centers keeps costs in line (assuming that their own costs remain stable), because it is precisely the freedom to transact with an alternative profit center that acts to restrict inordinate profit realization in a basic enterprise system.

## Economic Laws

Before we begin our detailed examination of a basic Enterprise economy, it is useful to recognize certain basic laws which underlie all economic activity. Indeed, a proper understanding of these economic laws is essential both to a lucid analysis of our current economic ills, and to a clear perception of the corrective program which must be implemented to cure them.

The most fundamental of all economic laws is that the profit motive is the foundation of economic activity. There are many examples of this law's broad application throughout various economic strata. The working man exhibits the law of profit by putting in overtime for extra pay at premium rates. The professional person demonstrates it by striving for upward mobility in job and career, in the expectation of qualifying for higher income to increase discretionary spending. The consumer utilizes the law of profit by spending carefully to maximize existing monetary resources and minimize future money needs. And obviously the businessman—whose very livelihood depends upon the production of profit—must earn profit to sustain himself and his loved ones.

Interestingly enough, the law of profit is operative even in economic systems which try to minimize its importance or even disclaim its existence in their system. Just as with a free-enterprise system, the only source of payment for socialist → government programs is the private, profit sector. If these programs grow to such a proportion of the national output that taxes neutralize individual incentive and negate the profit motive, the private sector will slowly atrophy, and the entire economic system will ultimately die. It is our belief that this is the process which is actually occurring in many nations of the world.

We will examine the profit phenomenon in more detail shortly; but first we must recognize another fundamental law of economics: every economic action produces an opposite and greater reaction. This key principle, which is different in essence from the basic law of physics, governs all economic activity. Its implications for any economic program are ignored at the peril of the economic system itself. Indeed, we believe it is the accumulation and proliferation of economic adjustments on the national level—performed without due regard to this law—that has brought many economies and the world economy itself to the brink of the Second Great Depression.

We title this economic phenomenon the 'force law of economics'. There are two factors which operate to influence that every economic action produces an opposite and greater reaction: the first is the fact that human judgment is intricately interwoven with the action; the second is that serious life factors are ultimately involved with any economic action. Those two key elements permeate economic activity; consequently, no economic action can be taken which is not influenced by underlying factors that cannot be readily quantified. This fundamental law achieves greater significance as the level of any particular economic action increases; thus it is easy to see that a mistaken adjustment at the national level can ripple adversely throughout the economy in rapid and accelerating fashion.

## The Force Law of Economics

We have discussed the fact that every economic action produces an opposite and greater reaction. And we noted also that this is because human judgment about life-survival decisions is involved in an economic action. Economic actions reflect definite decisions by human individuals; consequently, economic actions contain dimensions which defy precise scientific quantification. This is particularly relevant when we consider the relationship between the present state of the national economy, and the underlying motivations of the American people. Because of the element of human judgment, the attitudes of the individuals in the economic system are critical to the economic actions taken. Thus there is a definite relationship between the potential full enterprise economy in this country, and the health of the American Spirit. When that Spirit is restored to health, the positive application of the force law of economics will be able to achieve affirmative results. Then the current recession can be ended once and for all.

The new economics is based on stimulation of the private sector by government action. The fact is, as we have seen, that any kind of government action has a critical effect on the private sector. Yet if that action seeks to substitute a governmental function for a similar function in the private sector, there will be accelerated atrophy of the private profit sector. Indeed, this is exactly the reason that the tax-cut stimulus of the mid-1970's is so different from that of the early 1960's: the private sector has become smaller and weaker relative to the governmental sector, and individual self-determination is substantially less dynamic. Therefore, in order for a comparable effect to occur in 1975 as did in 1961, a proportionally greater stimulus would be needed.

At the same time, it is essential to realize that the principle of stimulation of the private-enterprise profit sector by government is a powerful tool if used appropriately. In the present instance, it would be necessary first to correct the systemic imbalances in the private sector, which have developed over the years as a result of the growth of government and the effect of ill-considered government actions (such as price and wage controls). Every time that a government action occurred which was contrary to the basic principles of valid Enterprise, the multiplier effect of the force law of economics magnified its negative impact throughout the private sector. In addition, events such as the Vietnam fiasco, and the Watergate syndrome, had a crippling effect on the American Spirit: Because those developments demonstrated the arrogant level to which government had risen at the expense of--and as a potential threat to--every individual citizen.

So now we have come to the point where there are no enduring profit centers in the American economy; the heart of the basic Enterprise system has been crippled. And that heart, together with the Spirit which gives it optimistic vitality, must be restored to health before the system will yield enduring affirmative progress. Then the stage will be set for constructive application of the force law of economics. By adhering rigorously to true Enterprise principles, the negative 'cost' direction of our present depressive-recession can be reversed, and affirmative 'profit' progress can begin to be achieved throughout the American economy.

## The Public Service Corps

We have seen in the course of this book that the Second Great Depression is an inevitable result of the present configuration of the governmental vis-a-vis the private sector in the United States. And we have argued that certain fundamental changes in both the governmental and the private sector must occur in order for that drastic event to be averted. We have also detailed the necessary fundamentals of a national full enterprise system, which is the present and permanent solution for our current national economic emergency. And we emphasize again that implementation of such a system of personal individual enterprise is the vehicle for universal future human progress in this country—the true achievement of the American Dream by all.

In order to maintain the viable profit centers which are essential to the properly-functioning full enterprise system, some suitable vehicle must be devised which will act to ensure the smooth interaction of the governmental with the private sector. Since employment is so crucial to private profit centers, and since unemployment is so dysfunctional to the economic system, it is appropriate for the primary mission of that vehicle to be concerned with employment. That new entity should be quasi-private and quasi-governmental in nature: we suggest that the recommended new agency should be called the Public Service Corps, and should be an independent non-profit instrumentality, funded by the government, which would perform work projects that might usually be carried out by governmental employment programs, using personnel who are unemployed by the private sector of the economy. Such an entity would have a variable work-force size, depending upon the employment status of the private sector. As unemployment increased, its work force would automatically increase--and likewise, would contract as the general economy approached full employment.

The Public Service Corps would not be intended to replace unemployment-compensation programs; but instead would function to put people to work on job projects, even if the private sector was not ready to absorb them at full gainful employment. As we have noted, it is damaging both to the nation, and to the individual person, for an extensive period of non-employment to occur. In lieu of that, the Public Service Corps would put people to work even while they were drawing unemployment benefits; but they would be paid a reduced wage amount that would be only a percentage of the normal equivalent in the private sector. The intent is that the individual shall be able to exercise his personal ability in an employment context, but there must be an economic incentive for return to the private employment sector. The wage payments under the Public Service Corps should not exceed the comparable average level of private-industry equivalents when combined with unemployment payments. And, when unemployment payments run out, the adjusted salary levels should not exceed 55% of the private-equivalent. Thus, the individual would obtain an economic reward for work production, the economy would have the benefit of his or her output energy, and the private sector would have time to re-establish true demand for the individual's work ability. Even excess government workers would be suitable members of the Public Service Corps, the safety-valve 'agency'. Virtually any work project could be appropriate for that new entity, and if it performed its function well, the severe shocks which unemployment cycles have exhibited would become a thing of the past.

S. PETER SARRIS, M. D., F. A. C. S.

56 BROAD STREET  
LYNN, MASS. 01902

September 2, 1976

Presidential Nominee  
James Carter  
Plains, Georgia

Dear Mr. Carter,

I want to congratulate you on your incredible, astounding and, in my opinion, deserving acquisition of the Democratic Nomination for President.

My curriculum vitae are enclosed not for self-education but only to help you pay more attention to what I have to say.

A few years ago I decided to play a role in the political process and not remain just a successful surgeon. I, also, realized that good medicine and surgery cannot continue in the U.S. (the U.S. medical profession has outclassed by a wide margin the past fifty years that of all other countries combined) unless the country had good, honest, sincere, and aggressive political leadership.

It would take you many, many hours to read the material that I have written to key personnel in and out of government on this subject.

I possess an unbelievable ability to make political diagnoses.

I will do my best to limit this letter as to its length, so as not to burden you. I am available for a lot more of my material to be screened by one of your lieutenants.

I first wrote a psychiatric and political analysis of Richard Nixon before the election of 1968. (I can

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furnish you with that if you wish but its importance has now lessened) and mailed it to many key people in government. I recognized him as a devious, selfish paranoid.

The only way that Nixon was elected in 1968 was a combination of two factors. The first and less important was that Hubert Humphrey was his opponent and as much as I like and respect him he made the fatal error of not denouncing categorically Johnson's Vietnam policy. The second factor was Tricky Dicky first announced - along with his candidacy - about a year before elections in November 1968, that he had a solution to the Vietnam War. On several occasions he was pushed by the press as to what was his solution and his answer would always be in different phrases, but in essence, he said he must get the Republican nomination before he could talk about it seriously.

Now, after he got the Republican nomination - still proclaiming he had a solution - and when pressed by the press what is the solution, he changed his tune and said, after all he must become President before he could put his solution into action, so "the question at that time was academic".

At this point, I wrote - an example of a letter enclosed - to the prominent Democratic nominees to expose Nixon (letters enclosed). Either (1) he had no solution, (2) his solution would not be palatable to the American people or (3) he was not a true American patriot and would rather be President and permit another 20 to 30 thousand Americans to die than reveal his

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solution to then President Johnson - one year from the time he said he had a solution and the time he became President. I begged the Democratic nominees to point this out to the American people but my advice ~~was never taken~~, either through bad staff work or their saying "who is Dr. Sarris anyhow?" See appendix #1.

I will limit myself to a second observation on my part, which observation I transmitted to the leaders of congress, the Ervin Committee and finally to the Impeachment Committee. After Dean's testimony, Nixon insisted both to the country as a whole and formally to the Ervin Committee that he had "reviewed the tapes and they proved that Dean was lying". My letter was simple (also, printed by the Miami Herald while I was on a two weeks vacation). If Nixon had proof that Dean had committed perjury than Nixon had committed a felony.

"There are many impeachment charges that can be brought against Mr. Nixon. Everyone has left out the one charge that is probably the most serious and certainly the one that can be proved with a minimum of discussion or investigation. Mr. Nixon has furnished you prima facia evidence of his guilt of the charge of misprision." (Law passed originally in 1790 particularly for public officials who withhold evidence of a felony and do not prosecute such a felony) The impeachment procedure would have lasted three minutes. Incidentally, this law of misprision has been reaffirmed by the courts over the years. The last time I believe was in 1953.

As far as Ford's nomination for President by Nixon, I

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wrote many letters to the leaders of Congress not to confirm him. Here is a quote from one of those letters:

"Please do your darndest to stop Ford's confirmation. He may be better than Nixon but that's not good enough. Ford may be honest, clean, gets along well with other congressmen etc. etc. but he has two horrible faults. First, he has been much, too much pro-Nixon. I could forgive him for that and I might possibly be persuaded to accept him but, secondly and much more importantly he is stupid. He is below average in innate intelligence even in his present position. I am an excellent diagnostician when it comes to evaluating intelligence. While on the subject of intelligence, Nixon is not truly intelligent. He is only cunning and most people confuse the two. A real, highly intelligent person never uses cunning (except for self-preservation and survival in an emergency). Furthermore, cunning usually diminishes any innate intelligence one is born with. Now, you combine paranoia and cunning and you get the tragedy of the Nixon years."

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Here is another quote, "I wouldn't be surprised that if Ford is confirmed he may well give Nixon a Presidential pardon and thus stop the impeachment procedure".

After Ford's confirmation and inauguration as President of the U.S. I wrote among other things, "the only reason why I can see the Democrats confirmed Ford is that they are looking ahead to '76. Ford would be easy to beat" (Author's present comment: 'and should be beaten').

I fervently hope you have read this far because now follow two death blows which you can deliver to Ford. The first is not as important as the second.

One of the big issues of the day is the anti-abortion movement. Now, I have made it my business the past few years to ask my patients - especially those who are Roman Catholic - to find out their opinion about abortions, particularly, in the first trimester of pregnancy. This represents between 1,500 and 2,000 women. Of course, I would pick the time to ask them that question, after I had diagnosed or treated the patient's disease for which they came to see me in the first place and after I had developed a good rapport with these patients. The results were astounding. If I can condense their answers - most of them expressed differently - the answer of about 70% of the Roman Catholic patients was: "I am a good Catholic but I cannot accept the edict that every abortion is sinful. There are many circumstances under which it should be permitted".

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You should continue your present approach.

To break up the monotony of the seriousness of this subject, I would like to tell you a funny but true story. I have a colleague of many years who swears to this story.

He had a female patient, married for two years, for diagnosis of a pelvic condition. Among the various questions that a doctor has to ask - these days - ~~is~~ "are you practicing contraception?" She answered: "Doctor, I am a Roman Catholic. We used to practice contraception before we were married but once we were married we stopped it."

Now, many arguments can be used pro and con abortion. You continue to state that as of now we must follow the Supreme Court decision. It is no longer a Presidential matter. There is no reason for a constitutional amendment as each pregnant woman has her choice. The Supreme Court did not say that women must have an abortion under certain circumstances. The anti-abortionists are free to yell their feelings from the rooftops. You cannot legislate a moral problem.

Finally, on this subject I believe I can get you an extra ~~three million Catholic (and other anti-abortionists') votes by~~ a short story that I have written.

It was almost published by a leading magazine over a year ago - but they asked me to cut it down to about one third and change a couple of things, and then they probably would publish it.

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I am enclosing the short story with the hope that one of your fine professional writers would improve it. You notice it is devastating to the pro-life fanatics, most of whom are Roman Catholic ~~and their clergy~~ My story may be a little far fetched but still well within the realms of probability. After all the Communists have used all kinds of tactics to infiltrate our free democratic society. Knowing what I know if I were a Communist leader, I would try the approach suggested in my short story.

As you see the essence of it is the anti-abortionist and pro-life fanatics would have to choose between their strong feelings and Communism. It kind of puts them on the spot, don't you think? I'm sure that you will gain about three to four million votes. The way I'd like to see it done would be very confidential. Have one of your writers improve it, send it back to me and then I will submit it to some magazine. Here I may need some help from one of your strong confidants to help influence the magazine in printing it. I'm sure we can avoid your name entering into it particularly since I have already submitted it to three magazines. Now, the second and by far the most important thing that will get you fifteen million votes over and above what you would get is my system that I have worked on for fifteen years on tax reform. It is the most beautiful system that's ever been conceived. It will be immediately acceptable by 90% of the people or more. Since I have written enough, within a week or two I will write to you

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my outling of this tax reform.

All the luck in the world.

Sincerely

S. Peter Sarris, M.D.

Encl.

Appendix #1. Letters to various political leaders.

Appendix #2. Short satirical story on the dilemma  
of the anti-abortionists and pro-life  
people.

Appendix #3. Response from National Review on my  
short story.

Appendix #4. Biographical data.

Appendix #5. Miami Herald newspaper clipping.

Appendix #1<sup>a</sup>

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"As a preface to my suggestion to follow, let me emphasize that the way you electrified the huge majority of intelligent Americans and a large proportion of average Americans and a great number of people all over the world was your direct, forthright and unmisinterpretable announcement that you were campaigning for the Democratic nomination for President of the U.S., primarily to influence President Johnson's policies in foreign and domestic matters and secondarily to become President of the U.S.

Therefore, it may be wise for you to issue a statement in the next few days exposing the selfish and stupid position that Nixon has taken. He has stated repeatedly that he has a solution to the Vietnam War. A few days ago, when he was pinned down as to the details of his solution, he stated emphatically that he will announce his specific plans, re Vietnam, after he becomes the Republican nominee for President of the U.S. He unmistakably stated that then, and only then, will he specify the details of his plans. The only reason he gave for the delay in withholding his plans was that he was 'saving his ammunition for President Johnson', his presumed Democratic party antagonist in November.

I have never witnessed a more self-incriminating statement in my life by an aspirant for the presidency of any university, corporation, let alone for the presidency of the U.S.

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In unequivocal essence, Nixon has stated that he will not devulge his plan to stop or lessen the Vietnam holocaust unless and until he is made President of the U.S. American lives, Vietnamese lives, villages, and cities can continue to be devastated until Mr. Nixon gets the Republican nomination.

I really believe that Nixon is a born loser. At least, he seems to have the knack of making some horrible mistake or other. I believe, he has done it again, providing someone like you or a member of your staff takes an honest advantage of his faux pas.

Oh, how I fervently hope that you can use the above material in some way or other. Needless to say, that I am not a pro in such matters."

Appendix #1<sup>b</sup>

S. PETER SARRIS, M. D., F. A. C. S.  
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Now, the most revealing aspect of Nixon's deviousness was what happened after he got the Republican nomination.

I wrote to Hubert Humphrey in order to give him some help so as to defeat Nixon. I never wanted Humphrey to get the nomination because of his lack of complete disassociation with Johnson's Vietnam policies. Still, he was better than Nixon. He, too, failed to use my material.

First, I wrote to him what I had written to Eugene McCarthy, Bobby Kennedy and other political leaders (but not to Humphrey) as quoted above. Then, I added the following:

"Before Nixon got the republican nomination he was constantly stating he had a solution but could not reveal it until he got the nomination. After he got the nomination, and again when pressed by the press and T.V. commentators as to what is his solution, he would say something like 'you will get my solution when I become President. Right now, I have no power to put my solution to work' ".

"I begged Humphrey to point out that Nixon would rather be President than save the twenty to thirty thousand American lives which would have been lost from the time he first announced he had a solution (about Oct. - Nov. 1967) until his anticipated inauguration.

Appendix #1<sup>c</sup>

S. PETER SARRIS, M. D., F. A. C. S.

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"It is a typical 'snow' job by Nixon. The great majority of Americans (and steadily increasing) are now fed up with this Vietnam War. Nixon knows this. So anyone who comes along and grandiosely states he has a solution is bound to attract three to five million votes just on this issue alone, which votes he, otherwise would have never received."

Again Humphrey nor any other Democratic leader took my advice and nailed Nixon to the cross.

Appendix #1 d.

S. PETER SARRIS, M. D., F. A. C. S.

56 BROAD STREET  
LYNN, MASS. 01902

September 17, 1976

Letters To The Editor  
The Boston Globe  
135 Morrissey Blvd.  
Boston, Mass.

Dear Sirs,

You will probably hesitate to print this short Letter to the Editor because it involves the Catholic Church.

In your front page of this mornings Globe of the 17<sup>th</sup> of September, 1976, your headline reads: "Bishops assert neutrality in campaign". Later in the article, the spokesman for the National Conference of Catholic Bishops, Archbishop Joseph L. Bernandin of Cincinnati said, "We are not neutral with regard to issues, but we are neutral with regard to candidates". Bishop Bernandin must consider the average American citizen stupid. I hope that this type of logic is not representative of the stand of the Bishops on so many other important issues. It is impossible not to be neutral about issues and be neutral to candidates. Issues are not abstract and ethereal but are always associated with people.

Sincerely

  
S. Peter Sarris, M.D.

## Appendix #2.

### FROM LITTLE ACORNS MIGHTY OAKS DO GROW

Winston Churchill the 4th and Byron Nelson casually perused the bulletin board. Almost simultaneously, their eyes became glued to a brand new notice in the left upper corner:

"Three years after the three hundredth anniversary of the July 4th American Revolution, Samuel Adams, recently Professor of History at the Ho Chin Mihn University of the United States in Cambridge, Mass. (formerly Harvard University) will be the guest lecturer the week of July 4, 2079.

"Monday, July 4th, 10 A.M. - The United States  
of America 1973 to 2,000.

Wednesday, July 6th, 10 A.M. - The United States  
of America 2,000 to 2,060.

Friday, July 8th, 10 A.M. - The United States  
2,060 to the present Union of Communist  
States of North America, 2079.

"It has been rather common knowledge that the prestigious Professor Samuel Adams recently defected from Communist America and has been granted political asylum in Great Britain."

They read the announcement several times. Byron was the first to break the silence. "Winnie are you going?" Winston answered, "With red bells on."

"I knew all the time," Byron retorted, "that you were a damn commie, even though you made us believe those bells you had painted red were for Christmas decorations."

"Shut up, you damn capitalist pig. If it weren't for my great, great grandfather back a few years ago - let's see, World War II, wasn't it? - you wouldn't be enjoying the freedom of Oxford University. I may have socialist ideas but I detest Communism. It was imperialist fools like you and that Pope in Rome that brought the United States under the Communist heel." Then, with an impish smile, he added, I should say Khrushchev's heel. Remember, that old T.V. news clip over a hundred years old, that the B.B.C. dragged up somewhere showing Khrushchev pounding the heel of his shoe at the United Nations and screaming 'We will bury you' ".

Byron didn't want to continue any more. He was a Roman Catholic, very scarce these days, and all his life he had taken quite a beating. He turned away with "see you in church."

Professor Samuel Adams' odyssey had been extremely well covered by the British Press, the B.B.C. and the two major commercial three dimensional T.V. network systems. His open opposition to the new regime, his jailing and miraculous escape were well publicized.

"You don't have to give me your answer now, Winston added. "You hate Professor Adams for his stinging anti-catholic views, I know."

"You're never fair or accurate" answered Byron, but not acrimoniously, at least not vocally so. "You know damn well that Sam Adams and all his ancestors were violently abusive about the Pope of Rome. Everything bad that has happened beginning with the Spanish Inquisition they've blamed on the Pope of Rome."

"Well, my boy, this is one world catastrophe that any logical person, irrespective of his religion, can lay directly at that ring on the Pope's hand or is it his foot - whatever it is that you millions of

catholics have kissed or would like to kiss for centuries - just wait and see." He started walking away, then quickly turned around, "Oh, I forgot, You can't go to his lectures. What's the latest edict? - "Ex-communication to anyone who listens to or reads Samuel Adams! Isn't that so?"

When no response was forthcoming, he added, "I'll tell you what I'll do for an old buddy. I'll give you a synopsis after each of his three lectures. I'm sure the excommunication edict would not apply to your reading of a synopsis thereof."

Still no answer, but Byron's eyes were easy to read. He really wanted to know what happened. How could Winston, nominally a Protestant, actually an atheist or at best an agnostic, know so much about the agonizing turmoil he, Byron, was going through these last few years. They had had many a bull session about religious matters, but Winston had never been so aggressive and so sure of himself. Previously, Byron had always been able to display some semblance of, if not a victory, at least a defensible position.

On the afternoon of July 6th, 2079, Byron found under his door a thin manila folder, right after returning from lunch. He had not seen Winston in any of the classes they had in common or in the dining room or in their favorite pub, the Chinese Dragon. The envelope was marked plainly Byron Nelson, Personal and Confidential.

He opened it quickly and started to read.

Dear Byron,

I decided I could not keep my word to transmit to you verbatim the notes that I took on Sam Adams' first lecture. Trust me, however, to come pretty close to everything he had to say.

In spite of his American accent, he speaks excellent and intelligible English. What a scholar! What confidence he exudes! What clarity of thought and expression!

Here goes:

Like most important things that happened to America, for example the nasty revolution against this cherished land called England in 1776, the important events of 1774 to 2000 all started in Boston, the capital city of that damn Commonwealth of Massachusetts. Just as that revolution in 1776 against the country of my English ancestors, the present revolution against my American ancestors since 1776, also, had its beginning precisely in the city of Boston and of the same Commonwealth. (T'is I, Winston, henceforth, still quoting Sam, but not verbatim. Can't keep up with him - no shorthand - no secretary - no dictaphone).

U.S. Supreme Court ruling 1973 - abortion legal in first trimester of pregnancy - for any reason at all if potential mother wishes it. Legal for second trimester if rights of mother not infringed upon and under proper supervision. Legal in third trimester but only if so determined by laws of various states to protect health and sanity of mother. In other words, individual states have leeway only in this third - presumably viable fetus - trimester.

Denunciations follow this Supreme Court decision from spokesmen of various religious orders everywhere - most of them emanating circuitously from the Vatican - and others - patriotic, veterans and either naive or stupid U.S. organizations - many, many non-catholic - but spearheaded by huge Catholic plurality (and politically the majority)

in old Boston, Mass. Oh, what dialectics! The sanctity of life! When does individual life begin? Life begins at time of conception! Hence, any abortion is premeditated murder. Murder of totally innocent, defenseless individuals - though unborn and completely incapable to breath on their own - cannot be condoned; even at the cost of the mother's life (let alone her sanity); further, even though pregnant woman is innocent victim of the most atrocious rape by a totally undesirable male, inhuman, deranged, savage, depraved, disfigured; even if unborn child is clearly doomed to early death or horrible deformity; even though the initial combination of ovum and sperm will ultimately doom the newborn itself or worse, indirectly doom some wise and healthy individual to starvation. Abortion is first degree murder! Yet, right in Rome at a World Food Conference in 1974, concerning starvation from over-population, Vatican still against birth control as answer. An obscure Secretary of Agriculture of U.S. makes big boo boo - name Butts or Butz or Bats - insults Pope - quotes Rome taxi driver's opinion on Pope's answer to over-population - "He no playa the game, he canna make the rules". Forces public apology from this joker and from President of U.S.

Tremendous, unbelievable turmoil on this question. Abortion arguments revitalize contraceptive arguments. Very important argument against Papal infallibility on faith and morals then follow. Sam emphasizes doctrine of Papal infallibility was not declared until 1870 A.C. (after Christ) or A.D. (after Dominum - take your pick) - then made retroactive for all decrees by any Bishop of Rome (originally his title), now called the Pope. Quick emphasis of this being an ex post facto law and therefore abhorrent to Anglo Saxon legal history.

Then follows a beautiful letter written by Sam's Grandfather, Samuel Adams the III, to Pope Paul VI in 1968 - asks for explanation of the Pope's ex cathedra edict that the rhythm method was the only one acceptable as means of birth control. Could not get it all. Asked for copy of this letter after lecture. Too important to miss a word. Got it. Here it is. Sam Adams III wrote to his Holiness, twice, registered mail - no answer to either letter. Letter very clever, devastating argument, puts Pope in untenable position.

