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S U B M I S S I O N

OF THE

DEMOCRATIC LEADERSHIP

U.S. HOUSE OF REPRESENTATIVES

TO THE

PLATFORM COMMITTEE

OF THE

DEMOCRATIC NATIONAL CONVENTION

HONORABLE THOMAS P. O'NEILL, JR.
MAJORITY LEADER
MAY 18, 1976

STATEMENT OF REP. THOMAS P. O'NEILL, JR.
MAJORITY LEADER
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515
TUESDAY, MAY 18, 1976

STATEMENT BEFORE THE PLATFORM COMMITTEE
OF THE DEMOCRATIC NATIONAL CONVENTION

Good afternoon Mr. Chairman, members of the Platform Committee, and ladies and gentlemen.

I am pleased to be here this afternoon to present for your consideration some of the ideas of the Democrats of the House of Representatives about what our Party's 1976 Platform should contain.

Before I go on to summarize the policies we propose, I would like to explain a little about the origins of this project and give you an overview of the package of materials now before you.

About a year ago, the Speaker of the House, Carl Albert, wrote to the legislative committees of the House and asked them to prepare their ideas on what ought to be done, legislatively, in their various areas of jurisdiction. The committees, with wide participation by their membership, responded with an excellent set of recommendations, which were then worked into Platform language. The recommendations were reviewed by a broadly-based Task Force of the House Democratic Steering and Policy Committee, which the Speaker appointed and I chaired. They were revised where necessary to make certain that they represent the thinking of the majority of House Democrats. The committee recommendations, as revised and cast into Platform language, are now before you as the first Appendix to my statement.

Appendix II of my statement contains information on how the Republican Administration has performed in office. When we began this Platform submission project, we had not planned to include this Appendix, but it soon became apparent that much that is wrong in American government today is caused, not by bad Federal programs, but by basically sound programs which are poorly administered. Additionally, over the last seven years, there have been a good many programs not just poorly, but corruptly, administered. Examples of these are also included in the second Appendix.

In Appendix III, we have documented some of the efforts of the Democratic Congress to write legislation beneficial to the nation and how the President has worked to frustrate these efforts. We felt that this would help focus attention on the records of the two Parties in dealing with major public issues. Citizen awareness of the actual record in responding to the needs of our nation can only redound to the benefit of the Democratic Party in the coming election.

In the last Appendix to my statement, Appendix IV, I have listed examples of attempts by the Executive to determine, unilaterally, national budget priorities through impoundment of Congressionally appropriated funds.

As you examine the materials now before you, you will soon conclude that our overriding concern is the condition of America's economy. That is an accurate assessment.

For seven years, our nation has been on an economic roller-coaster. We have been whip-sawed by inflation and recession.

Our economy's dismal record under the Nixon-Ford Administration did not just happen. It is the inevitable result of an outmoded and backwards Republican economic philosophy and the policies which result from that philosophy.

The Republicans have no faith in a government which is directly responsive to the needs of the average citizen. Their policies have been aimed toward helping big business, corporate landowners and major banking institutions, with the hope that some of the income and jobs will trickle down to the workers, small businessmen and farmers.

In our submission, we Democrats in the House of Representatives recommend to you a very different philosophy. We believe that government must play a leadership role in our nation's economy, creating a framework which allows private enterprise and human progress to flourish side by side.

Insofar as private actions fall short, we believe that the Federal government must use its resources to fill the huge gap which now exists between our ability to produce and what we are actually producing. We must aim to keep our economy expanding, with jobs for all who are able and willing to work, with stable prices and reasonable interest rates.

In Appendix I of my submission are contained a great many more specific recommendations for economic goals and policies which we feel should be pursued -- so many, that I can but highlight them here.

Summarizing broadly, we believe that legislation to achieve full employment and balanced growth ought to be the centerpiece of our Party's 1976 Platform.