November 4, 1968

"

Pope Paul VI  
The Vatican  
Rome, Italy

Your Holiness,

For many years I have painfully considered writing the substance of this letter to you but have refrained from doing so until your last encyclical regarding birth control.

My profession is an historian but I did study Theology in my youth, formally for about three months and informally all my life.

I would have no argument with your Holiness as to your stand on birth control if you were consistent, persistent and insistent in your proclamations.

In fact, I would have admired you - if you had not made one bad mistake.

I have discussed this mistake with many Roman Catholic Priests and Bishops and not one of them have been able to give me the answer. Perhaps, you have the answer.

"Here follows the theologic question: How can your Holiness permit birth control by married couples in using the so-called "natural or rhythm method" but at the same time declare that other methods such as pills and chemical or mechanical methods are sinful and unacceptable to the Roman Catholic Church!

"It has always been an ethical, moral and theologic principle of all religions and cultures, including and particularly so, the Roman Catholic Church that an act of omission, which act of omission has the deliberate intent of producing a certain result is equal in guilt to that of an act of commission in producing the same result. Furthermore, the legal and secular laws in almost all nations accept this principle, to wit: that a deliberate act of omission is equivalent to an act of commission if the purpose and intent of such an act of omission is the same as that of an act of commission.

"I need not remind your Holiness, that the act of omission as for example, the act of withholding a medicine vital to someone's life, and if that medicine is deliberately withheld to effect that someone's death, that act of omission is equal in guilt to the act of commission of putting a dagger through that someone's heart.

"Let us apply this theologic principle to birth control. I state categorically that your Holiness has made a theologic mistake in permitting the "rhythm" method of birth control and rejecting other methods. If you are to be consistent in your theology and retain any theologic respect you must retract your approval of the "rhythm" method. It should be theologically obvious that if a married couple avoid the marital act during the so-called "dangerous period" deliberately to

avoid pregnancy and resume hilariously the marital act during the "safe period", that couple is just as guilty and as sinful as those couples who use what your Holiness has labeled as artificial means.

"I would be eternally grateful to you if you answer my very pertinent theologic question.

Respectfully,

Samuel Adams III " (1)

Strong inference. Equivalent to indictment or assault on authority. Pope caught in a fallible position - he can not squirm out of it. Chooses to keep silent even after repeated letters. Partial explanation of Papal lack of response by enclosed letter by Catholic Bishop to whom my grandfather sent a copy of Pope's letter. Good friend of my grandfather's. Must remain anonymous, though long dead. My grandfather made a promise to him.

"

April 13, 1972

Professor Samuel Adams  
Harvard University  
Cambridge, Mass.

Dear Sam,

Thank you very much for your letter and the enclosures. I am afraid that there is very little I can do to forward your point. I think what you have said is absolutely true but in matters of this kind, logic rarely is effective. I think the Roman Catholic position has been cited fairly definitely by the Pope and the hierarchy is in no mood to argue it or listen "to reason".

(1)

Letter is exact duplicate as to date, contents, every word (except for historian) and every period as that written by the author of this short story. The second letter, four months later, was an exact duplicate of the first.

"Personally I see no real value in your trying to pursue this matter, for Rome seems to change only when it seems convenient or politic. When changes come they will evolve through their own structures and I am quite confident they are not going to be impressed by outside suggestions.

Very sincerely yours,

John

John Doe  
Bishop

" (2)

William Baird - protagonist of contraception - spends more time in court and jail than out. His ideas penetrate catholic parental behavior practically but not admittedly.

Doctors being tried by ardent Catholic District Attorney in Boston - for performing abortions in Boston City Hospital - even though legalized by U.S. Supreme Court. Tumults in other states also - but Boston remains hotbed of anti-contraceptive and anti-abortion coals (coals to Newcastle, Byron, like it? - hotbed - coals). Supreme Court justices of 1973 decision and all adherents thereto called murderers. Letters to the Editor galore. T.V. specials dime a dozen.

Same time, big women's liberalization movement. Male non-catholics forced to combine forces with male catholics. Male chauvinist pigs gain support of catholic women libbers.

Mixture of sunshine patriots and winter soldiers ensues.

Super-tremendous argument about celibacy arose for the umpteenth time about the year 1990. If church accept birth of Christ and of

(2)

Above letter duplicate of that received by author from Bishop who must remain anonymous.

Mary as a Virgin, must decide which is bigger miracle - birth of Christ with only female and, therefore, half of allotted chromosomes or miracle performed by Holy Spirit of God supplying necessary other half of chromosomes by transfer of spiritual to somatic genes. Latter miracle scientifically and common sensely much more acceptable. If Mary's chromosomes somehow made to divide into human individual, offspring should have been female. Who supplied the Y chromosome. Therefore, what waste of chromosomes to have so many saints and particularly Popes go celibate. Better for the world all around if their saintly virtues were transmitted more often than once in two thousand known years. Physical contact may not be necessary - after all it's a miracle. But you must admit justaposition even at a great distance needs advance notice - at least the shot must be called to the attention of the recipient. More virgin births by saintly, spiritual shaking up of the ovum, the more saintly people.

(Adams on thin ice with above - old stuff re-hashed - below, he's returning strong.)

1996 - Big election coming up for U.S. President. Unforeseeable combination of factors combine to have a Roman Catholic elected President. Not too unusual after John Kennedy who broke the ice in 1960. Publicly he is only nominally a Roman Catholic - very liberal and tolerant in his religious beliefs. Privately - and what is not known: he is devoted, totally, fanatically and unreservedly, to the Pope of Rome as to his faith, morals and religion and almost everything else.

Between 1997 and 1999, luck would have it - six Supreme Court Justices died (certain skeptics suspected murder) or retired. I need

not burden you with their names. This was the biggest turning point in the history of the world. Write to you in two days, Byron, old chum.

\*

\*

\*

Year two thousand. Same President. Even name fooled them all - Jefferson Roosevelt O'Brien. Friends and media call him Jeff.

In the three years, 1996 to 1999, six new justices appointed by Jeff and confirmed by Senate - The anti-catholic bigotry of the first two hundred years of the republic no longer much of a factor. Very few notice, don't care or do not know (but the President knows) all six are strongly anti-abortionist. Three are Roman Catholic. Still fewer know all religious fanatics on this subject like President. Otherwise, the finest legal credentials - Deans of Law Schools, Presidents of Bar Associations, Presidents of Trial Lawyers Associations, former Attorney Generals, etc. , etc.

Historical litigation begins in same year 2,000, but very obscurely, in a Boston District Court. Does not rate one line in any Boston newspapers. An exchange male student at Harvard from England married an Australian female and Roman Catholic with a temporary visa to study Marine Biology at a place called Wood's Hole - part of Massachusetts - very famous. Mother's visa expires three months after marriage. Now two months pregnant. She is forced to leave for Australia but before she leaves institutes legal suit to register her unborn child as an American citizen. Reason - conceived in the U.S. Therefore, born in the U.S. Insists on baby's legal right, after being delivered in Australia, to return as U.S. citizen - native born. Insists his date of birth was scientifically two weeks after her last menstrual

period or about two months before her visa expired.

Furthermore, before leaving U.S., insists on obtaining birth certificate for unborn.

Such a case unheard of. Comes before Judge in South Boston - Irish Catholic Bostonian. Even so, Judge rules against her - no birth certificate. He rules - no child - no birth certificate. Now, things get hot. First mention of case in newspaper - 4 lines on Page 35. All sorts of legal help is offered - Catholic Women's Clubs, Women's Lib, Society for Rights of Unborn, and finally a strong anti-abortion, anti-contraceptive lawyer in high position politically and rated tops in the legal profession offers his services gratis. Re-opens the long dormant but far from dead issue of the 1973 U.S. Supreme Court decision on abortion. Newspapers, domestic and foreign, start to cover the story. Local, then National and foreign newspapers. Time, Newsweek, The New Yorker, Cosmopolitan, etc., etc. Experts everywhere - some crawl out of their wood holes. Renewed arguments on the sanctity of life. Quotations from everywhere reprinted and respoken - the Pope, biologists, scientists, Jewish and Protestant leaders. Reminiscent of how many angels could fit on the point of a needle.

Case appealed all the way to the U.S. Supreme Court - "Mary and unborn child vs U.S." Case finally decided in the year 2004 - when Mary's child was about three years old.

Case becomes most famous and fateful in history of U.S.

Unbelievable controversy in U.S. Everyday a new headline - Miles of reading copy. Hours of T.V. Scientists, Theologians and constitutional legal experts. Latter more voluminous and vociferous than Nixon charade of 1972 - 1974.

A number of legal scholars were involved in the preparation of the case before the Supreme Court - on both sides, as expected. After legal briefs were filed, one from each side was chosen for the oral arguments. These two were beauts: William Jennings Bryant the IV (original one in Scopes', monkey trial in Tennessee in 1925 - or thereabouts) (3) and

(3) At this point Professor Adams digressed to tell a bloody good joke. Scopes' trial was sensational in early 20th Century. Poor guy, ordinary schoolteacher who was teaching Darwin's theory of evolution of our descent from monkey-like animals in small town in State of Tennessee. Part of his job was teaching biology. Honest and conscientious but in center of "bible belt" of U.S. Case attracted national and international attention. Here's the joke. Lamarck was a french scientist and a contemporary of Darwin. In fact, there was considerable rivalry between them in that they had a different theory of evolution and each one of them had their followers in the scientific community. Darwin's theory was that evolution occurred through survival of the fittest. Periodically a mutation would occur in one or more chromosomes which gave the animal a new characteristic which was inheritable thereafter. If the mutation was advantageous to the survival of the animal, that mutation was then continued in the progeny. Lamarck's theory was that evolution occurred by the inheritance of acquired characteristics, if this acquisition was repeated enough. Of course, we know now that the theory of Lamarck has been discredited. At this point Sam, with a twinkle in his eye, stated that the best evidence against Lamarck's theory was the fact that the Jews have been known to be circumcised for at least 4,000 years (about 12,000 generations) and yet none are born circumcised. Then he added, Shakespeare anticipated all this when he stated "there is a divinity that shapes our ends, rough hew them how we will".

Clarence Darrow Welch (no relation to Clarence Darrow of same Scopes' trial but on Welch side related to famous Army - McCarthy hearings of the 1950's). The former very eloquent - full of biblical references plus scientific evidence of individual's characteristics, down to most minute detail, pre-determined at moment of conception. Hence, ipso facto - it is an individual - a human being.

Welch more subdued but much more persuasive - certainly before a jury - but this case was not being tried before a jury but before nine old men of the Supreme Court. Most impressive line by Welch (to imaginary jury and U.S. people) was when he brought an acorn before Supreme Court and had three expert botanists testify that it was an acorn and it had the intrinsic potentiality to become a great oak. Then, he turned to the Judges and said - "Which one of you would like to label what I hold in my hand a great oak?"

Finally, U.S. Supreme Court rules 6 to 3: individual's life begins at time of conception - simultaneously overturns 1973 Supreme Court ruling on abortion. (Reversals by U.S. Supreme Court of previous Supreme Court decisions not too unusual.)

Chaos in the U.S. When to get a birth certificate? Supreme Court leaves it to states to make rules as to date of birth - some suggest mother's word on so many days after last period. Others say: when a licensed physician or a panel of three physicians set the date of conception. At this time, fairly accurate tests had developed on determining time of conception.

Horrible side issues arise. What name goes on birth certificate as to father if couple not married? Or, even if married what rights has father to dispute fatherhood? Someone dug up Supreme Court ruling of 1974, when abortion was legal, that the wife did not need the consent of her husband to have an abortion. Therefore, did she now need his consent when he is named the father? If the mother miscarried, must fetus have death certificate and burial permit? Source of great violent discussions. Undertakers all for funeral rites for a mass of jelly and blood. Their lobby wins out. Then, age of individual varies in different states. Some adopt a full term baby is nine months old when delivered. Others adopt two birthdays - date of conception for legal rights and date of delivery for birthday celebrations. Ridiculous things happen. Women report day of conception one day and child is born the next day. Some women think it is chic to get married on the same day they report they conceived and delivered. Too much trouble to dispute them. Spectacular rise in number of illegal abortions. Illegal abortionists everywhere, even in Laundermats. Illegal "do it yourself kits", thriving business. Biggest increase in tourism to other nations, especially Canada, where abortions are legal, in the history of the nation.

The easiest cases to give the exact birth date were those of established rape, particularly in convents with many witnesses of the intrusion of the rapist. So, Byron, old boy this was the real Boston Revolution, bigger than Paul Revere's ride and Lexington and Concord.

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Well, Byron, here's his last lecture. All this would be absurd if it were not true. It is hair raising so far. But yet I have a feeling Professor Adams will be anything but anti-climactic. I've had to re-write my notes to make them legible for you. Original notes scribbled standing up. No space anywhere - not even for an ovum or spermatozoon.

Needless to say, from year 2,004 on, numerous attempts were made for passing all kinds of amendments to the constitution to nullify or overturn that Supreme Court decision of "Mary and unborn child vs U.S." Although, a large majority of the U.S. voters were against that decision, for one reason or another, this tremendous majority could not agree on the exact wording of the constitutional amendment. Almost everyone knew it was stupid but no one could come up with the right phraseology to unite the majority against the hard core of "abortion is murder." In all fairness, not all Roman Catholics approve that Supreme Court decision, in spite of the official endorsement of the Pope and the Vatican Curia. However, the Government of Italy never endorsed it.

What went completely unnoticed in the U.S. and in most of the world was that the year 2004 was, also, the Chinese year of the Locust. More importantly, this Supreme Court decision did not go unnoticed in Peking in this, an earth devastating year. For the preceding quarter of the century the Soviet Union and the U.S. had become more and more friendly - almost allies - in spite of their persistent differences in economic systems - which differences had become much less obvious or real. However, the Chinese, though maintaining better diplomatic, cultural, athletic and trade relations with the U.S still remained aloof from the rest of the world - still had world ambitions to conquer the West - particularly the U.S. China had never forgotten the insults for

centuries to their women - built differently down below, like their slanted eyes - sideways instead of up and down - insults to their tongue barriers in certain spoken words - their breeding openly compared to the lowly rabbit - their physical likeness to the Japanese - whom they detested.

At a meeting of the Chinese politburo in the year 2,005 a decision was made and a plan of action clearly outlined. This was undoubtedly the most important decision in recorded history.

Must excuse me for shaky handwriting even though rewritten. Bad hangover from last night. Almost missed final lecture. Met this broad at Pub. Hot pants all the time. Can outdrink a man anytime. Journalist from Moscow - Adam's lectures her special assignment. Never found out whether from official Soviet Press or free lance writer which she claimed. Very lively in and out of bed. Good conversations, very slight accent.

Best lecture yet. Chinese politicians make top secret decision in year 2,005. Send more than ping pong players and trade specialists to U.S. Send slowly increasing numbers - reaching figure over first five years of over a million Chinese - somewhat greater number of females than males. Each one of them individually selected and meticulously reviewed, then indoctrinated for full year - top secret. Exchange students, artists, musicians, writers, scientists, athletes, etc., etc. A sprinkling of Homos to throw people off or turn some on - have your pick. All females on pill at first - depending on length of stay. Then, off pill with orders to get themselves pregnant. When pregnant, conform to state laws about reporting event and getting a birth certificate for tiny amorphous microscopic piece of jelly. Have baby in U.S., if visa still timely. Return to China with or without

baby but in either case with birth certificate. Most females returned for one or many more repeats. Enjoyed it very much. Patriotic and at Chinese Government expense. Offspring carefully brought up and thoroughly indoctrinated. Always top secret. All spoke English fluently. Northern, Southern and mid-Western accents carefully apportioned.

The year 2,060 - next to 2,076 - the most significant year of world history including the birth of Christ, the Russian Revolution and the landing on the moon. Go back a little. In the year 2,026 a granddaughter of Mao Tse-Tung got a birth certificate in Boston, Mass., dated May 1st of that year (Like it? May Day). In about nine months she was delivered of a son who was baptized and given the name of Mark Terri-Thomas. He, too, returned to China and received the most special treatment of all. At age seventeen he returned to his native country with his mother (also native born or conceived in the year 2,006). No one knows that happened to the father - disappeared off the face of the earth. It is reported he was of old Yankee New England stock, but lost heavily in the stock market and went down with his yacht - no trace. The son did not look Chinese at all. He entered Harvard College, graduated with high honors and then Harvard Law School. His mother was quite a socialite, very rich and beautiful and only faintly Chinese appearing. Mrs. Terri-Thomas became the most famous hostess in the Greater Boston area, with a summer home in Maine and a winter home in Florida. When she arrived in Boston for her final stay with her seventeen year old son, she was a 38 year old "widow" - Mrs. Eleanor Ford Terri-Thomas. Reputed to have numerous affairs - always on the pill - tantalized numerous important suitors.

Young Terri-Thomas quickly entered politics. Meteoric career.

Going back to the year 2,060, a gradually increasing stream of Chinese - native (born or conceived) Americans - returned to the land of their conception. All types of workers, business and professional men. Most of them did not look Chinese as most of them had caucasian fathers. They arrived chiefly by air and landed in various airports of America. They concentrated almost entirely in states with large populations and, hence, large electoral votes. Carefully executed operation. Went unnoticed. Mixed freely with other Americans and married such Americans in increasing numbers. Most important, hundreds of thousands entered the volunteer Army, Navy, Air, Marine Corps, Police forces, F.B.I. and C.I.A. Well financed operation, too. Make the Nixon financial support look miniscule.

Population of U.S. in 2,060 220 million. Women's Lib, etc., had pushed population growth below zero starting about the year 2,010 and still going down. But, by the year 2,076, population 275 million - 65 million of whom were natively conceived (born) Chinese - all registered voters.

Big speeches by politicians on new prosperity of the U.S. - greatest ever. Everybody euphoric. National elections coming up November, 2076. Mark Terri-Thomas Republican nominee. His Democratic opponent very liberal, almost socialistic - Thomas Dewey Daley. Present Democratic administration had record of biggest budget deficit to date - all kinds of easy spending. Terri-Thomas rather easy winner. (Remember, Byron, we followed election returns three years ago in Chinese Dragon Pub.)

Terri-Thomas inaugurated Jan. 20th 2,077. Had promised big house-cleaning of bureaucracy, shake up of fat-assed Pentagon Brass, tax reforms, stimulation of private enterprise.

Past two and a half years is fresh in your mind and mine - closely followed by your British Press and B.B.C. Slowly, inexorably: completely new Joint Chiefs of Staff, new Secretaries of Defense, Army, Navy and Air Corps. New Attorney General. Replacement of all high ranking Generals and Admirals. All replacements, native born (natively conceived) Chinese. Fake state of emergency declared. All private industry confiscated. Dissidents in Army and Navy executed with Kangaroo Court Martials. Any focus of real resistance threatened by Nuclear Attack - under Thomas's thumb. Finally, a proclamation in 2078 - the United States was now The Republican Union of Communist States of North America or RUCSNA.

Resistance became fruitless. An underground operation was formed. This is what helped me to seek political asylum here in dear old England. The names of cities were changed. Washington became Speking. New York became New Shang. The final personal blow was to change our oldest University to the Ho Chin Mihn University after that infamous Ho Chin Mihn of the Vietnamese War.

The ultimate irony occurred with President Terri-Thomas - after changing his name to Mao Tse-Tung II - thus avoiding changing his monogrammed initialed shirts, cuff links, etc. - sent a special diplomatic envoy to invite the Pope of Rome to come to Speking and bless the new Government made possible only by his "infallible edict" that the union of an ovum and a spermatozoon is a human being.

Well, Byron, old chum, don't get too upset. I'll still be your friend.

Winston's last communication to Byron ended with the above. These past four days were in many ways pleasant for Winnie but Professor Sam Adams had started a boiling turmoil within him. Was it possible Adams was right? Is it acceptable that this new dictatorship in Communist America really was an unforeseen consequence of a Vatican edict (-also shared by many non-Roman Catholics-); of a simple thing like legally defining when an individual can be so declared? What about his pal Byron? He knew him to be fair and highly intelligent. Would he accept Sam Adams' verdict of history? If so, would he reject the Pope's infallibility or would he make the psychological, often sanity saving device of a temporary alienation of an infallible but human soul? Should he seek a meeting with Byron and casually ask "Well, how did you like my notes?"

Winston did not suffer long. On the morning of July 10th, 2,079, he received a letter under his door.

Dear Winnie,

How lucky can a guy get? Guess what? Traced blood relationship to Sam Adams. My great, great, great grandfather, Lord Byron, had illegitimate (but later legitimized by his Lordship) daughter with a maiden, Aphrodite Kolokotronis, daughter of Green Revolutionary hero of 1821 revolution against the Turks. Said daughter fled to Rome as a Roman Catholic nun under name Aphrodite Byron. Aphrodite Byron married a young sailor - after renouncing her vows - name Nelson - relative of Lord Nelson and mine. Daughter by them married John

Quincy Adams. All turned protestant. John Quincy Adams ancestor of Samuel Adams IV - you figure out relationship.

Much more important - have exclusive invitation for three of us for dinner and chat with the Professor. He has plan for Britannia to rule America again - Common enemy Communism. Might get Vatican to change decree and thus make him ally for next move.

S. Peter Sarris, M.D.

# NATIONAL REVIEW

150 East 35th Street  
New York, N.Y. 10016  
Phone: ORegon 9-7430

Appendix #3.

Re Short Story.

September 2, 1975

*Editor in Chief*  
WIM F. BUCKLEY, JR.

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EDWARD A. CAPANO

*Advertising Director*  
ROBERT F. SENNETT, JR.

S. Peter Sarris, M.D.  
56 Broad Street  
Lynn, Mass. 01902

Dear Dr. Sarris:

The article is terribly interesting, but  
it's way too long and specialized for us. We'll take  
another look, on speculation, of a piece which is 2,500  
3,000 words, though.

Sincerely yours,



Daniel E. Ritchie  
Associate Editor

and I had  
the editor Editor

- (1) Born in Lowell, Mass. January 9, 1913.
- (2) Awarded Carney Medal (highest scholastic honor) on graduation from Lowell High School at age 15.
- (3) Harvard College Cum Laude in Chemistry - 1932 - age 19.
- (4) At age 18, in 1931, in anticipation of graduating, signed a contract for employment as a full-time chemist with Dupont - at the height of the depression.
- (5) 1934 - Summer fellowship from Rockefeller Foundation to study Public Health.
- (6) 1936 - Harvard Medical School Cum Laude.
- (7) Surgical training at Mass. General Hospital - progressively interne, Assistant Resident and Chief Resident - all in surgery - and the youngest Chief Surgical Resident to graduate (age 27) before or since the history of the M.G.H.
- (8) The only person ever allowed to enroll and finish one out of two semesters (the latter necessary for a degree in Public Health) at the Harvard School of Public Health (1935-1936) without having previously obtained an M.D. degree.
- (9) 1935 - Alpha Omega Alpha - Harvard Medical Chapter.
- (10) Chief of Surgery Emeritus - Union and Lynn Hospital Lynn, Mass.
- (11) Clinical Associate in Surgery - M.G.H.
- (12) Clinical Associate in Surgery - Harvard Medical School.
- (13) American Board of Surgery.
- (14) Fellow of the American College of Surgeons.
- (15) Boston Surgical Society.
- (16) Past President Essex Surgical Society.
- (17) Mass. and American Medical Associations.
- (18) Author of numerous scientific papers.
- (19) CoAuthor of text book - "Clinical Pathological Conference of Mass General Hospital."

JOHN F. SELLE

555 NORTHWEST TWENTY-THIRD STREET

MAIL ADDRESS: P. O. BOX 672

Gainesville, Florida 32601

September 27, 1976

Mr. Jimmy Carter  
Plains, Ga.

Dear Mr. Carter:

When I heard the debate a few nights ago I decided to write to you again and to my surprise, while rummaging through my papers, I found the other letter which I wrote to you in July and which I enclose. But what prompts this letter is the question discussed that Thursday night. TAX REDUCTIONS.

You propose to reduce taxes on incomes "below \$30,000" and raise them by eliminating loopholes above that level. Mr. Ford proposes to reduce the lower incomes but also cut spending accordingly in order to not produce a further deficit.

Both of you fine gentlemen overlook the major point about tax reductions. A reduction in tax revenues will be of practically no value unless it increases the deficits that we seem to fear so mightily. A tax reduction balanced by a reduction in budget spending, or higher taxes which reduce higher income spending does not induce the higher spending, which increases consumption, which increases demand for goods, which in turn creates more jobs, and eventually kills the unemployment problem. Mr. Ford is 100% wrong in his belief that the deficits are the cause of the inflation.

Higher prices are the result of higher costs and higher costs are due either to higher wages - or higher profits- or both. If we just had enough intelligence and economic spunk to resist the stupid union demands for higher and higher wages prices would not advance except for those cost increases due to the higher prices we pay for oil. And trying to offset those increases with higher wages is - as I have pointed out in one of the enclosed papers - like the dog chasing his tail.

In one TV program where you were represented by Dr. Pechman he tried to explain some of your points. If you possibly can, please ask him to explain some of mine. Some months ago, at the University of Florida, I attended one of his lectures and suggested, in an open forum, that deficits would have to offset the greater import costs of oil, a matter to which he agreed.

In a September 23 WSJournal editorial article by Jude Wanniski he states that the most important argument in Washington is between those who argue that lower tax rates will yield higher revenues and those who insist that lower rates will simply yield lower tax revenues. The answer actually lies in just where the lower rates apply. Lower rates on the lower income groups will result in more immediate spending and consumption. (Read one of my papers where I mention the multiplier concept). This will actually raise the tax base. Lower rates on the high income groups will only increase savings and non-consumptive investment.

I am enclosing a flow chart which can explain a lot of economic principles. Dr. Nourse, when head of the Brookings Institution, told me it was the best he had ever seen and could offer me no suggestions for improving it. In order for an intelligent man to understand its operation one need only realize that the diameters of the wage-profit and price-level gears change simultaneously regardless of whether the change is due to higher wages and/or profits, or whether greater spending without more goods available raised the price level.