Our first goal, on the road back to full employment, must be to continue a stimulative fiscal and monetary policy, to sustain the upward momentum of the economy. Specifically, we should aim toward bringing unemployment below 6% by the end of 1977. We can reach this goal through new employment in the private sector, supplemented by public works and public service jobs where necessary.

We must implement a number of measures to bring inflation under better control and to provide incentives to increase the rate of socially useful capital in order to assure higher productivity and provision of new plant and equipment needed for future growth and employment gains.

While reviving the nation's economy is extremely important, it is certainly not our only concern.

If America is to face its future successfully, we must exercise greater control over Federal spending, improve the overall performance of our government, and increase the accountability of Federal agencies for their actions.

The Budget and Impoundment Control Act has given us a, thus far, successful means of better controlling the budget.

Eliminating the dead-weight of outmoded and inefficient programs will help us improve the level of overall government performance. As one step toward this end, we must give serious consideration to "zero-base" budgeting. This would mean total rejustification, perhaps every four years, for every Federal program except those relating to income security, like social security, or payments to disabled veterans.

A thorough review of Federal regulatory agencies, with emphasis on improving the quality of the regulators and streamlining procedures, should help raise the accountability level of the agencies.

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I have outlined, in very broad form, our Platform recommendations. We know that our suggestions can be only a beginning point for your deliberations, but we hope they serve you well in that role.

Whatever your decisions, I and my Democratic colleagues in the House of Representatives wish you every success in your efforts to write a Platform which truly reflects the achievements and aspirations of our Party. For, if you are successful in doing so, election in November of a Democratic President and Congress is assured and, with them, restoration to America of a government that works.

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APPENDIX I

RECOMMENDATIONS TO THE PLATFORM COMMITTEE

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I. THE ECONOMY

(The Role of Responsibility of Government in Economic Management)

We believe that the government must establish the framework that allows private enterprise and human progress to flourish side by side.

Government alone represents all the people and must continually take the leadership in coordinating private and public actions toward sustained accomplishment of accepted goals. Above all it must be just and efficient, and its integrity and devotion to the aspirations and needs of its citizens must be above suspicion. Only then will the people have their faith in government restored.

Insofar as private actions fall short, the Federal government must use its resources to fill the gap between actual production and the nation's potential to produce. Its major priority must be to keep the economy expanding, with jobs for all who are able and willing to work, with stable prices and with reasonable interest rates.

Moreover, in addition to national defense, the Federal government also has special responsibilities for efficient and humane social programs, a simple and equitable tax system, and whenever necessary, to assure facilities and services for such national priority requirements as education, housing, health, crime prevention and environmental protection.

A. Republican Record

Republicans lack faith in a government which is responsive to the needs of the average citizen. Their policies are mainly aimed to support and help big business, major banking institutions, and corporate landowners. As a result there has been a substantial further concentration of wealth and power in the hands of the large corporations. They hope that jobs and income will trickle down to the worker, small businessman and farmer. This is a cyclical policy of scarcity and administered prices -- high unemployment and inflation.

Our economy's dismal record of two recessions under the Nixon-Ford Administrations did not just happen; it was a necessary result of their outmoded, upside-down theories and economic mismanagement. The country has suffered a serious declines in its standard of living and quality of life.

Let's look at the facts:

* When the Republicans took office in 1969 the unemployment rate was 3.5 percent. Since then it has reached a high of 8.9 percent and is now 7.5 percent -- still higher than any previous postwar recession.
* The average annual growth rate during the Kennedy-Johnson Administrations was almost 5 percent per year, but was only a meager 1.6 percent under Nixon and Ford. And American industry is now operating at only about 75 percent of its productive capacity.
* The average lower growth rates and higher levels of unemployment did not lead to smaller price increases, quite the contrary. Price increases shot up more than 3 times as fast during the 7 years of Nixon-Ford Administrations, to an average of 8 percent a year.
* In 1974 and 1975 interest rates were the highest in over 100 years. Moreover, many small well-qualified borrowers could not find a lender with funds. Even now interest rates are well above historical precedents. Credit for small businessmen, cities and many families can be obtained only at near bankruptcy rates.
* Restrictive Republican policies in the 1969-1975 period have led to a loss of almost $1 trillion in output of goods and services, or $6,000 per person. In the 2 years since the most recent Republican recession began, output has been at least $470 billion short of the full employment level. In just those 2 years we have lost the equivalent of 20 million houses, or enough investment to increase our total plant and equipment by 50 percent. This loss far exceeds the sums needed to clean up our air and water, solve our energy problems, or give a decent income to families with incomes below the poverty level.

* The Republican policies of restraint and recession have exacerbated the financial plight of most large cities and of many State governments. As a consequence, these have been and continue to be widespread cuts in urban services and public employment. Moreover, a default or bankruptcy in several major cities and States remain a distinct possibility.

* Wherever we look today we see the pervasive power and increasing influence of giant corporations. Under a friendly Republican Administration the trend toward concentration of the nation's wealth in the hands of the monopolies, conglomerates and multinational corporations has accelerated at the expense of the worker, small businessman and farmer. The Republicans' actions mock their protestations that they favor the operation of the free market place and increased competition.

* Their main economic weapon has been cuts in essential programs for the elderly, and moderate and low-income groups. They have chosen reactionary policies in regard to human welfare and rejected the path of social justice.

* Our economy's dismal record under Nixon-Ford did not just happen. It is the result of the well advertised Republican game plan. Recessions were to be used to control inflation. Carrying this policy to an extreme in 1974, President Ford called for a tax increase to lower demand still further even though a recession was already under way. Similarly the Federal Reserve Board raised interest rates in a recession for the first time since 1933.

B. Democratic Goals

We in this nation have unrivaled capabilities of human and other resources. Our brains and skills coupled with free and flexible institutions can provide hope for the future. Under Democratic leadership these assets will be translated into the reality of a more vigorous and compassionate America.

But in public affairs, as in business affairs, there can be no coherent and comprehensive policies, except within the framework of goals representing legitimate aspirations based upon our true capabilities.

The establishment of meaningful goals for full employment and balanced growth are the first and foremost steps toward forging policies and programs to achieve these objectives. In the past, attainment of specified Democratic goals has helped achieve unprecedented growth, higher standards of living and greater economic equality. The Republican Administration has failed because it neither knows nor has been able to tell the American people its aims or to provide them with a National purpose.

In this election we, therefore, stand at an historic crossroads. Our economy faces some fundamental long-term problems which seriously threaten the strength and vitality of our capitalistic society. We are confronted with two contrasting philosophies to meet these challenges.

If we take the Republican road we will suffer four more years of their blind idealogical preoccupation with "free market forces." We will continue to live under an unpredictable cyclical economy marked by the unnecessary waste of unemployed workers and capital in an illusory attempt to halt inflation. If the past is prologue, we will face another four year period of a stop-go economics in which alternatively high rates of inflation and interest rates and record rates of unemployment will continue to plague the economy. It will mean neglected and blighted urban areas; vetoed and unfunded social programs.

Seven million people are officially counted as unemployed and about another two million have left the labor force because jobs are not available. In our major cities the impact of unemployment has remained high among our youth, blacks and older workers. Without jobs many unemployed youths face despair and hopelessness and the unemployed older workers who cannot transfer their skills have no where to turn; unemployment is often the tragedy of lost dignity and ambition thwarted. When unemployment increases, apparently so does crime, health problems escalate and welfare costs jump.

Let those well meaning people whose answer to unemployment is to veto or immasculate responsible government programs to provide jobs, let them no forget that for each 1% cut in the unemployment rate the budget deficit will be reduced by about $16 billion, approximately $14 billion in added taxes and about $2 billion in lower costs of unemployment compensation. The budget will never be balanced unless employment is provided for the unemployed and the new workers entering into the labor force.