Try out your theories about improving the economy on this chart. If they fit in nicely they will work if properly applied. If they do not fit, toss them out, they can never work.

Try to figure out the effects of a balanced Federal budget, an utterly useless concept which I have frequently mentioned in the enclosed papers. It's only virtue may lie in the fact that millions of otherwise intelligent voters still think it is something to be desired and should probably be preached by others who have a true understanding of economics but who must impress the multitudes. On the debate the other night you mentioned that your goal was the balanced budget in just four years. Mr Ford was willing to risk the disaster that this would provide in just two years. Please, please, Mr. Carter don't ever try to balance the budget and it might be a good idea to stop talking about it.

I am not surprised at the Playboy article or interview, since I have seen some most excellent items in that magazine dealing with some very fine people. The flattering article in Genesis, however, did surprise me appearing, as it did, along with Miss Ray's contribution and the interesting illustrations. I do believe, however, that an article, rather than an interview would have been better. (I'll wait until I see it.)

Nearly every suggestion I'd like to make is covered in one form or another in the papers I am sending you. Read them carefully and don't disregard them simply because some of the points seem strange. If I could just talk with you for an hour or two you'd come out of it with a better understanding of the economic system than Mr. Ford possesses, or even than Greenspan, Simon, Friedman, or Seidman have among them.

I think it might be best to stop talking about balanced budgets unless you are REALLY hooked on this subject. And also to stop talking about raising taxes on the high income groups. I believe that only about 1% of taxpayers report on \$30,000 or more, while reductions on the other 99% should be large enough to have some significant impact on spending for consumption.

If you want a new subject remind people that only spending, not thrift, is the answer to prosperity. They may not like it but it is a fact.

And I'd appreciate it if you would let me know what you think of the papers I'm sending you.

Sincerely,



JOHN F. SELLE

555 NORTHWEST TWENTY-THIRD STREET

MAIL ADDRESS: P. O. BOX 672

Gainesville, Florida 32601

July 20, 1976

Mr. Jimmy Carter,  
Plains, Ga.

Dear Mr. Carter:

Congratulations! Soon you will be elected President of the United States - and a few months later you will become President. But what then? As Governor of Georgia you had some experience with State finances, but the State picture is very different from the Federal picture in this field. State budgets should be balanced - whether the Federal Government budget is balanced after proper handling of its own finances should be entirely coincidental.

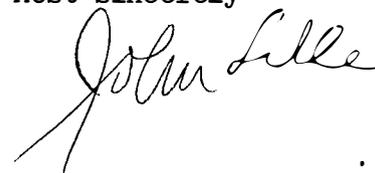
Somehow or other we have developed a unique theory about economics - that without studying the subject we get to know all about the esoteric principles by some sort of mental osmosis. I have been making a serious study of the fascinating subject of economics. In the beginning I had the same sort of ideas about it that business men who had no more training in the field of national economic theory than I had, shared with me. It took years of intensive study to discard my original fallacious ideas and begin to really understand the subject. But now I can get into feisty arguments with the business man who still believes what he did forty years ago. But to those who WANT to learn I have had intensely interesting discussions.

I will be glad to see Ford Defeated, although I like the man, because his economic illiteracy is appalling. He seems to feel that the present "recovery" is devolving all by itself and that deficits had nothing to do with it, and he is devoted to Greenspan's philosophy. I will be glad to see Greenspan and his crew leave for home again.

When your time comes to appoint people, please, please pick Sen. Humphrey to head your Council of Economic Advisers. I would love to work with him and hope to return once again to some sort of Government activity. Back in 1942 I was State Price Administrator for OPA but took "the coward's way" out to join the Navy as an officer expediter, something quite different from your own experience although I was recently a member of the Florida Nuclear and Space Commission.

But in the meantime, I would appreciate a talk with you if you could permit me to drive up to Plains at your convenience for a little more discussion than I have outlined in the enclosures. Could I hear from you?

Most sincerely



## THE HANDYMAN'S GUIDE TO REPAIRING THE ECONOMY.

### ENERGY:

The easiest way to reduce our oil consumption is simply to scare the daylights out of the public by telling them what will happen if they don't cut down.

I look at my grandchildren and wonder what they will be doing when they are my age some sixty years from now. At the present habits of consumption there may be just enough oil left to lubricate Mamma's sewing machine but cars of today will be museum pieces by then. If we need the roads at all is a question. Perhaps we will be able to tap into enough electrical energy to be operating electrically driven vehicles, or even the cumbersome methane driven cars. But the beautiful big gas guzzlers of today will be no more with their speed and acceleration. Even the Arabs will run out of oil, too, but before they do they will cut us off completely. Probably long before they do run out.

Raising the price of gasoline and fuel oils will not cut down on business consumption but will merely raise prices. It will cut down private consumption by the people who simply can't afford the higher prices. It will mean rationing for the poor and a mere inconvenience for the rich.

It is even questionable whether we should try to expand our own production while we are still able to buy all we need. We have just so much oil under ground or under water. It does look to me as though it would be better to keep it there to take out only when we can't get any more elsewhere. I would prefer to see us conserving our own oil than conserving it for the Venezuelans, the Arabs, and now the Mexicans, too. The Canadians have the same idea and soon will be keeping their oil for themselves. Wise. We're still exporting oil ourselves, believe it or not.

## INFLATION:

Our present inflationary spiral is nothing new. Labor has never fully realized that its standard of living can never exceed a fair share of the total goods and services produced and that wage increases which are not absorbed by lower profits but are reflected in higher prices are pure fantasy. This spiral has been going on for years but never as steeply as now. And the reason is - OIL!

Our present inflationary spiral began in earnest when the increased cost of oil began to push up the costs and then the prices of many other things other than just gasoline and fuel oil. Then, Labor, in a desperate effort to "catch up" demanded wage increases far in excess of anything they had asked for previously. When they got their increases and prices went up more than the increase they tried again and tacked on the new "cost-of-living adjustment" which guarantees still more continuous inflation. With no larger share than before of the total product, the total declines steadily.

Had they, or should I say we, been smart enough to realize that price increases caused by oil costs would simply have to be borne by "biting the bullet" as Mr. Ford likes to put it, we could have taken our licking at the early stage and avoided the horrendous consequences which are still in store for us when we try to adjust everything from Social Security and interest rates to the new price levels.

And we still have the bullet in our teeth and the sooner we bite it the better. We cannot spit it out just by constant wage, and then price, increases.

Of course, we could have avoided the whole inflationary process by retaining and implementing the wage and price controls which Mr. Nixon inaugurated, IF - only IF - people would have accepted them and we could have made them work. Now, when every worker gets his raise, every price goes up - actually more than the raise because profits go up, too - everyone is still behind the same old 8-ball. Cost-f-living escalators will help those who get them at the expense of those that don't but is that what we are aiming at?

Other than mandatory wage and price controls, intelligent labor leadership might help and it is really the only illusory hope. Even the most literate labor leader cannot explain to his illiterate constituents who are only illiterate economics-wise why they should be content with a drop in "real income" at the new prices and the same old wage scale. Who knows where we go from here? Only a severe depression or a vast influx of economic understanding can stop it. We don't want one - and can we count on the other? What Mr. Ford proposes now which will raise the prices again on everything involving oil, will just aggravate the problem still more. We don't need that!

But - RESTRAINT or DEPRESSION! Take your choice is what the future offers us. The rebate and tax adjustment proposals may alleviate the situation but not permanently as I will discuss later.

-2-

He also states: The Government has the power to close the gap in this spending stream circuit in a deepening depression where individuals or companies cannot. Most people think that the Government, representing the whole community, must act in a depression as the prudent individual acts. This notion is as fallacious as it is general. When individuals cannot, or dare not, spend, the gap will grow wider and the survival of the community may be threatened." Now we sit and merely watch the gap grow wider and make small plans against a disaster which needs bigger plans to combat it and win. And we need open minds to make bigger plans.

How can we offset this \$20 billion of Arab savings which we have been considering? Remember that our money creating system is remarkably flexible if we will just consent to use its flexibility. If we are going to insert a different \$20 billion, until the Arabs decide to use their claims against our goods, we must not borrow them from people who might themselves decide to spend them as soon as our economic machine gets back into gear. Since we have allowed ourselves to think of money creation as abominable "fiat currency" or fictitious "printing press money" we can follow the more stylish and accepted method of letting the Federal Reserve do it for us. And while we appreciate their courtesy in doing something for us which only our authorization allows them to do, we ought not to be asked to pay them more than a reasonable price to cover the costs involved. What does it cost them to create money? Nine or ten percent? I think that if we paid them 1/100th of one percent it would cover all their costs and show a profit.

So that is where we would get the \$20 billion, borrow it from the Federal Reserve and pay virtually no interest. Now the question remains, how do we get it back in the system? The Government could, of course, spend it itself. But better yet it could give it to the people who comprise the Government and let them spend it. And that comes down to the question of the tax reductions, the tax rebates, and the welfare payments.

The President suggests a rebate of 12% on 1974 taxes, a moderate reduction in 1975 taxes, and payments of \$80 to all non-tax paying adults over 18 years of age. While this would mean a rebate of more than \$500 to me personally, it would mean nothing to the economy. I certainly would not rush out to spend \$500. And the gentlemen with a \$1000.00 rebate on his \$50,000 income certainly doesn't need it either. Mr. Greenspan in his usual "conservative" way suggests that all rebates go to high-income individuals and to businesses which will save and invest their money. How naive can we really get these days?

Here comes my suggestion No. 1. If there happen to be 100 million tax payers and we intend to give a \$20 billion boost to the economy spending stream, we will merely send a check for \$200 to EVERY Taxpayer, on single and joint tax account payer arrangements, whether they paid \$1 or \$1 million in individual income taxes. Note that I said individual. Business tax payers would receive nothing. Presumably their stockholders are getting theirs already.

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If this would seem to be too generous we could make it a 50% rebate on 1973 taxes which are all in at this time, not 1974, with a minimum of \$100 and a maximum of \$300. If this looks like it is favorable to the poor it is intended that way. If it weren't for the low income groups there wouldn't be any high income groups. And it is not just bias towards the low income groups which prompts the favoritism. It is the effectiveness of the device which needs consideration. We can be reasonable sure that almost all of the \$100 checks would be cashed and spent at once. And with a "please spend me quickly" note attached even the rebates to the wealthy might get squandered somehow without delay. And if merchants knew about this plan through the proper publicity well in advance they would prepare for the rush in much the same way as they prepare for the Xmas rush. Many unemployed would be called back to work to fill these advance orders even before the payments began.

This takes care of the proposed rebates, as well as the \$80 donation. But what about the Presidents proposed investment credit increase? I would like to see it cancelled entirely. In fact I would like to see corporation taxes cancelled entirely.

Corporations are nothing but fictitious entities made up of people, stockholders. I would like to see, in the case of a corporation with taxable earnings of \$1 million, a mailing sent to its stockholders which includes: 1. A statement that 50% of its earnings have been paid to the Government on behalf of its stockholders. 2. An information return stating that total earnings per share, taxes per share, and now dividends per share (computed to the stockholders actual percentage of stockholding) have been furnished to the Government. 3. A check for whatever dividends the directors choose to pay out of the remaining 50% of income. The taxpayer now counts as income, not the dividends, but the total reported taxable corporate income related to his holding, and uses the tax payment made on his behalf as a credit against whatever tax he must pay on his total income.

So much for that, but to get back to the matter of tax adjustments.

To allow even a 7% income tax credit for "investment" is ridiculous. If investment isn't 100% profitable it should not be made at all. If a \$1000 investment is not profitable, would a \$880 investment turn an acceptable profit? It would be preferable to allow a much faster depreciation rate which would have the effect of only a temporary reduction in income taxes to be offset later by the higher tax payments. Also, since this proposed reduction is intended to offset higher oil costs, it should be remembered that all higher production costs are passed on in the price paid by the eventual consumer. The all pervasive consumer pays the bill and the stockholders get the tax credit. Great! It was nice that my accountant could figure a tax credit for the cost of my Lincoln Mark IV as a capital investment since the corporation owns it, but I really didn't need it.

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Now, having discussed tax rebates which will give the single, but badly needed upward boost to the economy, it is wrong to consider this as "pump priming". If the reason for the "recession" were simply internal, it might actually get things started again. But with the steady problem of Arab "savings" facing us we have a constant downward pressure which one single upward boost cannot entirely and permanently offset.

Spending, to get out of a depression, with our money creating facilities is not at all difficult. But to prevent inflation is not as simple as preventing deflation. However, we do have a tax system which is about as efficient in destroying purchasing power as the Federal Reserve is in creating it. We can give it away now and prevent depression. And we can take it away later, if necessary, to prevent inflation. We may have to take it away in higher taxes later if the Arabs decide to exercise their claims against our goods and services, our national income. You may ask then, what good to give it now if we have to take it away later? But the answer is simple and valid.

Suppose we give a man a real money making machine one year and take it away from him a few years later. Is he just where he was before? How about the good he got from the machine while he had it? It made him rich!

One tax rebate now, big enough to clear our crowded inventories, will really get things started but to keep them going we need still more deficit adjustments. Deficits required now to offset Arab saving may be liquidated later by taxes needed to offset Arab delayed "spending". But by that time there may be other need for deficits. Should deficits really frighten us? Not really. When caused by proper reason they are helpful in preventing recession. For the wrong reason they CAN cause runaway inflation. As Stuart Chase put it: "So long, however, as there remain a considerable number of idle machines and idle men, economists are pretty well agreed that runaway inflation cannot develop. When peak capacity is reached, look out!"

If some of this discussion sounds novel and strange, remember that the existing situation of inflation and deflation at the same time is also novel and strange. It has never happened before. The classic definitions do not apply and the classic remedies have no bearing, really, so novel remedies must be tried. Let's get at it.

## A SUMMARY OF MY SUGGESTIONS

**ENERGY:** Do whatever we can, without added taxes and without actual rationing to decrease consumption of oil (and while we are at it - consumption of other irreplaceable resources) but not only of Arab oil - ours as well. It would actually be better to deplete their reserves than ours while we can. There will be a time when we will remember the time of \$11.00 Arab oil as the "good old days". And keep domestic oil prices down!

**INFLATION:** Put as much pressure as possible on wages and prices to keep them from rising further and further, and still further. "jawboning" is not enough, mandatory absolute controls is too much. Is there an in-between? We had better find one quickly.

**RECESSION:** A tax rebate of \$200 to every taxpayer or 50% of 1973 taxes with a minimum of \$100 and a maximum of \$300. With an explanation and a "please spend it quickly" note attached.

Finance this with Federal Reserve borrowing, not from private sources, not from commercial banks, and not with fancy interest rates. To have such restrictions as exist today on money supplies when we are in the middle of a depression is ridiculous. Dr. Burns should surely know better.

Adjust current income taxes for 1975 to create another deficit equal to the 1975 Arab rate of saving. Most of this again should be in the low income groups. If, instead of a \$750 personal exemption deduction from taxable income, we merely allowed no exemption but did allow a \$250 deduction against taxes otherwise payable, this would be fair to all but would be advantageous to the lower-income groups.

Open the money spigots to the B&L people who can finance the construction and purchase of housing. With lumber and plywood mills shut down, plumbing supplies surplus, and construction labor in the unemployment compensation lines it is just plain stupid to entice savings OUT of the B&L's with higher interest rates permitted elsewhere.

Have tax bills ready to increase income taxes quickly when the need arises after all the slack in the economy has been taken up and when the Arabs ( and the Japanese, AND the West Germans ) decide to really "spend" their Eurodollars and their Petrodollars, or "invest" them by taking capital goods OFF the market.

Blame it All on Oil.

In this time of inflation with its rising prices, and of recession with its increasing unemployment and decreasing industrial production, we are at a loss in trying to affix the blame and prescribe a remedy. No wonder. We have never faced a situation before where inflation and deflation are presenting problems at the same time. But we have never faced the nightmarish oil situation before either, and therein lies the blame.

Our classical definition of inflation sets out too much spending and too little goods. But this is not the basis for our rising prices today. The high price of oil -and everything in which the cost of oil is a factor- has raised prices and Labor has tried to offset these increases by higher wages which of themselves raise prices still higher. Wage contracts with cost-of-living clauses guarantee continually higher prices ad infinitum. And it all started with the cost of oil. Not that Labor wasn't demanding ever higher wages previously, but the demands were never in the range which they are today. We used to accept 3-5% increases in Price Levels rather calmly, but the 12-15% jumps that are occurring today were never the problem before oil.

But the OIL bogey is also behind the recession. The reasons are a little more complicated.

Actually the cost of our imports is measured by the value of our exports. On this realistic basis we are getting our oil pretty cheap because our exports are small in comparison if everything has to be measured in dollars. What goes out of the country is what we pay for what comes in. If we can ever get a truer picture of the value of money, we may begin to understand some economic facts of life.

The standard of living of any nation is limited by that nations own production, PLUS its imports, and LESS its exports. If a surplus of exports over imports (considered a FAVORABLE balance of trade) can raise our standard of living - subtracting more than we are adding - someone will have to invent a new brand of arithmetic.

But we allow our monetary processes to get us in trouble.

Assuming we have finally built up an "unfavorable" trade balance of \$100 billion, what has this done to us? Really it has caused us to nearly wreck our economic system. In the first place we should remember that nearly all of our business dollars were created through debt, by borrowing newly created money from the banking system by individuals, corporations, and the Federal Government. Some borrower here is still paying interest on the dollars over there and will continue to pay the frequently exorbitant interest until he gets it back somehow from the sale of goods to the foreign holders. While we keep paying our interest charges, and finding good excuses for not repaying the debt in question, those foreign holders are earning good interest on our dollars, frequently by loaning them back to us. This paints a strange picture, doesn't it?

Even if the holders of these truant dollars "invest" them back in the United States their practices so far do not conform to the criteria of true economic "investment": that the dollars be spent in taking capital goods off the market; goods which have provided employment and business opportunity to our production system. They are currently "investing" by buying up someone else's investment where the proceeds cannot be truly reinvested in the present declining production system.

Adam Smith, in his great *The Wealth of Nations* brought out the simple facts of life affecting foreign trade, facts which we still continue to overlook, if not ignore. True "profits" from foreign trade are measured in man hours of labor, not in dollars. If we can export a product which took 10 man hours of labor to produce and trade it for an import which would take us 15 man hours of labor to produce - if we could produce it at all, - we have made a clear profit of 5 man hours of productive labor. And in an economy which is properly operated, labor is our most valuable resource. The labor which we are now wasting by senseless unemployment is costing us more than we should dare to imagine.

Even where our exports and imports balance, in their dollar values, we have made a sizable profit. Even the most economically illiterate businessmen know the "bad" effects of buying imported rather than domestically produced goods. But they will accept the buying of imports as long as the sellers are spending their dollars for our exports. Selling abroad is just as good as selling to a U. S. citizen. Actually, we are making a profit if we send \$5 billion out for imports and getting back \$5 billion for our exports, a profit we would not have made by selling \$5 billion worth of goods to our own people who had sold us \$5 billion worth of their labor. But what happens when we DO NOT get these dollars back again.?

Assume that our consuming public spends \$5 billion which it earned by its own productive labor and spends it on its own products - it is then available for paying them once more in replacing the products which they have consumed. And the process repeats, over and over. Now assume that they spend it, the same \$5 billion, in buying imports, foreign products, (or OIL, of course) and the sellers do not turn around and respend these dollars with us. This leaves \$5 billion worth of goods which the buyers earned their dollars for producing, in the inventory channels. Until this surplus is liquidated there is no need to replace it and the labor which would otherwise be utilized in replacing it, goes down the drain. The unemployed workers, with less money to spend cut down on the things they would otherwise buy and more people join the ranks of the unemployed. The old KEYNES multiplier comes into action. Take a dollar out of the spending stream by sending it abroad from whence it does not return and we reduce our national income by up to \$3 per year - unless - we restore a dollar to the stream from a source which does not, in some other way, reduce that stream.

In our own senseless way we still seem to think that Government borrowing and deficit spending causes inflation. It certainly isn't causing the sort of inflation we are suffering from now - arising from wage increases, higher import costs, and unjustified profit increases. And it may save us from a disastrous recession or depression if we dare use that awful word.

The dollars taken from our spending stream by our import balance must certainly be restored and since our only way of getting more dollars into the stream without taking them out somewhere else, is to create more spendable dollars through "debt" and spend them, we must decide who is to borrow the money and how it is to be spent. It would be very nice if we could allow consumers to borrow enough to buy the product of full employment without the exorbitant interest and short term maturities which accompany consumer loans. To the same extent this bars corporate borrowing. The only other consumer is the Federal Government.

One of these days we may come to our senses long enough to realize that our piddling plans for Government spending are as dangerous as cutting down on the dosage of the pill which will save a life. If unemployment jumps to 7% or so we will put 1/2 of 1% of our unemployed workers on "public service jobs", people that we never hired for jobs that we did not fill when we could afford it. And pay for this by taking more dollars out of that dwindling income/spending stream.

And if it spends enough of the borrowed money to fill the gap caused by the trade imbalance what will it spend it for? What can government spending do to fill the gap in our daily "standard of living" spending created by the extra dimes for gasoline, the extra dollars for "fuel adjustment charges" and everything that has gone up because of higher oil prices? Welfare and food stamps? There must be something better. And there is.

The only way in which we can avoid disaster from the accumulating petrodollar account is to reduce taxes on the consuming public, not a flimsy little ~~5%~~ or 10% but enough to offset the swelling deficit in the unspent petrodollars, dollars which came out of the consumers pockets and must be restored if they never come back by themselves.

If the present planned rate of Federal budgetary spending is essential to our Nation's welfare, it is senseless to try to cut it down when what we really need is still more spending. Not more on the part of the Government but on the part of the good old consuming public. And there is only one way in which this can be accomplished. The Government must cut deeply into the limitations on public debt, reduce taxes on consumers, not cut its own spending, and then borrow enough to make up the deficit.

Borrow more!!! We gasp and throw up our hands. Increase the debt still further!!! Why do we have to borrow when the Government needs more money?

At this point if the reader is the sort of economic illiterate that considers public debt to be the same as private debt, that the size of the Federal debt is as important as the size of consumer debt, please don't go any further. The rest of this dissertation will neither be understood nor believed.

Do you understand why a privately owned Federal Reserve system has been authorized by the Government to issue, print, and create money in almost limitless quantities as long as someone will borrow it, and then charge a high interest rate on dollars which it creates out of thin air? Do you understand why the Government must then borrow from that Federal Reserve when it needs more dollars and pay the same interest it would have to pay to savers who had to work, and often work hard, to save the dollars they are now persuaded to "invest" in Govt. bonds?

What I am suggesting here is simple to anyone who understands the function and meaning of money, but will undoubtedly be gibberish to one who holds to all the conventional concepts.

If we are to reduce and possibly eliminate the dangerous rate of unemployment which feeds on itself even when there is no continuing impetus from the tremendous quarterly trade deficits, we will have to develop more consumption of the things which only employed workers can fulfill. Although we can stop this practice as soon as our truant dollars start coming home to roost again, we may have to continue it longer than we would like.

The only way in which we can build up more purchasing power is to place more dollars in the hands of those who will spend them promptly on the same sort of things which they have been buying in the past, and thus restore our economic system to something like a normal condition, precarious as it might be since the Arabs and the oil sheiks have a way of their own which we cannot predict.

This will require something more than a 5% or even 10% tax reduction on individuals. Corporations should not be considered, and the rate at which the tax saving is given out is just as important as its size. My own suggestion would be a tax credit of as much as \$200 or \$300 to be applied against withholding taxes over a two quarter period. While this would actually amount to a tax reduction to those who don't need it, it may of course somehow speed up their purchases of consumer goods, even in the higher income brackets, but it is sure to speed up consumption in the low and middle income brackets - of which there are millions. And with more consumption there is more employment, and with more employment there is more spending and then more employment until the final goal of full employment is reached.

What we really need now is a massive effort of some kind. Not a piddling little thing like unemployment compensation extension so that we can channel more tax dollars into payments which will not provide any spur to the economy. If we had kept on with WW II using only 30 caliber ammunition we might still be fighting it. Two atomic bombs ended it. What we need is an economic bomb.

Let's remember an economic truism that few of us apparently believe: If we CAN do it, we can Afford to do it. We don't surrender in advance simply because we can't AFFORD a war. We don't let money thinking lick us. This recession is more dangerous than most of us realize. Those who predict an upturn within a year are overly optimistic. A recession like this, caused by what is causing this one, is NOT self adjusting and cannot be adjusted by normal processes until we finally arrive at a balanced trade situation. This is certainly unlikely until the oil crisis is solved.

To summarize this whole discussion:

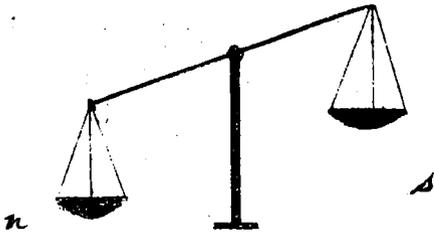
To stop inflation we must somehow place controls and limits on wages and profits. To allow cost-of-living escalator clauses on top of hefty wage increases is to guarantee inflation ad infinitum.

To stop the recession We must increase domestic consumption spending enough to offset the sterilization of exported dollars. The only way in which this can be accomplished is to add dollars to the spending stream without taking them away from any other part of that stream. The only way in which this can be done is to use newly created, "borrowed" money. (We could really accomplish the same ends just by printing it but this is a horrible thought to most people.) This'll increase the debt but it will also increase national income far more than it increases the "debt" which isn't really debt at all but a record of Federal money creation totals. And in the end this should prove a costless procedure simply because there is no reason to pay interest to the Federal Reserve which creates the new dollars we need.