The Democratic Party's goal in America is to achieve a reasonably full employment, 3% unemployment of the adult labor force by the end of 1981. Toward this end, we set the goal of more than 10 million additional useful jobs at fair rates of compensation between now and 1981. Most of these additional jobs must be in private enterprise, to whose strength and progress the Democratic Party is profoundly committed.

Some additional jobs would be required in State and local governments, to meet essential and growing needs. Even the additional State and local jobs in large measure would help maintain private business and employment opportunities.

And full employment does far more than just creat jobs. Restoration of full employment by 1981 would add, measured in 1975 dollars, close to a trillion dollars more to total national production of goods and services than current projections of Republican policies and programs. It would provide, at existing tax rates, between $300 and $400 billion more public revenue at all levels. This increment should be used to balance public budgets, and also to bring the output of goods and services into line with the potential of the economy and the needs of the people. Finally, it would add about $250 billion more to profits business investment than the projection of current Republican policies and programs would yield.

Most important of all, these Democratic policies while encouraging growth of incomes based upon different abilities and contributions to the economy, would also improve the distribution of income -- a basic requirement to sustain full employment and full production. We Democrats agree:

1. Legislation to achieve full employment and balanced growth is the centerpiece of the Democratic Party platform. It is embodied in the Hawkins-Humphrey Full Employment and Balanced Growth Act of 1976. The Bill mandates policies and programs to reduce adult unemployment to 3% by 1981 and to reduce it even further in later years. It outlines the changes in national policies and programs essential to this end. It brings the Federal Reserve into harmony with what American needs and can achieve. It mandates an ordering of national priorities, in place of many years of talk about these priorities.

2. Our immediate goal, on the road to full employment, must be to continue a stimulative fiscal policy which will sustain the upward momentum of the economy. Primary emphasis will be to increase jobs mainly in the private sector.
It was the policies adopted by a Democratic Congress last year which turned the economy back up from the despair of the deepest and broadest recession since World War II. The emergency tax cut which was originated and overwhelmingly supported by a Democratic Congress was probably the most important factor in restoring consumer purchasing power. Despite vetoes and unswerving opposition we passed legislation that increased jobs in both the private and public sector.

3. We will take appropriate action to assure a 4 million increase in employment and reduce unemployment to less than 6 percent by the end of 1977. To the maximum extent possible gains in employment will be concentrated in the private sector supplemented by emergency public works and public service jobs where necessary. New employment programs will be coordinated with work income maintenance programs in order to substitute work for welfare.

4. We aim to pursue a budget policy to provide appropriate jobs stimulus while at the same time avoiding other spending which is non-essential in order to reduce our deficit significantly in fiscal year 1977 and achieve a balanced budget within 3 to 5 years.

5. Although current rates of inflation have subsided somewhat, it is our aim to put into effect broad-ranged measures dealing with the many facets of inflation. The New Administration and Congress will cooperate to establish a voluntary standby program to halt indefensible price increases. In addition, we are pledged to enforce anti-trust laws, provide incentives to increase productivity and maintain lower interest rates. We are committed to bring about a more efficient, less bureaucratic and less costly federal government.

6. Monetary policy will be better integrated with fiscal policy thru new institutional structures in order to serve the full employment goals of the nation. The forces leading to higher interest rates can be curbed by a monetary policy properly coordinated by the President, the Congress and the Federal Reserve Board.

7. Provide incentives to increase the rate of socially required capital formation to assure higher productivity and provide sufficient new plant and equipment for the future growth needed to maintain full employment.

8. An equitable system of tax reform will be on top of the agenda of the New Democratic Administration. We intend to make a concentrated effort to eliminate or modify the numerous and costly special deductions by high income groups which are causing large losses in revenues. The tax system has become a monster of complexity. We must and will simplify the tax system.

The extensive and fundamental economic reforms we propose have been long sought. Our commitment this year is to begin to make sustained full employment and balanced growth an economic reality. It is the only alternative which will restore the strength of the economy and renew the confidence of our citizens in the leadership of our nation.

C. The Economy and the Budget

Every budget dollar saved by increased efficiency and productivity means more for all. Therefore, every public expenditure must be carefully examined to make certain waste has been eliminated. However, at a time when unemployment is excessive and resources are under-utilized the counsel of those who believe that cutting the domestic budget,simply for the sake of cutting, should be rejected. Cutting government expenditures on needed programs to stimulate activity is poor economics. The consequences of such action at this time would be just the opposite of what its proponents desire. It would act to abate the current recovery and to maintain high levels of unemployment. It would waste resources and reduce revenues.

The United States is now recovering from the deepest and longest recession since before World War II. At the low point of the recession unemployment rose to 8.9 percent in May 1975, manufacturing utilization rates dropped to 67 percent of capacity and real GNP fell by $68 billion.

Fiscal policies adopted by the Congress in 1975 played a major role in setting the stage for a long uphill recovery. These policies were successful despite the Ford Administration's attempt to sabotage them by vetoes and impoundment of funds. The Administration argued with great self-assurance that the high rate of budget expenditures would "crowd out private borrowing and revive inflation." Crowding out did not take place, and inflation has continued to subside. An emergency tax cut of $23 billion, which supported by a Democratic Congress and reluctantly accepted by a timid President, was a crucial turning point in restoring consumer confidence. Consumer income and spending also accelerated as spending for jobs and other social programs were stepped-up.

Nor should it be forgotten that the "built-in stabilizers," the proud hallmarks of previous Democratic Administrations, such as unemployment compensation, job programs, social security, food stamps and welfare, were fortunately in place to provide the income support that cushioned the disastrous effects of the excessively severe Republican restraints on the economy.

So far the economic recovery that began in mid-1975 has been moderate, and the levels of economic activity still are far below those attained prior to the recession. Unemployment has declined from 8.9 percent in May 1975 to 7.5 percent in March 1976. Utilization of manufacturing capacity has increased somewhat, from a low of 67 percent to about 76 percent currently. Both wholesale and consumer prices, while slowing their rate of increase, still are rising.

We welcome signs of progress, but the recession is far from over, and the road back to full employment will be long and difficult. The unemployment rate is still as high as in any previous recession in the postwar period, and the buying power of the average worker's weekly take-home pay is no higher than in 1972. Current economic data tell us that housing construction is in a state of near-depression and that spending for capital equipment shows little sign of recovery and remains much too low to meet the country's need for higher productivity and future growth. Many state and local governments are in serious trouble financially and economically, victims of events and national policies beyond their control.

Budget policies are now needed to assure that economic expansion is sustained and that unemployment is reduced significantly. We believe the federal budget must be balanced. The large deficits caused by bad economic management, however, must be offset first by the reduction of deficits as the economy improves and then by the achievement of a balance at full employment.

Returning to a balanced budget will be difficult. Huge deficits accumulated under the recessionory policies of the Nixon-Ford Administrations. From fiscal year 1970 to fiscal year 1975 they totalled $110 billion, twice as great as all the deficits of the previous 23 years. To top it off, in fiscal 1976 the deficit totalled an estimated $76 billion, an amount we all would have thought impossible 8 years ago. These large deficits have been substantially due to the damage caused by the Nixon-Ford Administrations' economic mismanagement, and the resultant

that the deficit will be reduced. Notwithstanding the more stimulative fiscal policy targeted, the rate of price increase is established to be about the same as in the President's budget.

In summary, we support the following targets:

1. An increase in total outlays above those proposed in the President's budget; the level of expenditures will provide prudent increases in defense and energy spending and will restore the President's drastic reductions in health services and education while permitting reasonable growth in many important domestic program areas. Additional funds also are provided for hard-pressed State and local governments.