If we cannot think of a way in which to place that cap on the rising elements of inflationary prices, let's just surrender to inflation. And with the continued impetus prices can continue to elevate and rise still higher although no one has the money to buy the goods at any prices.

And if the oil crisis takes hunks of dollars out of the hands of potential consumers which aren't replaced in any other way, the depression will get worse and worse, and all our little planned programs will never make the grade. If we would just stop worrying about what we call "deficit spending" and will call it Government "investment" because of what it will do to the national income, we may begin to get our thinkings straight.

If there are questions, I'll be glad to answer them - if I can.



# Committee on U.S.-Latin America Policy Study

G-17 Anabel Taylor Hall, Ithaca, N.Y. 14850  
(607) 256-7293

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INGW*

September 22, 1976

Governor Jimmy Carter  
Governor's Mansion  
Atlanta, Georgia

Dear Gov. Carter,

✓ As United States citizens, we are outraged by the assassination of Orlando Letelier in Washington, D.C. on Tuesday of this week. We are appalled that agents of the most brutal dictatorship in Latin America have been able to operate with such impunity inside our borders. Needless to say, the death of this former Chilean ambassador to the U.S. means that no Chilean refugee who speaks against the junta of Pinochet is truly safe here.

We feel that you, as the Democratic Presidential Candidate, must demand a full and complete investigation into this horrible murder. We urge you to pressure for the expulsion of the present ambassador of the Chilean junta, Manuel Trucco.

✓ We also urge you to support and sponsor efforts to cut off all forms of aid to the Chilean junta and apply sanctions to all U.S. banks or corporations that do business with those in power in Chile today. (Please refer to the enclosed article for more information. It was written by Mr. Letelier and appeared August 28, 1976 in The Nation). It must be remembered that this is not the first time Chilean political leaders have been assassinated outside of the country; and until there is complete and total withdrawal of ALL forms of support the military regime will continue the repression and terrorism which is now international.

We await your response to this plea, and your positive action in favor of human rights in Chile.

Sincerely,

*Jennifer Helbraun*  
Jennifer Helbraun  
for the Committee on U.S.-  
Latin American Relations

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"One fellow from the American Littoral Society went into this chemical company wearing a hard hat. He asked the guard where the outfall lines were, because he had to come back and work on them. The guard showed him three outfalls. The company had only admitted one, and only one was authorized," Dave Bulloch said. I urged the

necessity to gather proof of what we had seen in a manner that would be acceptable in a legal proceeding in order to document the problem.

"You don't need that," Charlie said. "I just tell folks to look at the price of fish. That says it all." I guess it does. Happy Birthday, America. The ocean is dead. □

## THE 'CHICAGO BOYS' IN CHILE

# Economic 'Freedom's' Awful Toll

### ORLANDO LETELIER

It would seem to be a common-sensical sort of observation that economic policies are conditioned by and at the same time modify the social and political situation where they are put into practice. Economic policies, therefore, are introduced *in order* to alter social structures.

If I dwell on these considerations, therefore, it is because the necessary connection between economic policy and its sociopolitical setting appears to be absent from many analyses of the current situation in Chile. To put it briefly, the violation of human rights, the system of institutionalized brutality, the drastic control and suppression of every form of meaningful dissent is discussed (and often condemned) as a phenomenon only indirectly linked, or indeed entirely unrelated, to the classical unrestrained "free market" policies that have been enforced by the military junta. This failure to connect has been particularly characteristic of private and public financial institutions, which have publicly praised and supported the economic policies adopted by the Pinochet government, while regretting the "bad international image" the junta has gained from its "incomprehensible" persistence in torturing, jailing and persecuting all its critics. A recent World Bank decision to grant a \$33 million loan to the junta was justified by its President, Robert McNamara, as based on purely "technical" criteria, implying no particular relationship to the present political and social conditions in the country. The same line of justification has been followed by American private banks which, in the words of a spokesman for a business consulting firm, "have been falling all over one another to make loans." (See Ann Crittenden: "Loans from Abroad Flow to Chile's Rightist Junta," *The New York Times*, February 20.) But probably no one has expressed this attitude better than the U.S. Secretary of the Treasury. After a visit to Chile, during which he discussed human

rights violations by the military government, William Simon congratulated Pinochet for bringing "economic freedom" to the Chilean people (*The Times*, May 17). This particularly convenient concept of a social system in which "economic freedom" and political terror coexist without touching each other, allows these financial spokesmen to support their concept of "freedom" while exercising their verbal muscles in defense of human rights.

The usefulness of the distinction has been particularly appreciated by those who have generated the economic policies now being carried out in Chile. In *Newsweek* of June 14, Milton Friedman, who is the intellectual architect and unofficial adviser for the team of economists now running the Chilean economy, stated: "In spite of my profound disagreement with the authoritarian political system of Chile, I do not consider it as evil for an economist to render technical economic advice to the Chilean Government, any more than I would regard it as evil for a physician to give technical medical advice to the Chilean Government to help end a medical plague."

It is curious that the man who wrote a book, *Capitalism and Freedom*, to drive home the argument that only classical economic liberalism can support political democracy can now so easily disentangle economics from politics when the economic theories he advocates coincide with an absolute restriction of every type of democratic freedom. One would logically expect that if those who curtail private enterprise are held responsible for the effects of their measures in the political sphere, those who impose unrestrained "economic freedom" would also be held responsible when the imposition of this policy is inevitably accompanied by massive repression, hunger, unemployment and the permanence of a brutal police state.

### The Economic Prescription & Chile's Reality

The economic plan now being carried out in Chile realizes an historic aspiration of a group of Chilean economists, most of them trained at Chicago University by Milton Friedman and Arnold Harberger. Deeply involved in the preparation of the coup, the "Chicago boys," as they are known in Chile, convinced the generals that they were prepared to supplement the brutality, which the military possessed, with the intellectual assets it lacked. The U.S. Senate Select Committee on Intelligence has disclosed that "CIA collaborators" helped plan

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*Orlando Letelier is a former senior economist and director of the loan division of the Inter-American Development Bank. He was Chilean Ambassador to the United States and Minister of Foreign Affairs in the Popular Unity (Allende) Government. Mr. Letelier is at present director of the Transnational Institute, an independent research institute devoted to international policy studies. He also teaches at the School of International Services, American University, Washington, D.C.*

## Allende's Economic Record

There is a widespread notion—reported by the American press, often without substantiation—that the Allende government made a “shambles” of the Chilean economy. It is hardly acceptable to judge an ongoing sociopolitical process only by traditional economic indicators which describe aggregate economic features and not the general condition of society. However, when those indicators are applied to Chile, the Popular Unity Government fares very well.

In 1971, the first year of the Allende government, the GNP increased 8.9%; industrial production rose by 11%; agricultural output went up by 6%; unemployment, which at the end of the Frei government was above 8%, fell to 3.8%. Inflation, which in the previous year had been nearly 35%, was reduced to an annual rate of 22.1%.

During 1972 the external pressures applied on the government and the backlash of the domestic opposition began to be felt. On the one hand, lines of credit and financing coming from multinational lending institutions and from the private banks and the government of the United States were severed (the exception being aid to the military). On the other hand, the Chilean Congress, controlled by the opposition, approved measures which escalated government expenditure without producing the necessary revenues (through an increase of taxes); this added momentum to the inflationary process. At the same time, factions of the traditional right wing began to foment violence aimed at overthrowing the government. Despite all this and the fact that the price of copper, which represented almost 80% of Chile's export earnings, fell to its lowest level in thirty years, the Chilean economy continued to improve throughout 1972.

By the end of that year, the growing participation of the workers and peasants in the decision-making process, which accompanied the economic progress of the preceding two years, began to threaten seriously the privileges of traditional ruling groups and provoked in them more violent resistance. By 1973, Chile was experiencing the full effects of the most destructive and sophisticated conspiracy in Latin American history. Reactionary forces, supported feverishly by their friends abroad, developed a broad and systematic campaign of sabotage and terror, which was intensified when the government gained in the March Congressional elections. This included the illegal hoarding of goods by the rich; creation of a vast black market; blowing up industrial plants, electrical installations and pipe lines; paralysis of the transportation system and, in general, attempts to disrupt the entire economy in such a way as to create the conditions needed to justify the military coup. It was this deliberate disruption, and not the Popular Unity, which created any chaos during the final days of the Allende government.

Between 1970 and 1973, the working classes had access to food and clothing, to health care, housing and education to an extent unknown before. These achievements were never threatened or diminished, even during the most difficult and dramatic moments of the government's last year in power. The priorities which the Popular Unity had established in its program of social transformations were largely reached. The broad masses of the Chilean people will never forget it.

the economic measures that Chile's junta enacted immediately after seizing power (“A Draconian Cure for Chile's Economic Ills,” *Business Week*, January 12). Committee witnesses maintain that some of the “Chicago boys” received CIA funds for such research efforts as a 300-page economic blueprint that was given to military leaders before the coup. It is therefore understandable that after seizing power they were, as *The Wall Street Journal* (November 2, 1973) put it, “champing to be unleashed” on the Chilean economy. Their first approach to the situation was gradual; only after a year of relative confusion did they decide to implement without major modification the theoretical model they had been taught at Chicago. The occasion merited a visit to Chile by Mr. Friedman himself who, along with his associate, Professor Harberger, made a series of well-publicized appearances to promote a “shock treatment” for the Chilean economy—something that Friedman emphatically described as “the only medicine. Absolutely. There is no other. There is no other long-term solution.” (The quotation is from *El Mercurio* of Santiago, March 23, 1975.)

These are the basic principles of the economic model offered by Friedman and his followers and adopted by the Chilean junta: that the only possible framework for economic development is one within which the private sector can freely operate; that private enterprise is the most efficient form of economic organization and that, therefore, the private sector should be the predominant factor in the economy. Prices should fluctuate freely in accordance with the laws of competition. Inflation, the worst enemy of economic progress, is the direct result of monetary expansion and can be eliminated only by a drastic reduction of government spending.

Except in present-day Chile, no government in the world gives private enterprise an absolutely free hand. That is so because every economist (except Friedman and his followers) has known for decades that, in the real life of capitalism, there is no such thing as the perfect competition described by classical liberal economists. In March 1975, in Santiago, a newsman dared suggest to Friedman that even in more advanced capitalist countries, as for example the United States, the government applies various types of controls on the economy. Mr. Friedman answered: “I have always been against it, I don't approve of them. I believe we should not apply them. I am against economic intervention by the government, in my own country, as well as in Chile or anywhere else” (*Que Pasa*, Chilean weekly, April 3, 1975).

This is not the place to evaluate the general validity of the postulates advanced by Friedman and the Chicago School. I want to concentrate only on what happens when their model is applied to a country like Chile. Here Friedman's theories are especially objectionable—from an economic as well as a moral point of view—because they propose a total free market policy in a framework of extreme inequality among the economic agents involved: inequality between monopolistic and small and medium entrepreneurs; inequality between the owners of capital and those who own only their capacity to work, etc. Similar situations would exist if the model were applied to any other underdeveloped, dependent economy.

It is preposterous to speak about free competition in

Chile. The economy there is highly monopolized. An academic study made during President Frei's regime pointed out that in 1966 "284 enterprises controlled each and every one of the subdivisions of Chilean economic activities. In the industrial sector, 144 enterprises controlled each and every one of the subsectors. In turn, within each of these 144 manufacturing enterprises which constituted the core of the industrial sector, a few shareholders controlled management: in more than 50% of the enterprises, the ten largest shareholders owned between 90 and 100% of the capital." (*Politica y Espiritu*, No. 356; 1975.)

On the other hand, studies also conducted during the pre-Allende period demonstrated the extent to which the Chilean economy has been dominated by foreign-based multinationals. As Barnet and Müller put it in *Global Reach*, "In pre-Allende Chile, 51% of the largest 160 firms were effectively controlled by global corporations. In each of the seven key industries of the economy one to three firms controlled at least 51% of the production. Of the top twenty-two global corporations operating in the country, nineteen either operated free of all competition or shared the market with other oligopolists."

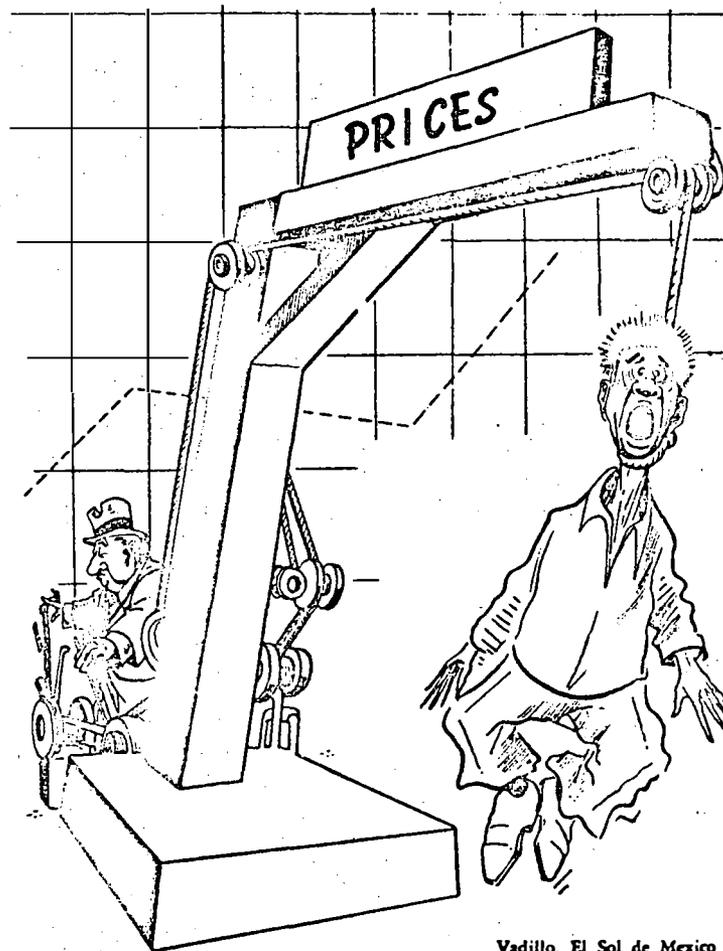
From 1971 to 1973, most of the monopolistic and oligopolistic industries were nationalized and transferred to the public sector. However, the zeal with which the military dictatorship has dismantled state participation in the economy and transferred industries to foreign ownership suggests that levels of concentration and monopolization are now at least as high as they were before the Popular Unity (Allende) Government.

An International Monetary Fund Report of May 1976 points out: "The process of returning to the private sector the vast majority of the enterprises which over the previous fifteen years, but especially in 1971-73, had become part of the public sector continued [during 1975]. . . . At the end of 1973 the Public Development Corporation (CORFO) had a total of 492 enterprises, including eighteen commercial banks. . . . Of this total, 253 enterprises . . . have been returned to their former owners. Among the other 239 enterprises . . . 104 (among them ten banks) have been sold; sixteen (including two banks) have already been adjudicated, with the completion of the transfer procedure being a matter of weeks; the sale of another twenty-one is being negotiated bilaterally with groups of potential buyers. . . ." Competitive bidding is still to be solicited for the remaining enterprises. Obviously the buyers are always a small number of powerful economic interests who have been adding these enterprises to the monopolistic or oligopolistic structures within which they operate. At the same time, a considerable number of industries have been sold to transnational corporations, among them the national tire industry (INSA), bought by Firestone for an undisclosed sum, and one of the main paper pulp industries (Celulosa Forestal Arauco), bought by Parsons & Whittemore.

There are many other examples to show that, as far as competition goes, Mr. Friedman's prescription does not yield the economic effects implicit in his theoretical model. In the first half of 1975, as part of the process

of lifting regulations from the economy, the price of milk was exempted from control. With what result? The price to the consumer rose 40% and the price paid to the producer dropped 22%. There are more than 10,000 milk producers in Chile but only two milk processing companies, which control the market. More than 80% of Chilean paper production and all of certain types of paper come from one enterprise—the *Compañía Manufacturera de Papeles y Cartones*, controlled by the Alesandri interests—which establishes prices without fear of competition. More than fifteen foreign brands are offered in the Chilean home appliances market, but they are all in the hands of only three companies, which assemble them in Chile and determine their retail prices.

Of course, any of the followers of the Chicago School would say that, with the liberalization of the international market, as prescribed by the model, Chilean mo-



Vadillo, El Sol de Mexico

nopolies and oligopolies would be exposed to competition from abroad. However, that does not happen. Chile so lacks foreign currency that it cannot import what it needs of even the most essential goods. Still more important is the fact that foreign enterprises are not interested in sending to Chile goods which could compete with those manufactured by their own Chilean subsidiaries. Besides, in Chile the economic interests which control the manufacturing industry also control the financial apparatus and import activities. These groups are not disposed to compete with themselves. In short, the application of

Friedman's theories to the real world of Chile means that the industrialists can freely "compete" at whatever price levels they choose.

Other aspects of the brand of economics taught at the University of Chicago are conveniently ignored by the junta's economic advisers. One is the importance of wage contracts freely negotiated between employers and workers; another is the efficiency of the market as an instrument to allocate resources in the economy. It is sardonic to mention the right of the workers to negotiate in a country where the Central Workers' Federation has been outlawed and where salaries are established by the junta's decree. It may also seem grotesque to speak of the market as the most effective instrument for allocating resources when it is widely known that there are practically no productive investments in the economy because the most profitable "investment" is speculation. Under the slogan "We must create a capital market in Chile," selected private groups enjoying the junta's protection have been authorized to establish so-called "financieras," which engaged in the most outrageous financial speculations. Their abuses have been so flagrant that even Orlando Saez, former president of the Chilean Industrialists' Association and a staunch supporter of the coup, could not refrain from protesting. "It is not possible," he said, "to continue with the financial chaos that dominates in Chile. It is necessary to channel into productive investments the millions and millions of financial resources that are now being used in wild-cat speculative operations before the very eyes of those who don't even have a job." (*La Tercera*, April 9, 1975.)

But the crux of Friedman's prescription, as the junta never ceases to emphasize, is control of inflation. It should, according to the junta, enlist "the vigorous efforts of all Chileans." Professor Harberger declared categorically in April 1975: "I can see no excuses for not stopping inflation: its origins are well known; government deficits and monetary expansion have to be stopped. I know you are going to ask me about unemployment; if the government deficits were reduced by half, still the rate of unemployment would not increase more than 1%" (*Que Pasa*, April 10, 1975). According to the junta's official figures, between April and December 1975, the government deficit was reduced by approximately the 50% that Harberger recommended. In the same period, unemployment rose six times as much as he had predicted. The remedy he continues to advocate consists of reducing government spending, which will reduce the amount of currency in circulation. This will result in a contraction of demand, which in turn will bring about a general reduction of prices. Thus inflation would be defeated. Professor Harberger does not say explicitly *who* would have to lower their standard of living to bear the costs of the cure.

Without a doubt, excessive monetary expansion constitutes an important inflationary factor in any economy. However, inflation in Chile (or any underdeveloped country) is a far more complex problem than the one presupposed by the mechanical models of the monetarist theorists. The followers of the Chicago School seem to forget, for example, that the monopolistic structure of the Chilean economy allows the dominant firms to maintain

prices in the face of falling demand. They also forget the role that so-called inflationary expectations play in generating price increases. In Chile, inflationary expectations have lately been approximating 15% per month. Looking ahead, firms prepare for rising costs by raising their own prices. This continuous price "leap-frogging" feeds a general inflationary spiral. On the other hand, in such an inflationary climate, no one with liquid assets wants to hold them. Powerful interest groups, operating without government control, can thus manipulate the financial apparatus. They create institutions to absorb any available money and use it in various forms of speculation, which thrive on and propel inflation.

### The Economic Results

Three years have passed since this experiment began in Chile and sufficient information is available to conclude that Friedman's Chilean disciples failed—at least in their avowed and measurable objectives—and particularly in their attempts to control inflation. But they have succeeded, at least temporarily, in their broader purpose: to secure the economic and political power of a small dominant class by effecting a massive transfer of wealth from the lower and middle classes to a select group of monopolists and financial speculators.

The empirical proof of the economic failure is overwhelming. On April 24, 1975, after the last known visit of Messrs. Friedman and Harberger to Chile, the junta's Minister of Finance, Jorge Cauas, said: "The Hon. junta have asked me to formulate and carry out an economic program primarily directed to eradicate inflation. Together with a numerous group of technicians, we have presented to the Chilean authorities a program of economic revival which has been approved and is beginning. The principal objective of this program is to stop inflation in the remainder of 1975." (The "group of technicians" is obviously Friedman and company.) By the end of 1975 Chile's annual rate of inflation had reached 341%—that is, the highest rate of inflation in the world.\* Consumer prices increased that same year by an average 375%; wholesale prices rose by 440%.

Analyzing the causes of Chilean inflation in 1975, a recent report of the International Monetary Fund (IMF) says: "The cutback in government spending, with its adverse effects on employment, in housing, and public works, went significantly further than programmed in order to accommodate the large credit demands of the private sector. . . ." Later on it states: "Overall monetary management remained expansionary in 1975. Moreover, continued high inflationary expectations and the public's attendant unwillingness to increase its real cash balances greatly complicated the implementation of the monetary program." Referring to private organizations which have begun to operate without any control, the report adds that the "financieras" have been allowed to operate beside the commercial banking system and at interest rates up to 50% higher than the maximum permissible banking rate. According to the same source, the "financieras" were oper-

\*The two countries with the next highest rates of inflation in 1975 were Argentina, with 312%, and Uruguay with 68.1%. Both are countries with dependent capitalist economies that apply junta-style models of political repression and "economic freedom."

ating in 1975 at an interest rate of 14% a month, or 168% a year; they obtained loans in New York at 10% to 12% a year.

The implementation of the Chicago model has not achieved a significant reduction of monetary expansion. It has, however, brought about a merciless reduction of the income of wage earners and a dramatic increase in unemployment; at the same time it has increased the amount of currency in circulation by means of loans and transfers to big firms, and by granting to private financial institutions the power to create money. As James Petras, an American political scientist, puts it (*New Politics*, Winter 1976): "The very social classes on which the junta depends are the main instrumentalities of the inflation."

The inflationary process, which the junta's policies stimulated immediately after the coup, was slightly reduced in 1975 as compared to the unbelievable rate of 375.9% in 1974. Such a minor reduction, however, does not indicate any substantial approach to stabilization and seems on the whole utterly irrelevant to the majority of Chileans who must endure the total collapse of their economy. This situation recalls the story of a Latin American dictator at the beginning of this century. When his advisers came to tell him that the country was suffering from a very serious educational problem, he ordered all public schools closed. Now, more than seventy years into this century, there still remain disciples of the anecdotal dictator who think that the way to eradicate poverty in Chile is to kill the poor people.

The exchange rate depreciations and the cutbacks in governmental expenditures have produced a depression which, in less than three years, has slowed the country's rate of development to what it was twelve years ago. Real Gross Domestic Product (GDP) contracted during 1975 by nearly 15% to its lowest level since 1969, while, according to the IMF, real national income "dropped by as much as 26%, leaving real per capita income below its level ten years earlier." The decline in the overall 1975 GDP reflects an 8.1% drop in the mining sector, a 27% decline in the manufacturing industries and a 35% drop in construction. Petroleum extraction declined by an estimated 11%, while transport, storage and communications declined 15.3%, and commerce fell 21.5%.

In the agricultural sector production appears virtually stagnant in 1975-76, with only an 0.4% variation from the previous agricultural year. This stagnation has been caused by a combination of factors, including the continued rise in the cost of imported fertilizers and pesticides. The use of fertilizer dropped by an estimated 40% in 1975-76. The increase in import prices also accounted for the decline in production of pork and poultry, which are almost entirely dependent on imported feed. The return to the former owners of several million hectares of farm land that had been expropriated and transferred to peasant organizations under the 1967 Agrarian Reform Law, has also reduced agricultural production. As of the end of 1975 almost 60% of all agricultural estates affected by the land reform—equivalent to about

24% of total expropriated land—has been subject to the junta's decisions. Of this total, 40% of the agricultural enterprises (75% of the physical acreage and more than 50% of the irrigated land) have entirely reverted to former owners.

In the external sector of the economy, the results have been equally disastrous. In 1975 the value of exports dropped 28%, from \$2.13 billion to \$1.53 billion, and the value of imports dropped 18%, from \$2.24 billion to \$1.81 billion, thus showing a trade deficit of \$280 million. Imports of foodstuffs dropped from \$561 million in 1974, to \$361 million in 1975. In the same period domestic food production declined, causing a drastic reduction in food for the masses of the population. Concurrently, the outstanding external public debt repayable in foreign currency increased from \$3.60 billion on December 31, 1974, to \$4.31 billion on December 31, 1975. This accentuated Chile's dependence on external sources of financing, especially from the United States. The junta's policies have burdened Chile with one of the highest per capita foreign debts in the world. In the years to come the nation will have to allocate more than 34% of its projected exports earnings to the payment of external debts.

But the most dramatic result of the economic policies has been the rise in unemployment. Before the coup, unemployment in Chile was 3.1%, one of the lowest in the Western Hemisphere. By the end of 1974, the jobless rate had climbed beyond 10% in the Santiago metropolitan area and was also higher in several other sections of the country. Official junta and IMF figures show that by the end of 1975 unemployment in the Santiago metropolitan area had reached 18.7%; the corresponding figure in other parts of the country was more than 22%; and in specific sectors, such as the construction industry, it had reached almost 40 per cent. Unemployment has continued to climb in 1976 and, according to the most conservative estimates, in July approximately 2.5 million Chileans (about one-fourth of the population) had no income at all; they survive thanks to the food and clothing distributed by church and other humanitarian organizations. The attempts by religious and other institutions to ease the economic desperation of thousands of Chilean families have been made, in most cases, under the suspicion and hostile actions of the secret police.

The inhuman conditions under which a high percentage of the Chilean population lives is reflected most dramatically by substantial increases in malnutrition, infant mortality and the appearance of thousands of beggars on the streets of Chilean cities. It forms a picture of hunger and deprivation never seen before in Chile. Families receiving the "minimum wage" cannot purchase more than 1,000 calories and 15 grams of protein per person per day. That is less than half the minimum satisfactory level of consumption established by the World Health Organization. It is, in short, slow starvation. Infant mortality, reduced significantly during the Allende years, jumped a dramatic 18% during the first year of the military government, according to figures provided by the U.N. Economic Commission for Latin America. To deflect

criticism from within its own ranks against the brutal consequences of layoffs, the junta in 1975 established a token "minimum employment program." However, it covers only 3% of the labor force, and pays salaries amounting to less than \$30—a month!

Although the economic policies have more mercilessly affected the working classes, the general debacle has significantly touched the middle class as well. At the same time, medium-size national enterprises have had their expectations destroyed by the reduction in demand, and have been engulfed and destroyed by the monopolies against which they were supposed to compete. Because of the collapse of the automobile industry, hundreds of machine shops and small industries which acted as subcontractors have faced bankruptcy. Three major textile firms (FIAD, Tomé Oveja and Bellavista) are working three days a week; several shoe companies, among them Calzados Bata, have had to close. Ferriloza, one of the main producers of consumer durables, recently declared itself bankrupt. Facing this situation, Raul Sahli, the new president of the Chilean Industrialists' Association, and himself linked to big monopolies, declared earlier in the year: "The social market economy should be applied in all its breadth. If there are industrialists who complain because of this, let them go to hell. I won't defend them." He is so quoted by André Gunder Frank in a "Second Open Letter to Milton Friedman and Arnold Harberger," April 1976.

The nature of the economic prescription and its results can be most vividly stated by citing the pattern of domestic income distribution. In 1972, the Popular Unity Government employees and workers received 62.9% of the total national income; 37.1% went to the propertied sector. By 1974 the share of the wage earners had been reduced to 38.2%, while the participation of property had increased to 61.8%. During 1975, "average real wages are estimated to have declined by almost 8%," according to the International Monetary Fund. It is probable that these regressive trends in income distribution have continued during 1976. What it means is that during the last three years several billions of dollars were taken from the pockets of wage earners and placed in those of capitalists and landowners. These are the economic results of the application in Chile of the prescription proposed by Friedman and his group.

### **A Rationale for Power**

The economic policies of the Chilean junta and its results have to be placed in the context of a wide counter-revolutionary process that aims to restore to a small minority the economic, social and political control it gradually lost over the last thirty years, and particularly in the years of the Popular Unity Government.

Until September 11, 1973, the date of the coup, Chilean society had been characterized by the increasing participation of the working class and its political parties in economic and social decision making. Since about 1900, employing the mechanisms of representative democracy, workers had steadily gained new economic, social and political power. The election of Salvador Allende as President of Chile was the culmination of this process. For the first time in history a society attempted to build

socialism by peaceful means. During Allende's time in office, there was a marked improvement in the conditions of employment, health, housing, land tenure and education of the masses. And as this occurred, the privileged domestic groups and the dominant foreign interests perceived themselves to be seriously threatened.

Despite strong financial and political pressure from abroad and efforts to manipulate the attitudes of the middle class by propaganda, popular support for the Allende government increased significantly between 1970 and 1973. In March 1973, only five months before the military coup, there were Congressional elections in Chile. The political parties of the Popular Unity increased their share of the votes by more than 7 percentage points over their totals in the Presidential election of 1970. This was the first time in Chilean history that the political parties supporting the administration in power gained votes during a midterm election. The trend convinced the national bourgeoisie and its foreign supporters that they would be unable to recoup their privileges through the democratic process. That is why they resolved to destroy the democratic system and the institutions of the state, and, through an alliance with the military, to seize power by force.

In such a context, concentration of wealth is no accident, but a rule; it is not the marginal outcome of a difficult situation—as they would like the world to believe—but the base for a social project; it is not an economic liability but a temporary political success. Their real failure is not their apparent inability to redistribute wealth or to generate a more even path of development (these are not their priorities) but their inability to convince the majority of Chileans that their policies are reasonable and necessary. In short, they have failed to destroy the consciousness of the Chilean people. The economic plan has had to be enforced, and in the Chilean context that could be done only by the killing of thousands, the establishment of concentration camps all over the country, the jailing of more than 100,000 persons in three years, the closing of trade unions and neighborhood organizations, and the prohibition of all political activities and all forms of free expression.

While the "Chicago boys" have provided an appearance of technical respectability to the *laissez-faire* dreams and political greed of the old landowning oligarchy and upper bourgeoisie of monopolists and financial speculators, the military has applied the brutal force required to achieve those goals. Repression for the majorities and "economic freedom" for small privileged groups are in Chile two sides of the same coin.

There is, therefore, an inner harmony between the two central priorities announced by the junta after the coup in 1973: the "destruction of the Marxist cancer" (which has come to mean not only the repression of the political parties of the Left but also the destruction of all labor organizations democratically elected and all opposition, including Christian-Democrats and church organizations), the establishment of a free "private economy" and the control of inflation à la Friedman.

It is nonsensical, consequently, that those who inspire, support or finance that economic policy should try to present their advocacy as restricted to "technical considerations," while pretending to reject the system of terror it requires to succeed. □

26 S. Westfield Ave.  
Trenton N.J. 08619  
30 Sept. 1976

Health Task Force  
Jimmy Carter Campaign  
Plains, Ga.

Dear Madam and Sir,

I believe you should consider the implications of the enclosed article from the MIT Technology Review on "The Political and Economic Basis of Cancer," with respect to

- 1) the definition of the responsibilities of the various governmental agencies in this field,
- 2) the advisability of taking an epidemiological approach to public health problems, and
- 3) the very serious conflicts of interest that will arise if an earnest attempt is made to solve the problems discussed in the article.

Very truly yours,

Carol Tucker

# The Political and Economic Basis of Cancer

Cancer is now a killing and disabling disease of epidemic proportions. More than 53 million people in the U.S. (over a quarter of the population) will develop some form of cancer in their lifetimes, and approximately 20 per cent will die of it.

It is estimated that in 1975, 665,000 new cancer cases were diagnosed, and that there were 365,000 cancer deaths. Thus, cancer deaths in 1975 alone were approximately five times higher than the total U.S. military deaths in the Viet Nam and Korean war years combined.

Cancer spares no age, sex, or ethnic group. It is a leading cause of death at all ages, including infancy and childhood. Susceptibility to cancer has been induced even before birth, as demonstrated in post-adolescent girls whose mothers had been treated in pregnancy with the anti-abortant diethylstilbestrol.

Cancer has a major economic impact. In 1969, the estimated direct costs for hospitalization and medical care of cancer patients exceeded \$500 million. It appears that the total direct costs for any patient range between \$5,000 and over \$20,000. The direct and indirect costs of cancer, including loss of earnings during illness and during the balance of normal life expectancy, were estimated by the U.S. Department of Health, Education, and Welfare (H.E.W.) at \$15 billion for 1971.

## Increasing Incidence

Only three major causes of death have increased significantly in the recent past: cancer, homicide, and cirrhosis of the liver. Overall, deaths from most other causes are decreasing. This increase in the incidence of cancer is real, over and above that due to an increase in life expectancy, and has occurred despite advances in diagnosis and cure. Interestingly, the last major improvements in five-year cancer survival rates occurred prior to 1955, and appear to reflect the first half of the century's advances in surgery, blood transfusion, and antibiotic therapy, rather than advances in cancer chemotherapy and treatment. (Greenberg, 1975)

Cancer death rates for the U.S. are available only from 1900. Early rate estimates are crude: they are not adjusted for age, and are based on less than half of the population living in 153 cities and ten states. Overall crude cancer death rates since 1933 have increased annually by about 1 per cent until 1975, when the rate appears to have increased to approximately 2.3 per cent, according to provisional estimates.

Standardized cancer death rates, adjusted for age and based on the total U.S. population, have been available

since 1933, the year the National Center for Health Statistics was established. These more reliable data also show an overall increase in cancer death rates. Standardized cancer death rates have increased overall by approximately 11 per cent in the last four decades.

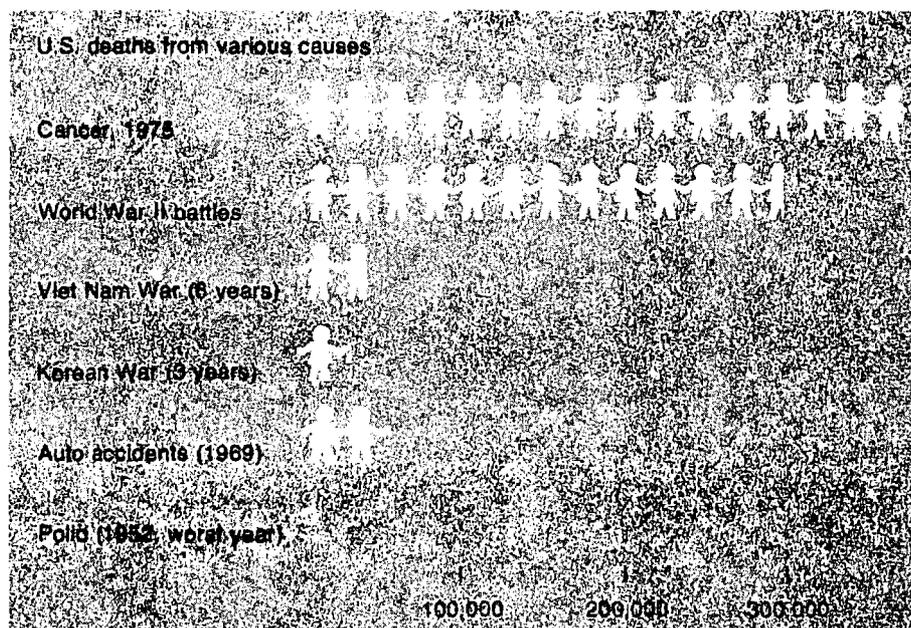
Much of the overall increase in cancer mortality since 1933 is attributable to lung cancer, and is due to smoking. Similar large increases in the incidence of cancer have been noted in other organs, particularly among blacks. Some of this increase may reflect access to improved diagnostic facilities.

At the same time, the incidence of cancer for other organs such as stomach and cervix has declined significantly (Curler and Devesa, 1973). In fact, the decrease in the incidence of cervical cancer rates may be the source of the overall decrease in standardized cancer mortality rates for white females. On the other hand, recent evidence suggests an increasing incidence of endometrial (uterine lining) cancer, which is possibly associated with the popularity of prescribing estrogens to post-menopausal women. "Spotty" changes in cancer incidence, of which endometrial cancer is an example, and in death rates over the past few decades have, in fact, provided important epidemiological clues to environmental causes of cancer in various organs.

A recent National Cancer Institute (N.C.I.) publication, an atlas of cancer mortality rates compiled by county, shows marked geographical clustering of high cancer rates in white men and women (for various organs) in heavily industrialized areas. Such data correlate cancer rates in the general community with living near certain industries.

Apart from the importance of occupational factors in the incidence of "neighborhood" cancer in the population at large, specific occupational exposures are also an important cause of cancer deaths, particularly in males. Various estimates indicate that 5 to 15 per cent of all current cancer deaths in males are occupational in origin. These include lung cancer and pleural mesotheliomas (cancer of the chest lining) in insulation workers, construction workers, and others exposed to asbestos; bladder cancer in aniline dye and rubber industry workers, induced by such chemicals as 2-naphthylamine, benzidine, 2-aminobiphenyl, and 2-nitrobiphenyl (used in dyes and resins); lung cancer in uranium miners of Colorado, in coke oven workers, and in workers even briefly exposed to bischloromethyl ether; skin cancer in cutting and shale oil workers; nasal sinus cancer in woodworkers; cancer of the pancreas and lymphomas in organic

In 1975 alone, five times more people died of cancer than were killed in the Viet Nam and Korean conflicts combined.



chemists; and angiosarcoma of the liver in workers involved in the manufacture and fabrication of polyvinyl chloride.

The toll of workers stricken by cancer in particular occupational exposures is overwhelming. For instance, an estimated 50 per cent of long-term asbestos-insulation workers die of cancer, and 20 per cent of all long-term asbestos workers die of lung cancer. Approximately 30 per cent of all premature deaths in uranium miners is due to lung cancer. The many other occupations that involve a high risk of cancer, include steel workers, miners and smelters, rubber workers, and workers in a wide range of petrochemical industries.

### Environmental Chemical Carcinogens

The consensus is growing that most human cancers are environmental in origin, and thus ultimately preventable. Numerous estimates by expert national and international committees suggest that 70 to 90 per cent of human cancers are environmentally induced or related; Dr. Frank Rauscher, the Director of the N.C.I., recently placed the incidence of environmental cancer at 90 per cent. The basis for such estimates largely derives from epidemiological studies in large community populations over extended periods. These reveal that the incidence of cancer varies geographically. It must be noted, however, that the role of specific environmental carcinogens so far has been implicated or identified in relatively few of the studies.

There is also general agreement now that the U.S. population and workforce has been — and is being — continuously exposed to countless known and unknown chemical carcinogens in their air, water, and food. Potent new chemical agents are being synthesized and introduced into commerce and the workplace, generally without prior, adequate testing for carcinogenicity or for other adverse public health and ecological effects.

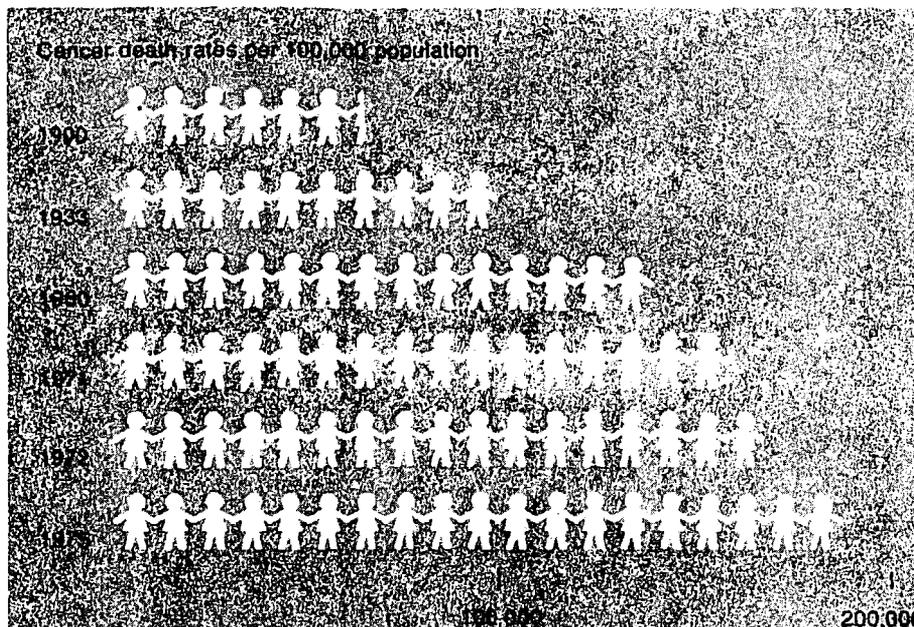
### Detecting Carcinogens

A particular chemical or mixture is determined to be carcinogenic by toxicological testing in experimental animals, or epidemiological observations in large, exposed human populations. While each approach has problems,

the results of animal testing can help pinpoint carcinogens before they are introduced to commerce and the workplace. Epidemiological studies can identify only carcinogens which have already affected the human population; they are generally based on identifying temporal or geographical clustering of specific organ cancers.

Toxicological techniques currently used on laboratory animals are relatively insensitive. Their ability to detect carcinogens — individually and in various combinations — in concentrations which reflect the low or changing patterns of actual environmental exposure is limited. In the same vein, epidemiological techniques are unlikely to detect weak carcinogens, unless there are sharp differentials in the general population's exposure, as with cigarette smoking. Even for smoking, the single largest cause of cancer deaths, several decades of investigation were required before cause and effect could be established. For widely dispersed agents, including unintentional or accidental food additives such as dieldrin and DDT, to which the population-at-large is generally and ubiquitously exposed, human experience and epidemiological observations are unlikely to provide any meaningful or immediate indication of safety or hazard.

A majority of the qualified scientific community agrees that valid and well conducted animal experiments yield carcinogenicity data with a high degree of presumptive human relevance. Indeed, every chemical known to be carcinogenic to humans, with the possible exception of tri-valent arsenic, is also carcinogenic to animals. Many chemicals now recognized as carcinogenic to humans were first identified by animal testing. These include diethylstilbestrol, bischloromethyl ether, vinyl chloride, and aflatoxins. There can be no possible justification, scientific or otherwise, for leading industrial representatives' or regulatory agency officials' continued insistence that animal data must be validated by human experience before regulatory action can be taken. Legislation has already recognized the scientific validity of data derived from animal testing: in the 1958 Delaney Amendment to the Federal Food Drug and Cosmetic Act; in such recent regulatory actions as the suspension of the major agricultural uses of dieldrin; and, still more recently, in the sus-



While early estimates of cancer death rates were crude, not adjusted for age, and approximated from portions of the U.S. population, the trend nevertheless shows an upward turn.

pension of major agricultural uses of chlordane and heptachlor, whose carcinogenicity has been clearly demonstrated in animals, but not yet in humans.

In carcinogenicity tests, animals must be subjected to relatively high concentrations of the test substance. This is an attempt to reduce the gross insensitivity imposed on these tests by the relatively small size of animal groups tested, when compared to the millions of people who are presumed to be at risk. This insensitivity also applies to the numerous possible synergistic interactions between individual carcinogens, such as DDT and dieldrin, or between carcinogenic and noncarcinogenic chemicals.

Thus, safe levels of human exposure to chemical carcinogens cannot be predicted, either on the basis of animal or epidemiological data. That fact underlies the 1958 Delaney Amendment, which imposes a zero tolerance for carcinogenic food additives. The Amendment states: "... no additive shall be deemed to be safe if it is found, after tests which are appropriate for the evaluation of the safety of food additives, to induce cancer in man or animals. . . ."

This position was restated by H.E.W. Secretary Casper W. Weinberger in June, 1974: "At present, the Department of Health, Education, and Welfare lacks the scientific information necessary to establish no-effect levels for carcinogenic substances in animals in general and in man in particular. In the absence of such information, we do not believe that detectable residues of carcinogenic animal drugs should be allowed in the food supply."

#### Constraints to Reducing Cancer

I believe there are reasonable *a priori* grounds for associating recent cancer death rate increases with the increase of industrial chemicals in our environment, and concurrent exposure of large populations to these chemicals over the last four decades.

Such increases are likely to have occurred in other industrialized countries, although perhaps later and less dramatically than in the U.S.

Aside from some special purpose regulations of pesticides, food additives, and drugs, post-war petrochemical technology has burgeoned largely unrestricted

by national or international controls. There are no general requirements for pre-testing chemicals for carcinogenic or other adverse effects prior to manufacture or use. Consequently, many carcinogens whose effects may become manifest only now, in the next few years, or in decades, may have been used extensively. The case of vinyl chloride may be only a portent of similar disasters. Now a recognized occupational carcinogen, vinyl chloride was originally introduced into large-scale production in the 1950s. Manufacture of the substance grew at about 15 per cent per year, culminating in 1970 when about 4 billion pounds were manufactured in the U.S. Of the vinyl chloride workers identified by June, 1974, with confirmed diagnoses of hepatic angiosarcoma (a rare form of liver cancer), more than half were first exposed before 1950.

Toxic substances legislation is required to mandate requirements for toxicological testing in general, and for carcinogenicity testing in particular, of new chemical agents before their introduction to commerce and the workplace. Failure to enact such legislation, largely due to intensive lobbying by the chemical industry, is likely to result in still further increases in the incidence of cancer in the coming decades. Various adverse economic impact analyses of such legislation, procured by the chemical industry, have in general ignored the very substantial, and hitherto externalized, costs of human cancer, while exaggerating the financial cost.

Several thousand new compounds are now being introduced into commerce each year. Using appropriate systems of priorities and registration, and with the possible judicious use of short-term screening tests (McCann, *et al.*, 1975), it has been estimated that approximately 500 new compounds would have to be tested each year, and that this would necessitate some four- to five-fold expansion of current facilities. This should not represent any great problem, particularly as there are abundant untapped resources in the private sector, including universities and the chemical and pharmaceutical industries. The national laboratories, such as Brookhaven, Oak Ridge, and Argonne, also represent important potential facilities.

In many cases, the federal government is meeting the bill for carcinogenicity testing of potentially profitable chemicals and products. Following an injunction to "reduce cancer rates," the N.C.I. has initiated a bioassay program, largely on industrial chemicals, and a program on "safe cigarette testing." Limited federal intramural programs are also being carried out, such as the F.D.A. tests on food additives. Clearly, national policies should be established to shift these costs from the public to the private sector, allowing industry to pay for testing in approved laboratories under contract to the N.C.I.

Even within allotted federal resources, low priority has been accorded to research on environmental carcinogens and on the prevention of human cancer. The N.C.I.'s expenditure on environmental carcinogens has been estimated at between 5 and 20 per cent of the total budget. For the 1975 budget of \$691 million, for example, direct expenditures on environmental carcinogens appear to be only 10 per cent. This low priority for environmental carcinogenesis by the N.C.I. shows up in the January, 1974, subject index of current N.C.I. grants. Only one of a total of 307 pages deals with epidemiological and population studies on cancer. Further, none of the three members of the President's Cancer Panel or of the approximately 23 members of the 1975 National Cancer Advisory Board appears to have significant professional qualifications or experience in epidemiology and preventive medicine, and only one is authoritative in chemical carcinogenesis. Industrial representation on the Board and Panel, in the absence of labor and consumer representation, also seems disproportionately strong.

N.C.I. expenditures on anti-smoking propaganda are relatively low, while research on "safe cigarettes" is well supported. The latter costs should perhaps more properly be borne by the tobacco industry, which now spends about \$250 million annually on advertising. Similar considerations apply to costs of the N.C.I. bioassay program on profitable chemicals, costs which should also be borne by the private sector. It is also significant that the U.S.D.A. spends approximately \$50 million annually on various tobacco support programs, and that its Agricultural Research Service (A.R.S.) assigns more laboratory space to research on tobacco than to research on food distribution. What's more, the A.R.S.'s concern is to produce a more marketable product, not a safer product. These federal policies are not consistent with very high national costs from the current epidemic of lung cancer, apart from bladder cancer and cardio-respiratory disease, all due to smoking.

	Whites		Blacks	
	Males	Females	Males	Females
Lung	403	238	908	435
Pancreas	61	37	200	326
Colon	48	15	100	214
Breast	—	14	—	37
Prostate	43	—	153	—
Uterus	—	-41	—	-55
Esophagus	-23	0	225	200
Stomach	-68	-77	-46	-56

A comparison of the percentage of change in the cancer death rates for selected areas between 1937 and 1969 shows the decrease in uterine, esophageal, and stomach cancer. A large proportion of the increase in lung cancer can be attributed to smoking. (Cutler and Devesa, 1973)

Both covert and overt pressures are put to bear on industry scientists to develop and interpret safety data, including data on chemical carcinogenesis, which are consistent with short-term marketing interests (Edsall, 1975). These pressures have spawned a number of myths which seem calculated to minimize the significance of the effects of human exposure to particular toxic chemicals and carcinogens. While these myths do not withstand scientific scrutiny, they have been vigorously and effectively proclaimed in public: at congressional hearings, at the proceedings of the 1973 O.S.H.A. Standards Advisory Committee on Occupational Carcinogens, at E.P.A. suspension hearings on aldrin and dieldrin, and on chlordane and heptachlor. Among these myths are the following:

— *Tumorigens are less dangerous than carcinogens.* The identity of "tumorigens," or tumor-inducing agents, as opposed to carcinogens (inducing malignant neoplasms), has been vigorously proposed, particularly for chlorinated hydrocarbon pesticides such as DDT and dieldrin. These chemicals have long been known to induce "hepatomas" (liver neoplasms) in mice. Statements to this effect have been made: for instance, one senior H.E.W. spokesperson's response to repeated congressional questioning was, "There is no evidence to my knowledge that DDT is a carcinogen." (Tepper, 1974) The invalidity of this claim has, however, been emphasized repeatedly and unambiguously by many expert commit-

	Overall	White males	White females	Non-white males	Non-white females
1935	n.d.	130.6	146.5	77.4	127.8
1940	n.d.	138.4	143.0	94.6	129.7
1945	n.d.	144.5	139.8	105.0	127.7
1950	140.5	147.6	132.4	137.6	140.8
1955	142.1	156.7	127.8	159.9	139.8
1959-61 <sup>†</sup>	140.4	160.1	121.2	175.5	134.5
1964-66 <sup>‡</sup>	141.4	166.2	118.5	188.4	131.3
1969-71 <sup>†</sup>	143.9	173.5	118.0	206.9	131.5
1973-74 <sup>‡</sup>	144.8	177.0	116.5	219.7	135.3

n.d. = no data    † = 3-year average    ‡ = 2-year average

Standardized (for 1950) cancer death rates per 100,000 people reflect a less dramatic, yet increasing toll from cancer. The decline in cancer deaths in white females can be attributed to the decrease in the incidence of cervical cancer. (Silverman and Schneiderman, 1976)

tees, who have unanimously concluded that the terms "tumorigens" and "carcinogens" have synonymous implications.

Moreover, the proposition has ceased to be relevant with the recognition of pulmonary metastases (secondary tumors in the lung), resulting from a wide range of liver neoplasms induced in mice, illustratively by "tumorigens" such as dieldrin, which also induce extrahepatic (outside the liver) neoplasms in mice and rats. Thus, there is no scientific basis for proposed regulations based on such semantics.

— *Animal carcinogens are less dangerous than human carcinogens.* This thesis proposes that valid distinctions, from a regulatory standpoint, can be drawn between chemicals causing cancer in experimental animals and those causing cancer in man. It is further proposed that less stringent regulatory standards should be promulgated for "animal" carcinogens such as ethyleneimine, dichlorobenzidine, and 4,4'-methylene(bis)-2-chloroaniline, unless and until their carcinogenic effects can be validated by human experience, based on deliberate prospective human exposure. Surprisingly, the thesis was reaffirmed by a senior E.P.A. official in January at a conference convened to review data on air pollution over certain cities. Relatively high concentrations of the dimethylnitrosamine, a highly potent carcinogen, had been identified in the air over Baltimore (where it was escaping from an FMC Corp. plant manufacturing rocket fuel), and over New York and other cities (where it is presumably formed by interaction of atmospheric nitrogen oxide pollutants and amines, from sources proba-

bly including automotive emissions, [Fine, *et al.*, 1976]). The E.P.A. official, who has broad responsibilities in this area, was unwilling to define this carcinogen as a "hazardous pollutant" on the grounds that its human carcinogenicity had not yet been established.

There is, in fact, no evidence for the existence of "species-specific" carcinogens. All chemicals known to produce cancer in man, with the possible exception of tri-valent inorganic arsenic, also produce cancer in experimental animals. Recent experiences with carcinogens such as bischloromethyl ether, diethylstilbestrol, and vinyl chloride monomer amply confirm the predictive value of animal carcinogenicity data to humans.

— *Human experience has demonstrated the safety of occupational exposure to certain carcinogens.* Such claims have been made repeatedly for a number of "animal carcinogens" including dieldrin, a-naphthylamine, ethyleneimine, and dichlorobenzidine, and for "low levels" of exposure to acknowledged "human carcinogens." These claims are generally based on a lack of positive documentation of excess cancer deaths, or on the basis of undisclosed or partially accessible records covering small populations at risk, undefined turnover rates, or short periods of follow-up. Clearly, such data do not permit development of valid epidemiological inferences. Such claims fail to recognize the inherent limitations of epidemiological techniques.

— *Most chemicals are carcinogenic when tested at relatively high concentrations.* This is totally inconsistent with available information. In an N.C.I. contract to Litton Bionetics, approximately 150 industrial compounds

# Regulation of Environmental Carcinogens: Why Cost-Benefit Analysis May Be Harmful to Your Health

by Michael S. Baram

Responsibility for the regulation of environmental carcinogens is scattered throughout many government agencies today. So, as a toxic metal such as cadmium, or an herbicide, or any other carcinogenic chemical wends its way through the environment and food chain to its human receptors, it passes through the jurisdiction of many different agencies. But despite the many watchdogs, the same carcinogen may elude certain critical controls because of serious regulatory omissions or gaps in legislated authority enacted by Congress.

The federal agencies with primary regulatory responsibilities for the control of environmental carcinogens are the Environmental Protection Agency, the Nuclear Regulatory Commission, the Food and Drug Administration, and the Occupational Safety and Health Administration. However, other agencies, ranging from the Army Corps of Engineers to the Department of Transportation, also play roles in the regulation of carcinogens. Each of these agencies has statutory authority to regulate the use and emission of *some* of the substances, from *some* of the sources, in *some* of the pathways, for the purposes of protecting *some* of the population under *some* circumstances. [1-4]

Each agency has its own objectives, analytical approaches, data bases, and control criteria, but often no agency has adequate authority or motivation to control at certain critical points. Substances such as polychlorinated biphenyls (PCBs), implicated in cancer of the liver, may therefore elude coherent systematic control. To some extent, this may be due to the agencies' failure to coordinate or implement their functions properly. However, the primary problem seems to be inadequate congressional legislation, which has established agency functions in this inefficient and uncoordinated manner.

## Regulatory Patchwork

This regulatory patchwork is due mainly to uncertainty as to what constitutes cancer, the diversity of suspect substances and their pathways to their victims, the many possible but difficult-to-test synergistic factors, and the varied susceptibility of the affected population.

Environmental carcinogens fall into several classes, traceable to specific sources. The major classes of environmental carcinogens include the trace metals (beryllium, cadmium, etc.), synthetic and organic chemicals (DDT, PCBs, etc.), combustion products (aromatic hydrocarbons), other chemical products (nitrites, asbestos, etc.), and ionizing radiation from medical, industrial, and energy activities. [5]

Each presumed carcinogen has its own environmental and commercial pathway from source to human receptor. Common pathways include air, water, soil, the food chain, drug use, and the direct application of medical and other services. Some human receptors are "voluntarily" exposed as consumers and workers, some are "bystanders" who have not voluntarily subjected themselves to exposure, and some fall into both categories. The human receptors vary in their susceptibility to cancer, and those most susceptible include the

very young, the pregnant, and those who smoke cigarettes. The unborn are also extremely vulnerable to these substances, and create a relatively new and difficult class of receptors for the agencies to try to protect. [6]

The specific contribution to human cancer of each substance and each source, each pathway and causal relationship, the intervention of exogenous and synergistic factors, and the adequacy of laboratory and animal data and their extrapolation to humans are among the myriad issues besetting government regulatory agencies. As a result, the federal agencies must grapple with the serious problems of legal proof in their attempts to set standards. The same uncertainties confront the federal courts when they review agency rule-making on standards and other agency decisions. [7]

## The Analytical Pattern

At the heart of the regulatory confusion in dealing with environmental cancer is the analytical method used by the separate regulatory authorities. Many agencies employ a "balancing process," in which the costs of establishing and maintaining any levels of emission and human exposure to a carcinogen are balanced against the economic or social benefits accrued by the production and use of the substance. In some cases, agencies use a highly formalized cost-benefit analysis. (The Nuclear Regulatory Commission does this in regulating allowable amounts of ionizing radiation from the uranium fuel cycle.) In other cases, the weighing of the benefits and risks to society which would be incurred from the various levels of emissions and exposure is more informal. In either case, the net risk or cost and the net benefit is estimated, valued, and quantified before the agency determines which of several possible levels of emission and exposure it should allow, in light of available control techniques. [8]

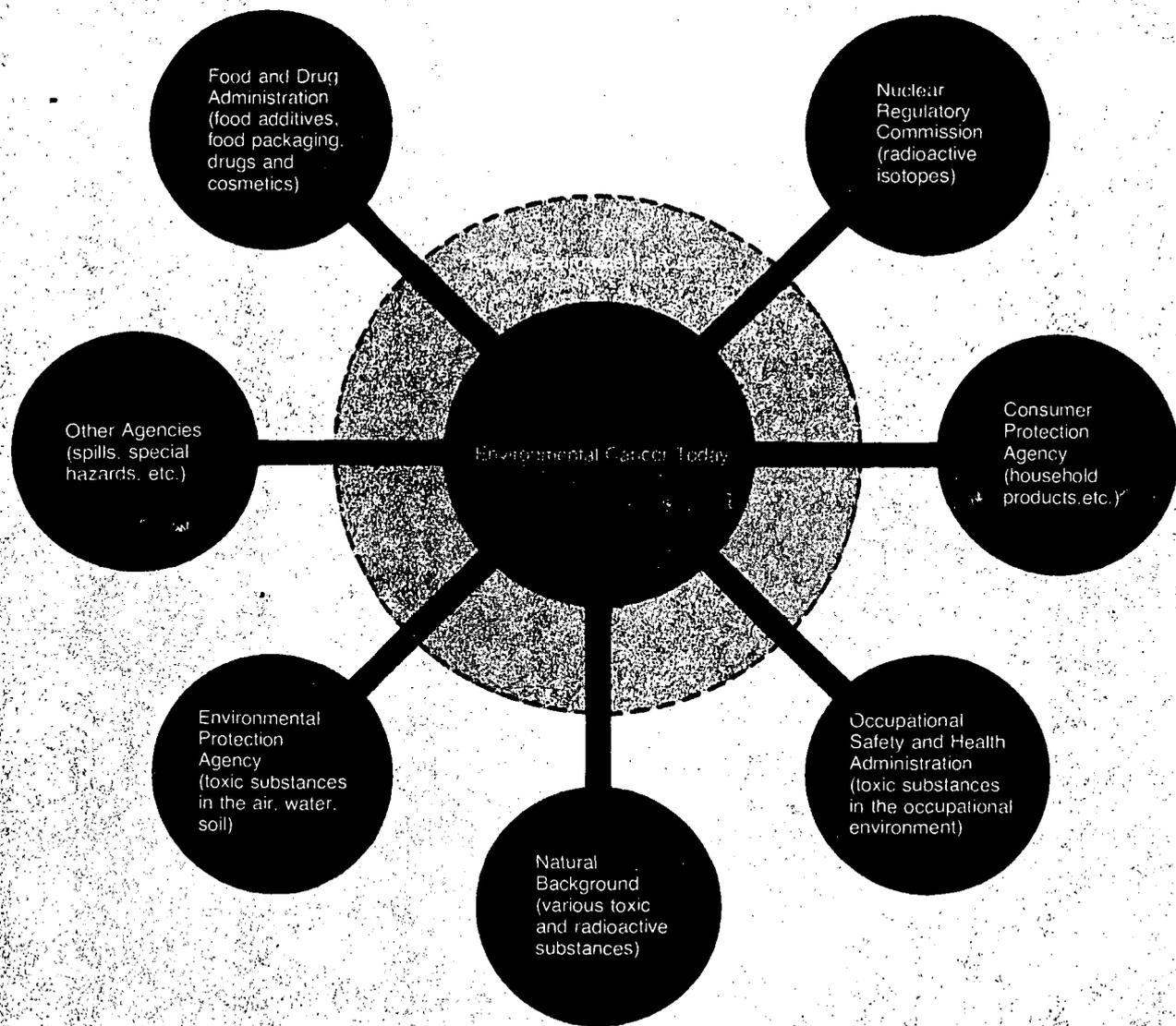
This balancing approach leads each agency to impose a limitation or level of control on the source of an environmental carcinogen at the general point where costs or risks are equivalent to benefits. Some agencies add margins of safety or weighting factors to their analysis, either by choice or to satisfy statutory requirements.

The problems of such "balancing" approaches are obvious:

- What value should be placed on human life, illness, or suffering?
- Who should decide on such values?
- How should such values be determined?
- How should we value the lives of the unborn?
- How are cases judged where benefits accrue to some but risks accrue to others? How does one judge the distributional and equity issues?

Other aspects of the balancing process also remain troublesome:

- How reliable and objective are the designated costs of new control equipment, which are largely based on information from the industry to be regulated?
- How accurate is the agency's assessment of benefits to society from the activity in question? [9]



The regulation of man-made substances which could contribute to human cancer is spread between numerous federal agencies. If each agency employs cost-benefit

analysis to determine its policies, this subdivision could have the backfire effect of increasing the total number of people exposed to environmental carcinogens.

These are significant problems for the balancing process, and at the least, new techniques are badly needed to elicit public attitudes and apply ethical safeguards to protect minorities and the unborn. For example, when the Corps of Engineers proposes to use a chemical herbicide to clear duckweed from navigational channels, and the E.P.A. approves the action (and thus approves the subsequent contamination of the water, environment, and food chain), some relatively arbitrary judgements have been made by the two agencies as to the probability of human illness or death to be sanctioned, possibly resulting from the originally beneficially intended use of the herbicide.

#### The Costs Add Up

Today's fragmented use of "balancing" by individual regulators has a pernicious, cumulative effect over many agencies' decisions. Each decision by each separate agency inevitably rationalizes an additional contribution of carcinogens

and risks to the human environment. So each decision effectively increases the total amount of environmental cancer. Such regulatory decisions occur daily. These "justifiably" allowable risks could conceivably accumulate to the point where an entire present or future population could be at substantial risk. Although each regulatory body is concerned only with its own incremental contribution to future cases of environmental cancer, each incremental contribution adds to the number of people whose lives will be affected. [10]

One may differ with this conclusion. The results of such incremental decisions may not be additive; there may be safe thresholds of exposure within which no harm occurs; the analysis possibly assumes an erroneous linear relationship between dose and response; perhaps only the same, particularly susceptible human receptors will be at risk, although their risk will be increasing. Nevertheless, some sort of cumulative effect can be expected. Over time it will be substantial.

Taken to its logical extreme, our present fragmented uses of "balancing" in regulation presents an even more absurd scenario:

Each agency justifies its own small contribution to environmental cancer on the ground that it constitutes only a minute fraction of all cancer (some agencies, such as the Nuclear Regulatory Commission, have already adopted this logic). But all agency regulations together will create an environment in which the number of cancer cases has increased. So, the catch-22: as the number of victims of environmentally induced cancer grows ever larger, the significance of each agency's contribution actually diminishes.

Therefore, an agency could conceivably justify an even greater contribution to environmental cancer in the future, and set even less effective controls on the toxic substances it is required to regulate. This scenario, while not yet realized, can be anticipated, given the fragmentation of regulatory authority and the use of balancing in the many small decisions made by the regulators. [11]

### Needed: Congressional Response

The problem of environmental cancer transcends our agencies and courts. Congress must address this problem in a holistic and systematic fashion. It must coordinate regulatory authority and establish the processes that the agencies must use to establish limitations for carcinogenic substances. If Congress continues to sanction the "balancing" approach to regulation, an overall and increasing national "budget" for the numbers of victims of environmental cancer is implicitly established. A potential victim who would not perceive his or her own case as "justifiable" cancer should therefore press for appropriate congressional action regarding the use of cost-benefit analysis by our agencies.

and pesticides were selected for test because of suspicions as to their possible carcinogenicity. These were tested at maximally tolerated doses in two strains of mice, with exposure from infancy; less than 10 per cent of these compounds were found to be carcinogenic (Innes, *et al.*, 1969). Of a total of some 6,000 compounds listed in the N.C.I.'s "Survey of Compounds Which Have Been Tested For Carcinogenic Activity," approximately 1,000 were reported to be carcinogenic. By current standards, only about half of those tests could be considered valid, and a total of only 500 compounds may now be accepted as carcinogenic. I must emphasize that many of these compounds on the N.C.I. list were selected on the basis of known similarity to proven carcinogens. Many of them were chemical derivatives of known carcinogens, synthesized for basic studies on carcinogenicity. A random list of chemicals would have an even lower percentage of carcinogenic members.

— "Safe levels" of exposure to occupational carcinogens can be determined. Few if any risks are alleged to result from exposure to "low levels" of occupational carcinogens. Low levels are often determined on the basis of technical expediency, or other poorly articulated concepts. For example, the American Conference of Gov-

### Footnotes

1. Authority provided by the Federal Insecticide, Fungicide and Rodenticide Act as amended by the Federal Environmental Pesticide Control Act of 1972; the Clean Air Act of 1970; the Federal Water Pollution Control Act amendments of 1972; the Safe Drinking Water Act of 1974; and Reorganization Plan No. 3, Section 2(a)-(7), 5 U.S.C.A. App. II (1970).
2. Authority provided by the Atomic Energy Act of 1954, as amended, 42 U.S.C. s. 2233 et seq.
3. Authority provided by the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. s. 304-392; the "Delaney Clause," in the Food Additive Amendments of 1958, P.L. 85-929.
4. Authority provided by the Occupational Safety and Health Act of 1970, 29 U.S.C. s. 651 et seq.
5. See: *Effects of Chronic Exposure to Low-Level Pollutants in the Environment*, Subcommittee on the Environment and the Atmosphere of the Committee on Science and Technology, U.S. House of Representatives, 94th Congress, 1st session (Nov. 1975).
6. C. Moore, "Radiation and Preconception Injuries: Some Interesting Problems in Tort Law," *S. W. L. Jnl.*, v. 28, pp. 414-436 (1974).
7. H. Leventhal, "Environmental Decision-Making and the Role of the Courts," *U.Pa.L. Rev.*, v. 122, pp. 509-555 (1974).
8. "Interim Procedures and Guidelines: Health Risk and Economic Impact Assessments of Suspected Carcinogens," U.S. Environmental Protection Agency, 41 F.R. 21402 (May 25, 1975); 40 F.R. 33029 and *Final Opinion: Appendix I*, U.S. Nuclear Regulatory Commission, Docket No. RM-50-2 (April 30, 1975).
9. See "Legal and Regulatory Aspects of Using Cost-Benefit Analysis to Control Ionizing Radiation," M. Baram in *Report of the Committee on Biological Effects of Ionizing Radiation*, National Academy of Sciences (1976); and *Decision-Making for Regulating Chemicals in the Environment*, National Academy of Sciences (1975).
10. M. Baram, *Ibid.*
11. For discussion of an analogous example, see G. Hardin, "The Tragedy of the Commons," *Science*, v. 162, pp. 1243-1248 (1968).

Michael S. Baram, Professor of Civil Engineering at M.I.T., is also an attorney with the law firm of Bracken, Selig, and Padnos. He chairs the Committee on Technology Assessment, and is Vice Chairperson of the Committee on Environmental Law, of the General Practice Section of the American Bar Association. He also serves on several committees of the National Academy of Sciences.

ernment and Industrial Hygienists has assigned acceptable levels, threshold limit values (TLVs), for asbestos, bis-chloromethyl ether, and nickel carbonyl. Many independent experts have, however, attested that there is no mechanism for determining the existence of biological thresholds for chemical carcinogens, and hence that the TLV concept is inapplicable to chemical carcinogens.

The record of the National Center for Toxicological Research (N.C.T.R.), Pine Bluffs, Ark., where we might look for confirmation of carcinogenicity data, appears to reflect external pressures. The N.C.T.R. was created by presidential order on January 27, 1971, receives its financial support from E.P.A. and F.D.A., and is operated by the F.D.A. The N.C.T.R. is claimed to be a primary national source on the scientific aspects of regulation of drugs, food additives, pesticides, and other consumer products. From its inception, however, it appears clear that the F.D.A. has used the N.C.T.R. to develop data with which to invalidate the Delaney Amendment, and also to establish "safe levels" of exposure to chemical carcinogens.

Some scientific programs of the N.C.T.R., including a "mega mouse" and other large-scale experiments designed to establish "safe levels" for human exposure to

known carcinogens (such as diethylstilbestrol and benzidine), were severely criticized in an expert extramural *ad hoc* N.C.I. committee, chaired by Dr. H. L. Steward. Its report was subsequently dismissed by the director of the N.C.I. According to Dr. U. Saffiotti, then Associate Director of the N.C.I. Division of Cancer Cause and Prevention, responding to Senator John Tunney (D.-Calif.) in April, 1975, the committee's criticisms of N.C.T.R. programs remain pertinent.

### The Barriers Ahead

Certain sectors of industry have a standard response to regulatory agencies' attempts to promulgate standards limiting environmental and occupational exposure to chemical carcinogens and other toxic agents. They forecast, generally on the basis of procured reports, major economic disruption and unemployment attending compliance with the suggested regulations. These forecasts, apart from their questionable validity, do not address themselves to the externalized costs, economic and otherwise, of the carcinogenic and other toxic effects of human exposure to carcinogens.

Estimates in the summer of 1974 (by A. D. Little, under contract to the Society of Plastics Industry [S.P.I.], and by Foster D. Shell, under contract to O.S.H.A.) on the impact of proposed occupational standards for vinyl chloride, predicted costs as high as \$65 billion and losses of up to 1.6 million jobs. Such estimates are clearly gross distortions, as most PVC producers are now in compliance, in the absence of major economic disruptions (Rattner, 1975). For example, capital costs of B.F. Goodrich Co. for compliance were approximately \$34 million. This industry now is considering leasing its "clean-up" technology, and has found that the installed compliance technology actually cuts labor costs. It is of interest, however, that B.F. Goodrich has recently increased the prices of its PVC products, alleging higher production costs from compliance with regulatory standards.

Only experiences such as the ability of the PVC industry to meet occupational standards for vinyl chloride at relatively low costs can prove that safeguarding the health of consumers and workers is compatible with its primary interests. Yet the problem is clear, the evidence incontrovertible:

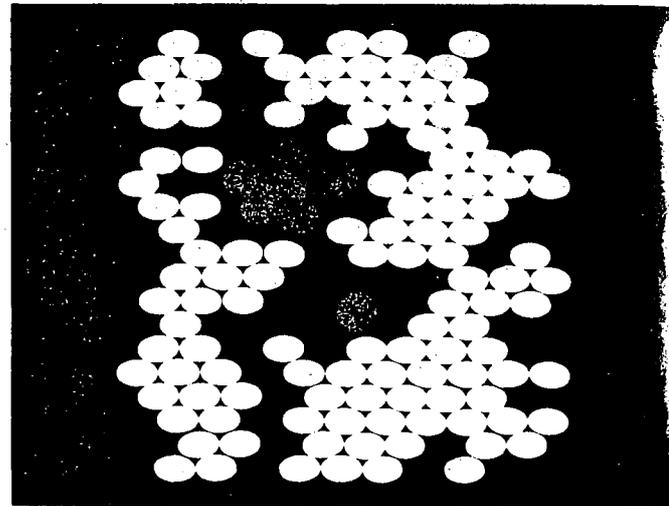
— The incidence of some human cancer is rising. Cancer is killing one in five Americans. And the economic costs of cancer are a minimum of \$15 billion a year.

— The majority of human cancers are environmental in origin, and therefore preventable.

— In addition to a number of chemical carcinogens already contaminating our air, water, food, and workplace, new carcinogens are being synthesized and introduced into commerce in increasing numbers and in a largely unregulated manner.

The solution is clear, and remains to be implemented. Its constraints appear to be mainly political and economic, rather than scientific. Toxic substances legislation must be a critical element of national policies to reduce the incidence of human cancers. Such legislation should also update current policies for regulation of environmental carcinogens by federal agencies.

Moreover, scientific research on chemical carcinogenesis conducted by industry, the N.C.I., and other federal agencies must be insulated from political and economic pressures if the principles of chemical carcinogenesis are not to be subverted further by such con-



siderations as short-term marketing interests and alleged regulatory requirements.

The regulation of environmental and occupational carcinogens is clearly consistent with long-term industrial and national interests. The nation's interests cannot be served by economic analyses that distort and exaggerate the costs and unemployment which may attend compliance with responsible standards.

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Samuel S. Epstein is the Swetland Professor of Environmental Health and Human Ecology at Case Western Reserve University School of Medicine, Cleveland, Ohio. He qualified in physiology (1946), and medicine (1950) from London University, England, and subsequently was Board certified in human and experimental pathology. From 1960-1972 he was Chief of the Laboratories of Environmental Toxicology and Carcinogenesis at the Children's Cancer Research Foundation and Harvard Medical School, Boston, before assuming his present position. A leading international research scientist on toxic and carcinogenic hazards due to chemical pollutants, he has been a consultant to various Congressional Committees, including the Senate Committee on Public Works from 1970 to 1974. He also consults to various Federal Agencies and to AFL/CIO. He is President of the Society for Occupational and Environmental Health, President of the Rachel Carson Trust, and Chairperson of the Commission for Advancement of Public Interest Organizations.

*Langs*

HAROLD M. LANGS.  
121 FRANKLIN PLACE  
WOODMERE, L.I., N.Y., 11598

September 22, 1976

Dear Sir,

Your campaign can be improved. I wrote for McGovern and  
the material was used. Some samples appropriate to your campaign  
are enclosed.

If you would like I would be happy to contribute as the  
campaign develops.

Sincerely,

*Harold M. Langs*  
Harold M. Langs

*ML*

Ford has been specifically challenged on the economic issues.

9 policy errors were named and detailed in a detailed address in September. The Republicans have had 8 years to arrange the economy. They have led us into the worst recession since the 1930's depression. They complicated the recession by a wasteful inflation. Look at the record. They repeatedly denied that we ever had a recession - denied that there was a profound economic problem. Consequently eventually they failed to react properly. How did they react?

The Republicans chose to encourage corporate dividends in preferring to economic stability. Under the Republican administration we saw commodity prices soar, fueling the inflation fires. On not one, but on two occasions didn't the Americans sell wheat to the Russians at such a low price that we did not get fair value, just more inflation.

When the public knows:

- When our family members were out of work.
- When inflation eroded our purchasing power.
- When we all knew that this was an economic crises, the Republican administration was the very last to know.

Another example of the failure of the Republican administration is the so called abortion issue. Typically their proposal for a constitutional amendment fails to solve the issue.

A constitutional amendment that allows each state to establish its own rules would make the abortion issue an intense political battle every two years - in almost every state - in almost every election.

There are two major points:

1) The record shows that the Republicans surface this issue every four years during the election but do not follow through. Ford has been in Washington for     years - President for two years. Yet it appears this issue is newly discovered. Where was this issue 2 years ago? Furthermore there is no active proposal to enact a constitutional amendment. Just how does Ford plan to follow through and deliver on this problem?

2) Consider the consequences of a constitutional amendment. By raising and reraising the abortion issue year after year would have a disabling effect of pitting Americans against Americans. Tending to split Americans along highly polarized political and religious lines. Such a plan is risky and than a prescription for chaos.

I believe.....

If there is a better proposal I would welcome it. To change in a manner proposed by Ford would be disastrous. His proposal neither analyzes or solves the issues.

I challenge Ford to demonstrate how he would follow through and obtain a constitutional amendment.

I challenge Ford to demonstrate how a constitutional amendment would solve the abortion issue.

I believe in America. I believe we have the virility to overcome these 8 years of stagnation. I believe.....

The issue is Republicanism - The philosophy that restricts choice: A philosophy insensitive to people, (except at election time.)

The cover up here is to avoid their record. Rather than defend their record they try to shift attention to a phoney issue. Specifics. It is he and he alone who is vague - who has failed to define and solve our economic problems. It is he who is not optimistic on our future.

I challenge Ford to defend his depressing economic record.

I challenge Ford to respond to the specifics. The 9 specific economic errors of their Republican administrations.

It is time for a change.

CAMPAIGN CONCEPT

by: Harold Langs

## General

Poor quality national campaign primary techniques are not sufficient and not projecting. e.g. leadership arguments repeatedly placed on the defensive.

To state that poor leadership is the issue presupposed;

- 1) The public remembers the weak Ford presidency,
- 2) The current Ford success is erasing past images,
- 3) The belief that the more revealing comparisons are made from direct confrontation between candidates.

Direct confrontation has taken place over the following issues;

- 1) Kelly
- 2) Fuzziness
  - a) unspecified programs
  - b) changing positions on issues
- 3) Abortion
- 4) Amnesty

In no instance have you drawn blood.

No issue is more critical than the leadership one. Presently presented this issue has lost impact. The argument that Ford has been a poor leader is not clear enough, strong enough or compelling enough by itself. In short it is not quotable and it had not been developed.

Nor can a candidate win an election by simply outlining programs. It is not reported well. People are listening superficially anyway. Besides it suggests that you are reacting defensively to the Ford charge of inadequately detailed programs.

What wins is aggressiveness. Aggressiveness based on facts.

What wins is handling the issues that form in the interface between candidates-large or small.

What wins is being prepared to evaluate the issues, tying them to the major campaign themes and presenting your views in a sharp quotable manner. In this process the Voter finds proof of leadership - in action not in theory.

To Illustrate the Key leadership issue:

- (1) Tie the lack of leadership to loss of confidence only incumbent almost rejected by party; polls reflects public lack of confidence.
- (2) Tie leadership deficiencies to specific issues and prove the case. e.g. economy, inflation, energy, etc.

The material to develop the issue will be presented more fully on other pages. The main point is to repeatedly analyze a critical issue and emphasize the lack of leadership. With a continuous development of themes and variations it will be possible to be persuasive.

In the campaign, if all you do is persuade the voters that Ford is a weak leader, thereby illustrating your own leadership, you will be a winner.

It's that simple.

#### Key Recommendations

- (1) Follow Ford carefully. Pick up his mistakes and create issues. Don't rely on what is reported in the press. Generally he will feature his best issues. ~~As~~ Senator Scott did this (follow the candidate) effectively for Nixon and received extensive press coverage.
- (2) Research former Ford positions and exploit. Especially drive a wedge between the Reagan and Rockefeller wings based upon accurate material.
- (3) Press up the campaign
  - announce a major speech and make it good
  - Bring in the attractive big name Democrats; Humphrey, Kennedy, and Muskie. Reproduce some of the Vice-Presidential excitement.
  - Introduce the names and persons of potential candidates for key posts.
- (4) To make T.V. speeches more interesting
  - a) Audio-visual- prepare charts to show inflation loses, dollar erosion, etc. <sup>inflation</sup>
  - b) Use Mondale for change of pace.
- (5) Coordinate your daily key with T.V. and press coverage. Try to control the projected material with one major daily thrust. Analyze and correct breakdown.
- (6) Campaign Promises are not taken seriously. Especially since programs cost money, one must emphasize gradualism. It would be appreciated when you state "at least we have programs and goals. Nothing wrong in waiting?..... That's conservatism. Where Fords' status quo is defeatism.
- (7) Say little of Busing and Racial subjects. Avoid over identification with Blacks. As a Southerner you have the nations trust in this area. It is subtle but delicate. A potential powerful Republican theme has been neutralized. You can't do better. The less said; the better.

RULE # 1: Rehearse each new statement have two writers offer alternative statements - They go public with sharp material

RULE # 2: Avoid becoming unexcessively judgemental. Sharpen the facts of the issues and the conclusions will not have to be established.

RULE # 3: Take the confrontations issue seriously whenever they arise. Work out positions to statements.

RULE #4: Avoid using President Ford. Emphasize your projection "as president". Substitute any opponant.....  
The republican administration...Nixon-Ford.

## NEED FOR NEW LEADERSHIP

- (1) Ford background-
  - x years as congressman, Vice-President, and President-undistinguished, no legislative achievements. Hard to remember any issue or proposal he sponsors. Would be a journeyman, congressman if he had not been hand picked by Nixon.
- (2) President for 2 years-
  - Records undistinguished-non presidential for 2 years.
  - No proposals, no leadership, no distinction in the cabinet or key posts. Nixon holdovers unable to attract new vitality, cabinet has withered. No one even knows who they are. No names. So undistinguished that as an incumbent almost overturned by his party. Republican convention has to be assessed as a vote of no confidence for an incumbent.
- (3) The Records:
  - record of unemployment, inflation
  - record of inability to act on issues
  - record of absent leadership
  - lack of leadership is the issue
  - inability to define and act upon the issues
  - Ford is the issue
  - 8 years of Republican insensitivity to the public needs
- (4) Republicans are trying to cover this gaping defect in leadership. American people are aware that's why the polls turned against the incumbent president, almost unheard of.
  - (A) Trying to cover over his depressing record.
    - 1- With ceremonial superficialities, hastily applied wall paper in a collapsing house.
    - 2- Acting almost like they are the party out of power attacking everyone; Congress, Reagan, and center defensive everything but their own record.

### Unable to work with Congress:

- directly attributed to lack of leadership, no proposals, no communications, no skill as other presidents have demonstrated in the past.
- When has he showed the willingness to stand up to Congress and press a bill. (develop)
- When did he discover Congress was a problem in time for the campaign.
- Need a president who can work with Congress. Who can head Congress and get governmental programs for the people.
- Ford is not qualified by the record, no programs, no leadership, not like Truman- a false issue.
- Democrat President to head a Democratic congress.

- Swore he would not run one of his few promises, another public sworn promise he did not keep
- Spent last two years concentrating on election (swung right and left in pursuit), campaigning not presiding.
- Let's make him an honest man with a vote for Carter.

SUPPLEMENTAL MATERIAL

- 1) We can not forget he has been in office two depressing words  
We can not forget that he was hand picked by Nixon
  
- 2) Republican concept of presidency  
Nixon - imperial president  
Ford - Folksy president  
superficially dissimilar but alike in that neither proposed programs for the people. Ford has become primarily a ceremonial president. Abandoned the primary presidential function - proposing laws = leadership.  
- do nothing - defensive.

I. CAMPAIGN KEYS

1. Fails to define, confront & resolve issues.

Economy - inflation, recession  
Energy  
Unemployment  
Congress  
Cities  
Abortion  
Amnesty  
Justice  
Pension reform/taxes  
Consumerism  
International Affairs

2. Need for new leadership.

Issue is Ford (Fordism)  
Chosen by Nixon  
Never elected outside of single congressional district -  
not even state area governor  
No confidence by people (polls)  
by his own party

3. Republicanism

4. Justice

II. CAMPAIGN KEY EXPRESSIONS

Inconsistent  
Insensitive  
No programs  
Veto president  
No confidence

Ford is the issue

Time for a change

- a) See supplemental material for detailed discussion of these issues.
- b) Each problem can be reduced to these overriding issues, which become the framework of a well conceived campaign.
- c) For example: Theme 2, can be introduced in this manner:

Ford fails to define and confront the issue of our times. Each crisis is a crisis without resolution.

There is a crisis in our economy - inflation, recession, unemployment - But No Solution

There is a crisis in energy - we have a need for a program of energy conservation and self sufficiency - a pressing need but with Ford there is no solution.

There is a crisis in our cities - financially strapped by the Ford/Nixon inflation as our own pocketbooks but there is no solution, not even a suggestion of any awareness, etc.

This can be built to frame an entire major address. Following the criticism of the Ford status quo and stagnation, there would be a succinct but appealing presentation of your programs. There would be more appeal in the analysis and emphasis in the promises.

JUSTICE

Republican concept

Record shows unique consistent pattern- A Double Standard

One system of justice for Republicans

law breakers

Another system for Americans

Ford Examples: 1) Spectacular failure to develop and press antitrust suits.

Who is the loser - John Q. Public

2) Nixon Pardon

3) Kelly - FBI

4) Other examples

Nixon pardon never explained. Why sudden shift without preparing country. Absence of appropriate Nixon statement. Reneged on promise.

Republicans unable to run FBI. One of the most sensitive positions. Must be above politics. Must be scrupulously managed. Must be untaunted.

In last 8 years have written a sad chapter of mismanagement.

Under Patrick Grey, FBI became deeply politicized before Grey resigned in disgrace.

Kelly mediocre.

Kelly has failed to rebuild. A housecleaning is required. At the present time, moral is sliding, as justice department investigations spread thru the department. Repeatedly we learn that Kelly doesn't know what's going on in his department. First it was.....then it was.....Now it is house repairs of which he claims he was ignorant. Is this what we want? We need a capable, professional director not...unqualified, mediocre department heads. Americans must trust the FBI. FBI must be rebuilt to combat organized crime.

There is the republican double standard of justice again.

Also note, Kelly has not faced the press for questioning. Suggests that he cannot take the questioning.



III. UNEMPLOYMENT (CONTINUED)

Just a number!

Real people unemployed with real tragedies.

\*Key to recovery ↓ Welfare ↑ Tax revenues  
without raising taxes spreading base.

IV. ENERGY PROGRAM

Dangerous lack of policy

A big stall 2 years/Where are the programs?

No program - No leadership

Defensive - will react only after crisis.

Fails to define/confront and resolve

Trying to convince us that our energy position is weak and dependent. Ford called for energy independence, but has not acted. Now covering up lack of vigor, lack of competence.

Dangerous - develop

V. CONSUMER AFFAIRS

VI. PENSION REFORM

Very good - Big Business vs worker

Have tall major themes

VII. TAX REFORM

INTERNATIONAL

Vietnam

Ford last to know

Review his absurd last minute proposal

Helsinki - gave to Russians nothing in return - poor bargaining

Angola - unwise position

wisely blocked by congress

Ford made trips (China, Helsinki) so eventful that they have been forgotten

No Coherent Policies

Whatever Kissinger gets interested in/ when Kissinger gets interested.

Aliented Japan

Just discovered Africa

Exploit previous difficulties with detante

Helsinki

Reagan

Right now Kissinger is not capturing the imagination of America.  
So it may be wise to play it cool, but prepare these items for the debate.

REPUBLICAN PARTY

Difficult to know what they are for, only what they are against.

Last 50 years, only good programs - democratic programs  
Name constructive moves = unacted democratic programs against  
modernization of American - over & over

Special interest party

Economic double talk  
Fat Cats

Develop split with Reagan - Rockefeller

No Program Party - everyone agrees government larger, expensive,  
wasteful, inefficient.

8 years of Republicanism

8 years the republicans would like you to forget - Nixon/Ford  
Rep. years

They have a record, a record to defend.

Big spending  
unconcerned with the issues  
unconcerned with inflation and unemployment  
unconcerned with the needs of the public, the taxpayer

Have no record to show.

Would like to make election the issue, but Ford is the issue not  
Republicanism.

Would like you to forget republicans have held the presidency for  
the last eight years. To vote Republican you must forget.

The issue of this campaign is their record and they have no record.

The issue of this campaign is leadership. They've given us no  
leadership.

The issue of this campaign is progress.

The republicans have given the nation some of our darkest days.  
They've given us Watergate/inflation/recession.

I say its time for a change.

Many republicans fear that the party is dying and are repeatedly  
worried at their own conventions. Lack of confidence. I say they  
are right, they should be worried about survival.

Out of mainstream of American

Party of special interest, the vescos, the .....

Insensitive to the problems of American of the working man.

## Keys of Contemporary Issues

- 1) Debates - claim victory in debate regardless of "outcome".  
This probably should be voiced by associate candidates -  
VP, Humphrey, Strauss

Debates can only help Carter demonstrate he's presidential.

Unprecedented for an incumbent to accede to a debate.

No way a debate can erase Ford's record as a do nothing President. Naive for Ford to think that a debate is a true measure of presidential competence. For Ford the test is in the record - from congress to the presidency - and the record is a failure which no verbal coverup can hide.

- 2) Inconsistency/Congress/Themes

Ford states Carter not consistent

- a) (attach) He should know he's the master "Ford Fuzzies"  
Fact is, after years in Washington he has no programs.  
Fact is, he is unable to focus and resolve issues, e.g.  
Fact is, no one knows what he stands for.

Then, develop examples, e.g. Republican Platform

- b) (explain) Need to distinguish Fact vs Fancy  
Fact is that most of the confusion is Ford's confusion.

For example, this confused him:

When as President everyone criticized him for campaigning for two years and now when in a campaign he finally discovers Washington.

Fact is he always seems to be going the wrong way - "Out of Synch" - no judgement or consistency - overdoing/underdoing.

Normally candidates go out and present programs. Indicates what we've always known, he has none to show. Therefore, he hides.

Can only conclude that it took Ford 2 years to find the rose garden. Ceremonies are not presidential. A ceremonial president is not an activist president. There is more to the presidency than sitting in front of cameras in the Rose Garden. Poor on the job training. You would think he was signing the Declaration of Independence.

Stand on my analysis. If that is confusing to Ford, it is revealing.

Keys of Contemporary Issues - 2b - (continued)

There are two views of my positions. One based upon my statements, oral and written from the party platform to position papers; and the other view based upon Ford's distortions of my positions.

The only thing the polls show is that Americans recognize that Ford has failed to define and work on the important issues of our times. As president he has not only been fuzzy, he has been silent. There are no programs. There is no energy program. There is no consumer program, etc., etc.

Carter is reaching out to present programs. Leaving little doubt that he will be an active president and that's the difference.

For Ford, who has no programs and who doesn't bother to read published material to claim fuzzy is like.....

While he signs the bills, he is praising congress out, when he runs out of bills he will turn on congress again. Inconsistent.

Also inconsistent - signing bills he previously vetoed.

Also; last month a conservative, this month a liberal spender.

3) Congress - see above plus Ford manufactured issue for campaign. No program, therefore, no conflict. Veto President. First president without a program. Therefore, nothing to fight for. Unfactual and inexcusable to blame anyone but himself. No resemblance to Truman. Indicates that he learned nothing from his congressional tenure.

4) Medicaid - insensitivity  
unable to define and focus on issues  
no comment from Whitehouse  
again, no leadership

Wasteful & Costly, Etc.  
No effective enforcement machinery  
no guidelines

Propose: Revision - cost savings  
Reasonable guidelines for payment

- a) written justification for consultations.
- b) proper documentation of services  
Routine lab once per year

Full implementation of fraud provisions of law

Simple ideas which can improve cost effectiveness.

Keys of Contemporary Issues - (Continued)

5) Swine Flu - Public is becoming restless. If you can determine a reasonable delivery date and these vaccines are usually available by September, an attack can be mounted for the government money being spent. At least delivery can be expected. Each day delayed is a day of threat. The program is poorly organized, ineffective leadership, poor follow thru, etc.

6) Prepare defence budget position. I would recommend that you take a cool position on this one.

No one expects me to undersell U.S. needs. Phoney issue - Ford's confusion.

Real issue is the wasteful spending. Everyone but Ford knows this is a serious problem. He's unable, and unwilling to control the purse. Want money's worth. Bring in Republican Eisenhower's warning of Military Industrial Complex.

Stop wasteful practices

Build valuable projects

Eliminate wasteful programs

Control inflation resulting in better dollar value.

Will do what makes sense.

Will never compromise security.

7) Amnesty - a) Ford keeps issue alive by failing to resolve. That's the way it is in presidential politics. Again, lack of leadership/lack of resolution.

Carter: Proposes to resolve, once and for all.

b) Republican Double Standard of Justice - Please refer to Justice Section for specific information.

**CARLOS C. CAMPBELL & ASSOCIATES - URBAN PLANNING • COMMUNICATIONS**

September 3, 1976

Governor Jimmy Carter  
Plains, Georgia 31709

Dear Governor Carter:

Up until a few days ago I was still in the Federal government and consequently "hatched", otherwise this letter would have been written to you much earlier.

As you may recall, on October 22, 1973, I wrote you a note following your speech at the national meeting of the American Institute of Planners, which was held in Atlanta, and urged you to run for President. I did this within a year of my resigning from HUD after publicly expressing my concerns on the lack of the government's "will" to deal with the plight of our cities.

Your address, record as Governor, reputation as a leader by example, and finally because of what our friend Andy Young has since referred to as "Black peoples radar", convinced me then that you had to become President if this nation was to, once again, become a "government of the people, for the people, and by the people", and move forward toward an era of international peace, social progress and economic prosperity.

After serving nine years as a Naval Officer, I have spent the great majority of my professional career since 1968 as an urban planner and writer working to advance the cause of improving the quality of life in our nation's cities. Mine and the efforts of others have not been supported favorably by the Nixon/Ford Administrations. Instead of being responsive to the needs of the people, there has been deception, delay and denial of programs mandated by the Congress.

Coincidentally, your running mate, Senator Walter Mondale, was kind enough to cite my testimony before the Senate when he argued for passage of the Civil Rights Act of 1968, at which time my hopes were high. For the first time in nearly a decade, I am once again optimistic about the future of this nation and am eager to assist both of you in the campaign. In spite of deception, denial and delay, I for one do not underestimate the power of the Presidency and expect that you will experience a rough fight for that office. (The rough struggle, however, will be followed by a glorious victory for you and Senator Mondale.)

Accordingly, I am prepared to issue the attached press release and serve in whatever capacity that you feel is appropriate. In particular I am interested in: 1) serving as a member of your urban task force; 2) providing you and/or members of your staff with

a briefing on community development, housing and urban growth policy issues (prior to the September 23rd debate on domestic issues); or 3) assisting the Democratic National Committee with their fund raising efforts. (I have expressed this to Paul Porter and Tom Beard on the DNC staff.) Also, I have a number of prominent friends in the entertainment community who I can ask to publicly endorse you, as well as some in the academic, writing, civic and development professions. I can volunteer up to a third of my time between now and November on a weekly basis or collectively.

I have some ideas on how the Federal government can be more effectively managed in the areas of community development and housing, and on programs which could be more responsive to the needs of the people. These concepts are incentive oriented and involve equity participation in community development (sharing of the risks and the profits) and definitive agency and personnel performance standards to effect accountability.

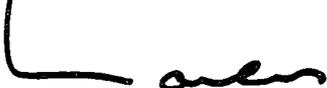
I am enclosing a telegram which I sent to you in New York on July 12th which you may not have received, but nevertheless, responded to, much to my satisfaction.

I have had several meetings with Congressman Andy Young and expect to see him again within the next week.

I am confident that you will succeed in November and that this nation, and the world, will benefit by your effective and responsive leadership.

Best personal regards.

Sincerely,



Carlos C. Campbell, AIP

DRAFT PRESS RELEASE -- "CARTER/MONDALE TICKET  
ENDORSED BY URBANOLOGIST CARLOS CAMPBELL"

EMBARGOED: HOLD FOR RELEASE

DRAFT: C. C. CAMPBELL  
3 September 1976  
11530 Links Drive  
Reston, Virginia 22090  
(703) 437-7973

PRESS RELEASE: CARTER/MONDALE TICKET ENDORSED BY URBANOLOGIST CARLOS CAMPBELL

Carlos C. Campbell, an urbanologist/author, and former HUD Official, made public today his support for Democratic Presidential Candidate Jimmy Carter and his running mate Senator Walter Mondale.

In expressing his concern for the quality of life in the nation's cities, Campbell charged that "the Nixon/Ford Administrations have followed a policy of "Benign Neglect" and as a result have been totally unresponsive to the needs of the cities". As examples he cited "the impoundment of funds for community development programs; moratoriums on housing assistance programs; the underfunding and collapse of the HUD new towns program; and the failure to effect a National Growth Policy.

"Instead of being responsive to community development programs mandated by the Congress, there has been deception, delay and denial from the Nixon/Ford Administrations. The conditions of our cities are a reflection of our priorities, values, consciousness, management capacity and governmental responsiveness. If we are to restore our cities and put housing within the reach of a broader spectrum of people, we must have a decisive and committed chief executive as President . . . and we will have that in Jimmy Carter."

Campbell had privately urged Governor Carter to run in October 1973 because he was "familiar with his record as Governor, and impressed with his management effectiveness, sensitivity toward the human condition and performance as a leader by example".

"In this Bicentennial year, Americans ought to reflect on some of our former presidents and leaders. In particular we might think about the foresight of Thomas Jefferson, the compassion of Franklin Roosevelt, the convictions of Harry Truman, the courage of John F. Kennedy and the dreams of Martin Luther King, Jr. If we do this, and think about the future of this nation, I am confident that Jimmy Carter will be elected President."

I -  
HYDRO POWER  
INPUT  
NOEL  
STERRETT  
ONE

3451 Academy  
Dearborn, Mich. 48124

September 11, 1976

Honorable Jimmy Carter  
Plains, Ga. 31780

Dear Jimmy:

I am sending you the complete case history of a project I proposed last year to our present federal government and apparently it has been suspended, by them, in a state of limbo.

The enclosed papers are self-explanatory and there is no need for me to entail more in this letter.

Please study and examine the possibilities, if you can find the time. I would appreciate a reply, keeping in mind your already compacted schedule. You may want to use it in your campaign. Feel free to do so.

Good luck and I hope you will be the next president of the United States.

Sincerely,



Robert J. Thomas

enclosures



UNITED STATES DEPARTMENT OF COMMERCE  
National Bureau of Standards  
Washington, D.C. 20234

October 1, 1975

Mr. Robert J. Thomas  
3451 Academy  
Dearborn, Michigan 48124

Dear Mr. Thomas:

We have completed analysis of the invention disclosure on "World Hydro-Electric Power System With Earth Power," which you submitted for evaluation in accordance with Section 14 of the Federal Nonnuclear Energy Research and Development Act of 1974.

The undertaking you suggest is considered a civil engineering project rather than an invention. To evaluate feasibility, extensive study effort would be required which would have to take into account political and social factors as well as scientific and engineering considerations. Such an effort is felt to be outside the scope of this invention evaluation program.

We regret to inform you therefore that we are not recommending your invention to the Energy Research and Development Administration as a promising candidate for support.

Your interest and participation in our evaluation program have nevertheless been greatly appreciated. The continued interest of citizens like yourself in the nation's drive to conserve energy is essential if success is to be achieved.

Sincerely,

George P. Lewett  
Chief, Office of Energy-Related Inventions



3451 Academy  
Dearborn, Mich. 48124

October 11, 1975

George P. Lewett  
Chief, Office of Energy-Related Inventions  
United States Department of Commerce  
National Bureau of Standards  
Washington, D.C. 20234

Dear Sir:

Thank you for your reply.

My interpretation of your letter, dated October 1, 1975, is that you will not recommend my project to the Energy Research and Development Administration, not so much because the project isn't feasible from a practical and workable stand point but that it would be ensnared by political red tape. Is this correct, or is it because our country is unable to cope with an undertaking of this magnitude? I doubt that.

Even though your letter commends me and concerned citizens like me for our interest in our country's welfare, your answer, I am sorry to say, was very disappointing and unjustifiable.

Your definition of an invention has me baffled. But besides that, I am more concerned about the project producing badly needed energy rather than whether it is an invention or a civil engineering project.

The least you could do would be to investigate the system's feasibility from a scientific and engineering aspect first and then deal with the social-political problem later. At least we would then have a stand by energy source in case the problem becomes more acute. That is if the energy crisis is as serious as our leaders have lead us to believe.

Sincerely,

Robert J. Thomas

P.S. Well if you don't want to pursue this any further, I'll have to explore another channel.

3451 Academy  
Dearborn, Mich. 48124

January 2, 1975

President Gerald Ford  
Washington, D. C.

Dear President Ford:

I believe the solution to our energy crises dilemma can be solved by creating inexpensive, unlimited power by another source other than oil and also provide extensive employment for our people, in the form of a National Project. The power source would be pollution free and unlimited but requiring some maintenance. It would supply power to all the states across the country and would be interconnected one state to the other. It would take several years to accomplish but if my theory is correct we would never be plagued by an energy crises again.

Enclosed please find my drawing, some reference material and my explanation of the theory which I submit for your scrutiny and possible (hopefully) use.

I believe further laboratory research and development is necessary to determine the feasibility and economy of the system which is beyond my resources.

If I can be of any assistance, please contact me.

An acknowledgment would be appreciated.

Sincerely yours,



Robert J. Thomas

enclosures

September 22, 1974

THE THOMAS THEORY  
FOR A  
WORLD HYDRO POWER SYSTEM  
WITH EARTH POWER

CONNECT ALL LARGE BODIES OF WATER ACROSS THE LAND WITH WATER LEVELS AT SEA LEVEL VIA A TUNNEL OR DUCT AT ABSOLUTE SEA LEVEL AT LOW TIDE FOR THE ENTIRE DISTANCE AND PRECISELY ALONG THE LINE OF ONE OF THE EARTH'S LATITUDES. THE WATER CURRENT GENERATED BY THE ROTATION OF THE EARTH ON IT'S AXIS (CENTRIFUGAL FORCE) IN A COUNTER CLOCKWISE MOTION AT THE NORTH POLE, UNOBSTRUCTED AND UNRESTRICTED BY THE PRESENT LAND MASSES, WOULD ALTERNATELY FLOW IN ONE DIRECTION FOR APPROXIMATELY 12 HOURS THEN THE OPPOSITE DIRECTION FOR APPROXIMATELY 12 HOURS AND PROVIDE UNLIMITED POWER ALONG IT'S ROUTE. HYDRO-ELECTRIC PLANTS COULD BE LOCATED AT STRATEGIC POINTS, CONSTRUCTED TO ALTERNATE WITH THE FLOW. IF THE WATER LEVELS AROUND THE WORLD WERE AT THE SAME ELEVATION THEN THEY WOULD BE AT EQUILIBRIUM, IF THE EARTH WAS AT EQUILIBRIUM, BUT SINCE THE EARTH IS ROTATING ON IT'S AXIS AT APPROXIMATELY 1,000 MILES PER HR. AT THE EQUATOR AND APPROXIMATELY 700 MILES PER HOUR AT LATITUDE  $45^{\circ}$  THEN THIS FORCE WILL DRIVE THE WATER AROUND THE EARTH AT A CONSTANT FLOW, APPROXIMATELY FOR 12 HOURS IN ONE DIRECTION THEN APPROXIMATELY 12 HOURS IN THE OPPOSITE DIRECTION, IF THE ABOVE MENTIONED CONDITIONS ARE PROVIDED. IN THE UNITED STATES THE ABOVE MAY BE ACCOMPLISHED BY TUNNELING OR DUCTING FROM THE ATLANTIC TO THE PACIFIC OCEANS.

THE OCEAN TIDES ARE CAUSED BY THE EARTH'S ROTATION OR SPINNING AT  $23\frac{1}{2}^{\circ}$  TO THE PLANE OF IT'S ORBIT AND BY THE MOON'S GRAVITATIONAL PULL.

THE NATURE OF WATER IS THAT IT IS A SEPARATE ENTITY FROM THE EARTH YET IS ATTACHED TO IT, SORT OF FREE TO MOVE TO THE PATH OF LEAST RESISTANCE. CONSEQUENTLY IT IS IDEALLY SUITED TO TAKE ADVANTAGE OF THE POWER OF THE EARTH'S ROTATION SPEED IF UNOBSTRUCTED, SOMEWHAT LIKE THE WIND AND SIMILAR TO THE JET STREAM DISCOVERED BY THE B-29 PILOTS OF WORLD WAR II.

BASICALLY THE EARTH ROTATES AND IF WATER IS UNOBSTRUCTED IT WOULD BE STATIONARY.

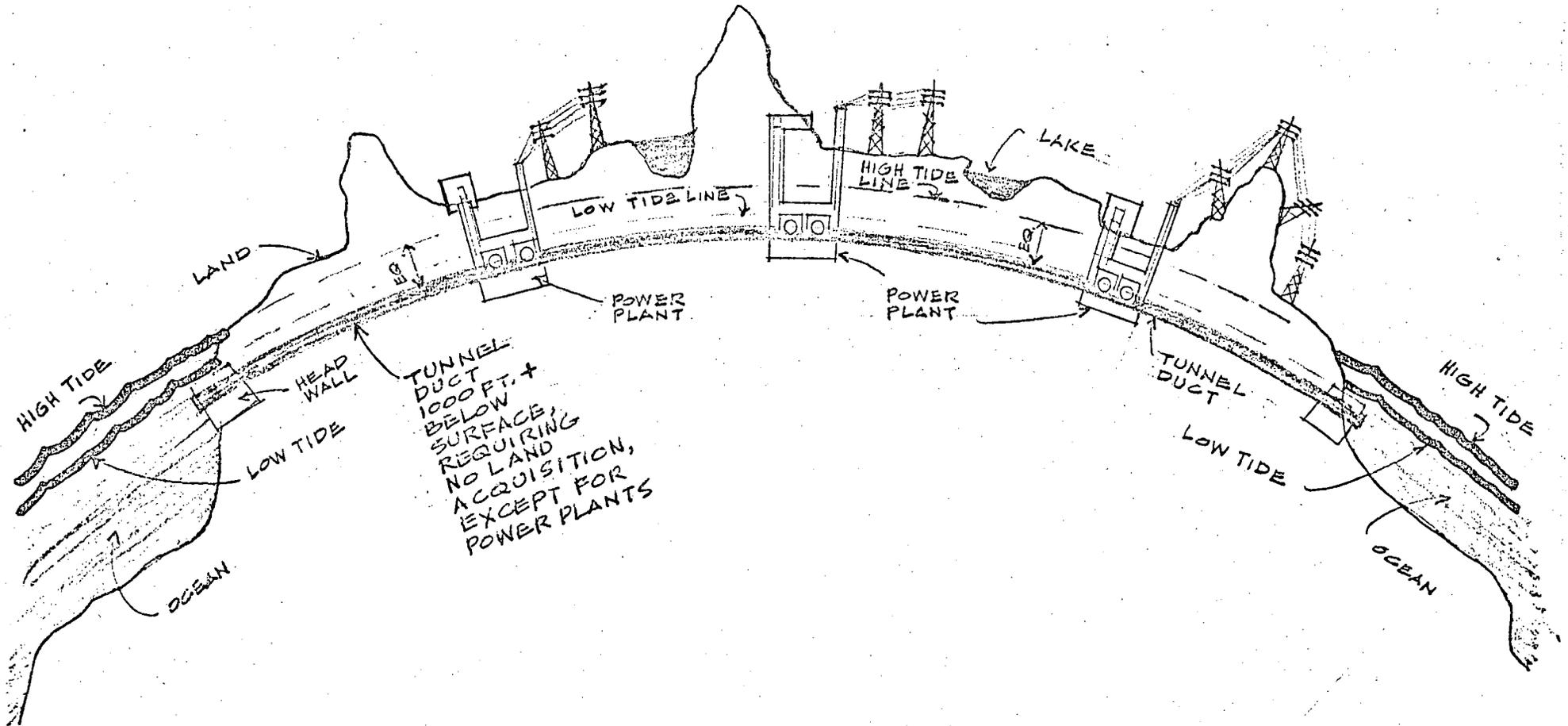
Signed



Robert J. Thomas  
3451 Academy  
Dearborn, Michigan 48124

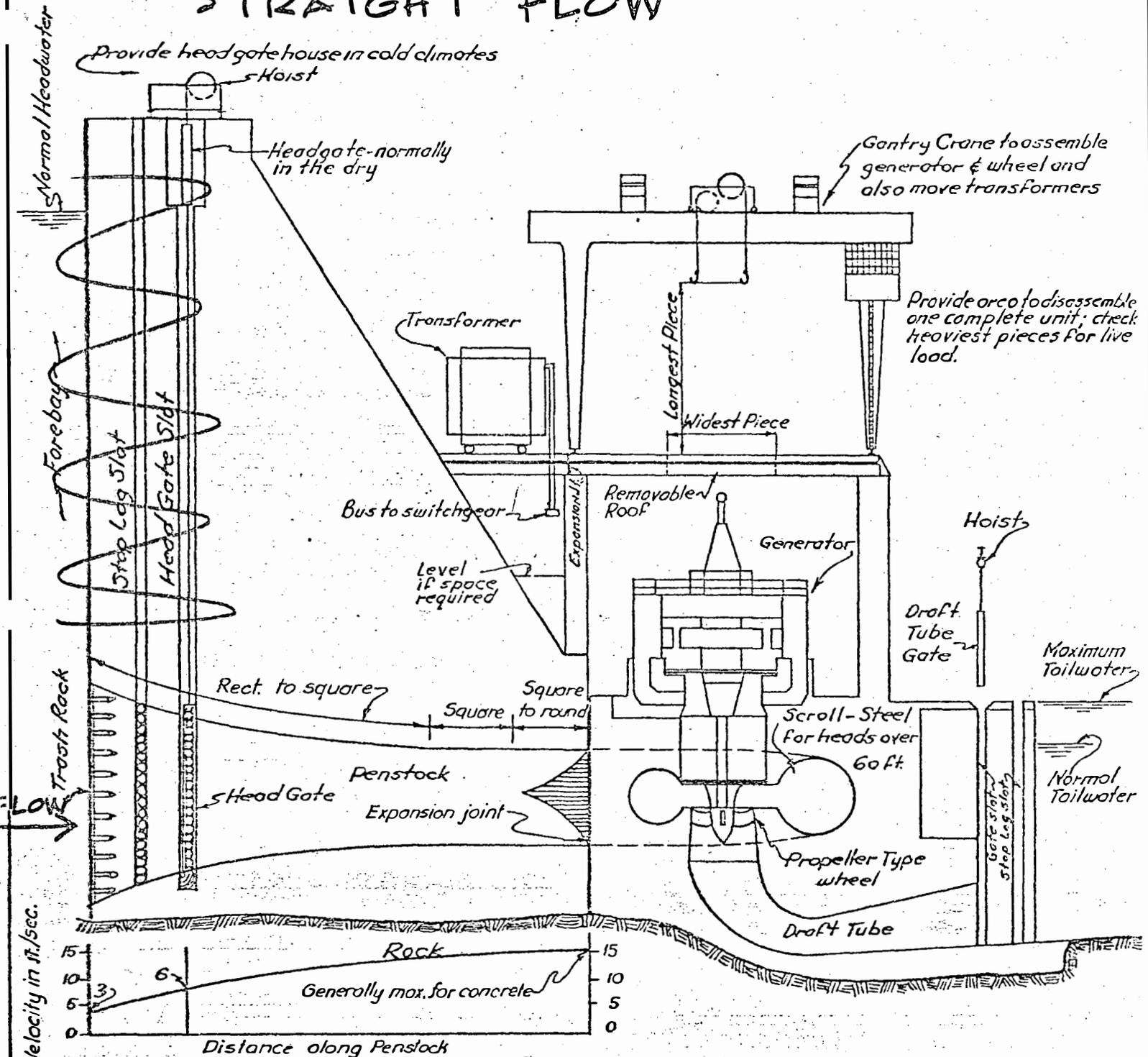
# WORLD HYDROELECTRIC POWER SYSTEM WITH EARTH POWER

## THE THOMAS THEORY



# DAMS-SECTION AT POWERHOUSE

## STRAIGHT FLOW



VELOCITY PROFILE

FIG. A-TRANSVERSE SECTION AT  $\phi$  OF UNITS

JOHN D. DINGELL  
16TH DISTRICT, MICHIGAN

WASHINGTON OFFICE:

ROOM 2210, RAYBURN HOUSE OFFICE BLDG.  
WASHINGTON, D.C. 20515

DISTRICT OFFICE:

4917 SCHAEFER ROAD  
DEARBORN, MICHIGAN 48126

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

COMMITTEES:  
INTERSTATE AND FOREIGN COMMERCE  
MERCHANT MARINE AND FISHERIES  
CHAIRMAN, SUBCOMMITTEE ON  
FISHERIES AND WILDLIFE CONSERVATION  
AND THE ENVIRONMENT  
SELECT COMMITTEE ON SMALL  
BUSINESS  
CHAIRMAN, SUBCOMMITTEE ON  
ACTIVITIES OF REGULATORY AGENCIES  
MIGRATORY BIRD  
CONSERVATION COMMISSION

January 13, 1975

Mr. Robert J. Thomas  
3451 Academy  
Dearborn, Michigan 48124

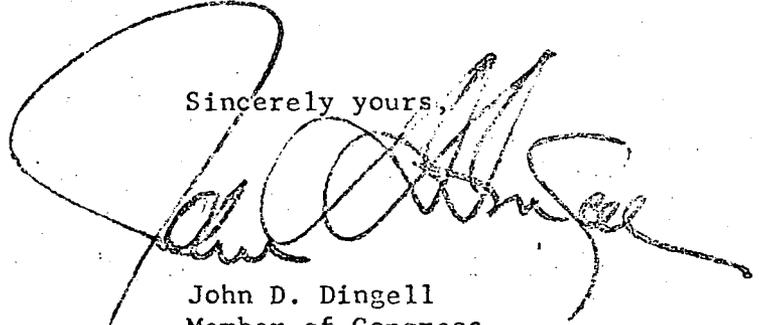
Dear Mr. Thomas:

Thank you for sending me a copy of your January 2 letter to President Ford in regard to your plan for a world hydro power system.

I appreciate your courtesy in providing me with this information.

With every good wish,

Sincerely yours,



John D. Dingell  
Member of Congress

A



**UNITED STATES DEPARTMENT OF COMMERCE**  
**National Bureau of Standards**  
Washington, D.C. 20234

March 3, 1975

Mr. Robert J. Thomas  
3451 Academy  
Dearborn, Michigan 48124

Dear Mr. Thomas:

Your letter of January 2, addressed to the President, has been referred to this office for reply.

Since your invention is energy-related, you may be interested in a recently enacted piece of legislation entitled the Federal Nonnuclear Energy Research and Development Act of 1974 (Public Law 93-577). Section 14 of this Act states:

"The National Bureau of Standards shall give particular attention to the evaluation of all promising energy-related inventions, particularly those submitted by individual inventors and small companies for the purpose of obtaining direct grants from the Administrator. The National Bureau of Standards is authorized to promulgate regulations in the furtherance of this section."

We are now working with the Energy Research and Development Administration in developing the procedures for implementing our responsibilities under this Act. As soon as the procedures have been established, your letter will be given prompt attention. You can expect additional information in the near future.

Sincerely,

LEONARD S. HARDLAND  
Manager, Invention Programs  
Office of Invention & Innovation





UNITED STATES DEPARTMENT OF COMMERCE  
National Bureau of Standards  
Washington, D.C. 20234

May 5, 1975

Mr. Robert J. Thomas  
3451 Academy  
Dearborn, Michigan 48124

Dear Mr. Thomas:

Mr. Hardland has informed us of your interest in the National Bureau of Standards program for evaluating energy-related inventions. The program was established under the Federal Nonnuclear Energy Research and Development Act of 1974, and is to be conducted by this Office. This is to inform you on the procedures for submitting inventions to be evaluated, in accordance with Mr. Hardland's letter of March 3.

If you wish to submit an invention for evaluation, follow the instructions in Section 3 of the enclosed Evaluation Request (NBS Form 1019). Please comply fully with the instructions and provide all information required. We cannot conduct an evaluation without full disclosure of the invention details.

The disclosure enclosed in your January 2 letter to the President, was forwarded to this Office and is being kept in our files. You must determine whether this material is or is not sufficient to meet the disclosure requirements outlined in Section 3 of the Evaluation Request form. If you feel it is sufficient, it will not be necessary to send another copy. Just return the completed Evaluation Request.

If you feel that the January 2 disclosure is not sufficient, it is necessary to send only the additional information required, together with the completed Evaluation Request form. Please be advised, however, that failure to include all required information will cause considerable delay in processing your Evaluation Request.

Your interest and participation in the new program is welcomed. Please be assured of our full consideration.

Sincerely,

George P. Lewett, Chief  
Office of Energy-Related Inventions

Enclosure



OFFICE OF ENERGY-RELATED INVENTIONS

Energy-Related Invention Evaluation Request

1. Program Description. The Federal Nonnuclear Energy Research and Development Act of 1974 (Public Law 93-577) established a comprehensive national program for research and development of all potentially beneficial energy sources and utilization technologies. The program is to be conducted by the Energy Research and Development Administration (ERDA). Section 14 of the Act, however, directs the National Bureau of Standards (NBS) to "give particular attention to the evaluation of all promising energy-related inventions, particularly those submitted by individual inventors and small companies for the purpose of obtaining direct grants from the Administrator."

The Office of Energy-Related Inventions (Office) has been established in the National Bureau of Standards to carry out the duties required under the Act. These duties include receiving and processing material and correspondence describing inventions; conducting analyses to ascertain the technical and commercial feasibility of the submitted inventions; and formulating recommendations based on the analyses.

2. Statement of Policy. Specific procedures for carrying out the duties of the Office will be developed in accordance with the following policies.
  - (a) Submission of inventions for evaluation is encouraged. Therefore, particular attention will be given throughout the evaluation process to safeguarding the proprietary rights of the persons submitting invention disclosures.
    - (1) The Government intends to restrict access to invention disclosures to those persons who have need for purposes of administration or evaluation. However the Government cannot withhold information in a disclosure when a valid request is made under the Freedom of Information Act, 5 U.S.C. 552, unless the information comes within one of the exemptions specified in that Act (e.g., see Section 4(f) below). Accordingly, in accepting invention disclosures for evaluation, the Government will require an explicit statement from the submitter, that the information submitted does or does not come within one of the exemptions.
    - (2) A patent is considered a fundamental incentive to invention, and the inventor should apply for a patent whenever he thinks it is appropriate. However, no direct action will be taken by the Office to support application for or acquisition of a patent.
  - (b) The purpose of the NBS effort is to assist ERDA in carrying out research and development required under the Act. Evaluations of submitted inventions will therefore be performed principally as a service to ERDA. That is, the outcome of an evaluation will be a recommendation to ERDA, either for or against further action by the government in connection with the invention. A recommendation against further action does not necessarily mean that the invention is considered scientifically unsound or without practical value.

3. Instructions for Submission of Inventions for Evaluation.

- (a) Read the foregoing and complete Sections 4 and 5, below, of this form. Please type or print. Be sure to sign and date the Memorandum of Understanding in Section 5.
- (b) Prepare a detailed disclosure of your invention. Make sure that the information in the disclosure agrees with that provided in Section 4. Section 4(d) provides an outline for guidance in preparing the disclosure. All material must be in the English language.
- (c) Make a copy for your file of all material prepared above. Send the original of this form and a copy of the disclosure to:  
 Office of Energy-Related Inventions  
 National Bureau of Standards  
 Washington, D.C. 20234
- (d) Do not send a model.
- (e) When your submission is received, an acknowledgement card will be sent to you.

4. Invention Identification and Status.

- (a) Name of Invention. (Give a short name or title for reference.)

WORLD HYDRO-ELECTRIC POWER SYSTEM  
WITH EARTH POWER

- (b) List below the inventor(s), principal owners, and persons who may be contacted for evaluation purposes.

Full Name of Individual or Organization	Mailing Address (include telephone number for contacts)	Capacity (Inventor, Owner, etc.)
1/ ROBERT J. THOMAS	3451 ACADEMY DEARBORN, MICH 48124 565-2582 (AREA CODE 313)	INVENTOR
2/		
3/		
4/		

NOTE: If additional space is needed, use and attach separate sheets here.

(c) Indicate status of your invention by checking only those boxes which apply

- The idea has been developed but has not been completely worked out on paper. (Please indicate under (e) below what your plans are for working out the details).
- The details of the invention have been fully worked out on paper and are in the accompanying disclosure.
- The idea has been made public. The date of the first public disclosure was JANUARY 1975. (Please give further details in your disclosure.)
- The invention has been disclosed to other government agencies; or a request for government developmental support has been made; or a research proposal has been made. (In your disclosure please name the agency or agencies.)
- A model has been built. DO NOT SEND THE MODEL, however do give details in your disclosure.
- The invention has been manufactured. (Please give details in your disclosure.)
- The invention has been or is now in test or in operational use. (Please give details in your disclosure.)
- A patent has been applied for. (Do NOT give filing date or application number.)
- The invention is patented. The patent number(s) is \_\_\_\_\_

(d) Please prepare the disclosure of the invention separately. Be sure to include the details indicated as required in section (c) above, and other information you consider germane to evaluation. In general, the disclosure should cover the following:

- (1) Purpose of the invention. Include a discussion, if appropriate, of where it can be used to best advantage; for example, which industry or industrial process? by individuals? by the government?
- (2) The old method(s), if any, of performing the function of the invention. Disadvantages of the old method(s).
- (3) The new method, using your invention. Details of the operation of the invention, identifying specific features which are new. Advantages of the new method over what has been done before.
- (4) Construction of the invention, showing changes, deletions, improvements over the old method(s).
- (5) Difficulties encountered or to be expected in exploiting your invention. Reasons why it has not been patented, manufactured, used, or accepted. What needs to be done to bring the invention closer to use?

(e) Notes and Comments

SIMULATE EARTH MOVEMENT WITH MODEL  
IN LABORATORY TO POSITIVELY  
DETERMINE DIRECTION OF UNOBSTRUCTED  
WATER FLOW.

4(f). Section 2(a)(1) above discusses the relevance of the Freedom of Information Act. If, for example, the disclosure contains information that is (a) a trade secret or (b) commercial or financial information that is privileged or confidential, such information falls within the exemption that is set out in the Act, 5 U.S.C. 552(b)(4). Thus, if the disclosure contains such information, to protect your property rights, the following or similar legend should be applied to the title page or first page of the disclosure: "This disclosure contains information which is (a) a trade secret or (b) commercial or financial information that is privileged or confidential." Accordingly, please check the box below which is applicable to your disclosure:

- The suggested or similar legend has been applied.

- Please apply the suggested legend (disclosure previously submitted without legend).

- No legend is required because the disclosure does not contain such information.

5. Memorandum of Understanding. I have read the above Program Description and Statement of Policy, and on behalf of:

ROBERT J. THOMAS

as listed above in Section 4(b) line 1, I have attached a disclosure of the invention identified above for the purpose of evaluation by the National Bureau of Standards (NBS) pursuant to Section 14 of Public Law 93-577. I understand that NBS will accept this disclosure for the purpose of such evaluation on the following conditions:

- (a) The acceptance of the disclosure does not, in itself, imply a promise to pay, a recognition of novelty or originality, or a contractual relationship such as would render the Government liable to pay for use of the information in the disclosure;
- (b) The Government will, in the evaluation process, restrict access to the disclosure to those persons, within or without the Government, who need information in the disclosure for purposes of administration or evaluation of the invention, and will restrict use of the information to such purposes;
- (c) If the disclosure is marked on the title page or first page with an appropriate legend, the Government will consider all information that is in fact (a) a trade secret or (b) commercial or financial information that is privileged or confidential, as coming within the exemption set out in Section (b)(4) in the Freedom of Information Act, 5 U.S.C. 552(b)(4);
- (d) The provisions of this Memorandum of Understanding shall also apply to additions to the disclosure made by me incidental to the consideration of the disclosure.

MAY 10, 1975  
Date

Robert J. Thomas  
Signature

3451 ACADEMY  
Street Address

ROBERT J. THOMAS  
Printed or Typed Name

DEARBORN, MICH 48124  
City, State, Zip Code

ARCHITECT  
Title or Position



**UNITED STATES DEPARTMENT OF COMMERCE**  
**National Bureau of Standards**  
Washington, D.C. 20234

May 16, 1975

Mr. Robert J. Thomas  
3451 Academy  
Dearborn, Michigan 48124

Dear Mr. Thomas:

This is to acknowledge receipt from you on May 13, 1975, of evaluation request and disclosure for the following invention:

- (1) World Hydro-Electric Power System with Earth Power

Sincerely,

George P. Lewett  
Chief, Office of Energy-Related Inventions



FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D. C. 20461

Mr. Robert J. Thomas  
3451 Academy  
Dearborn, Michigan 48124

AUG 25 1975

Dear Mr. Thomas:

This is to acknowledge the receipt of two letters and to apologize for the lateness of a reply.

The White House forwarded your letters to us for consideration. Unfortunately, in the time that has elapsed, the explanation of your Hydro-Power theory has been mislaid.

The National Bureau of Standards is responsible for evaluation of energy inventions. If you will send that agency a copy of your Hydro-Power theory they will have it evaluated for consideration. The address is as follows:

National Bureau of Standards  
Office of Energy-Related Inventions  
Washington, DC 20234

We sincerely regret any inconvenience we may have caused you.

Sincerely,

David A. Mackin  
Director of Public Inquiries  
Office of Communications  
and Public Affairs



# SYNAGOGUE COUNCIL OF AMERICA

COMMITTEE FOR  
THE SCA JUBILEE  
AND BICENTENNIAL  
OF THE AMERICAN  
REVOLUTION  
(in formation)

September 9, 1976

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Elle Wiesel  
Elaine K. Winik  
Rep. Lester L. Wolff  
Rep. Sidney R. Yates

Governor Jimmy Carter  
P. O. Box 1976  
Atlanta, Ga. 30301

Dear Governor Carter:

As President of the Synagogue Council of America, representing the national rabbinic and congregational agencies of Orthodox, Conservative and Reform Judaism in America, I am deeply concerned that the discussion of religious belief be aired freely and openly during the course of the Presidential election campaign, with full respect for the religious rights of all individuals, including aspirants for the nation's highest office. It is in this spirit that I write to you now, in the hope that you might like to clarify some of the issues related to religion which have arisen during the campaign.

It has become apparent that some Americans, including American Jews, have apprehensions about the effect that your commitment to your faith might have on your conduct of the office of the Presidency.

The Synagogue Council of America and its constituent organizations reject the notion that an individual's religious faith should disqualify him from office; such a view is nothing other than bigotry. It is for this reason that we wish you would take the opportunity to address these apprehensions directly, perhaps stimulated by the following general questions:

(more)

Governor Jimmy Carter

-2-

September 9, 1976

What is the particular responsibility of the President, the elected secular leader of the nation, in promoting public morality? Should this be done in a religious or denominational context? If so, how can the traditional separation of church and state be ensured and how can citizens of all faiths be guaranteed that the President's religious vision will not infringe on their rights and full participation in the American society and polity?

I thank you for your attention and look forward to hearing from you.

All good wishes in the months ahead.

Sincerely,



Rabbi Joseph H. Lookstein  
President

JHL:dc

~~Watersberg group~~

- Watersberg group

- ① Arab oil re embargo : harden problem w/ Israel
- ② Reassurance by Israeli statement

26<sup>th</sup>

GILBERT L. DELUGACH  
5545 MURRAY AVE.  
ROOM 102  
MEMPHIS, TENNESSEE 38117

File - gen

767-3640

September 3, 1976  
Governor James E. Carter  
Plains, Georgia

Dear Governor Carter,

I have followed your candidacy for President with a great deal of interest. The debate with President Ford now set for September 23 should have a great influence on the economic future of our country.

I wrote my first letter to President Nixon with copies to Chairman Arthur Burns and each member of the Senate and House of Representatives on December 3, 1973. By the way, Gerald Ford was then Republican Leader of the House. I warned that the government and Federal Reserve policies could lead to massive unemployment and severe recession if continued. I received few replies, none coming from President Nixon, Chairman Burns or Congressman Ford. I guess President Nixon had more pressing problems on his mind, but the others should have acknowledged my letter.

Since then I have carried on extensive correspondence with President Ford, Chairman Burns and other administration figures. In most of these cases I have received replies, some reasonably satisfactory, but most of them not.

GILBERT L. DELUGACH  
5545 MURRAY AVE.  
ROOM 102  
MEMPHIS, TENNESSEE 38117

767-3640

Page 2.

My file on these matters is now about one inch thick. I have already spent several hundred dollars on letters, exhibits and copies and it would be difficult and expensive for me to reproduce everything.

I realize that you, personally, are much too busy to read every letter sent you. However, and this is addressed to someone on your staff who will read this, I would be glad to forward all my correspondence and references, if requested by your representative.

If so, I only ask that copies of every thing be made and returned to me. I believe some of this material will be most interesting and might be useful to you.

Thanks for reading this. Best wishes for a successful campaign.

Sincerely

Gilbert Delugach

P.S. Pardon for not having this typed, but my secretary is off until after Labor Day.