2. Spending designed to create over 1 million jobs in excess of those provided in the President's budget; this rejects the proposed public service jobs phase-out and provides start-up funds for the Hawkins-Humphrey Full Employment Bill.

3. Reduction of the deficit to about $50 billion, far less than the $76 billion deficit required to stimulate the economy in fiscal 1976. This reduction will come mainly from a significant drop in transfer payments to the jobless, as employment rises.

4. The deficit will be further reduced by cutting nonessential spending below current policy levels. A number of reforms will be required in existing law to prevent an excessive spiraling of costs in certain areas, such as federal pay, health care, food stamps and veterans programs. The budget resolution also is directed toward making major program reforms that we believe can produce better services with significant cost savings. Even modest reforms in budget programs can have a substantial stimulative impact on the long-run posture of the budget. Adoption of these targets will result in an estimated decline of unemployment to about 6 percent by the end of 1977; a real GNP growth rate of almost 6 percent and an inflation rate averaging about 5½ percent during the year.

E. Budget Choices, 1976-80

We know enough about likely economic developments and government programs to know that we can't have everything. Many hard choices will have to be made in the years ahead, and we must find budget procedures and processes that will allow us to make difficult decisions as intelligently as is humanly possible. It is clear that our present annual budget process often leads to piecemeal decisions and to inadequate and inefficient government policies. A multi-year budget should provide the means by which Congress will be able to think and plan ahead in broad terms and provide a sense of direction for the nation's future. The built-in commitments under existing programs and activities make it very difficult to effect significant changes in the budget in a single year. The multi-year approach we recommend will:

1. Assure vigorous and sustained action beyond 1977 toward full employment and reasonable price stability--through effective implementation of existing job-stimulating programs, a combination of tax policies, a new employment program, and a series of structural reforms.
2. Reduce unemployment to 5 percent by 1978 and move steadily thereafter to full employment; keep inflation below 6 percent per year; and encourage economic growth averaging between 5 and 6 percent a year over the 4 years of a new Democratic Administration.
3. Restrain uncontrolled and unplanned growth in the Federal budget. These decisions would result in a balanced budget by the end of 1979 and significant budget surpluses in 1980 and 1981, surpluses that can be used to "free-up" the necessary public resources to fully implement National Health Insurance and the Full Employment and Balanced Growth Act of 1976.
4. Reorient tax policies to give additional tax relief to lower and middle-income wage earners. A broad based tax cut of $10 billion, effective July 1978, is included in the budget projection.
5. Shift priorities toward urgent domestic needs. Over the 5-year period spending for health, education, income security, energy and veterans programs could be substantially higher than proposed by the President.

6. Integrate fiscal and monetary policies through the inclusion within the budget resolutions of various indices so monetary authorities can more effectively accommodate their policies to Congress' economic goals.

F. Jobs

Unemployment has remained too high for too long, and the prospects for a significant reduction are not encouraging. The costs of such prolonged unemployment are unacceptable. We Democrats continue to have a basic commitment to full employment--to the right of all adult Americans able and willing to work to opportunities for useful jobs at fair wages. Under a Democratic Administration unemployment will not be used as a tool to fight inflation.

Statistics of unemployment are by now well known, but they do not tell the full story. Human misery, loss of dignity, increases in crime, deterioration in health, growing welfare rolls, reduced real wages, lost business opportunity, reduced profits -- all are part of the cost of unemployment. In fact, policies have been so poor that the average worker could buy less goods with his pay check in 1975 than in 1972. In order to achieve full employment--our first priority--instead of an economy of boom and bust, we make the following recommendations:

1. The Employment Act of 1946 should not only be revised to assure fundamental reforms in the management and operation of economic policy but also to affect a rededication to the maxim of full employment. H.R. 50, the Full Employment and Balanced Growth Act, is one vehicle through which this may be achieved.
2. The unemployment rate should be reduced to 6 percent by the end of 1977 and to 3 percent of the adult labor force within 4 years of the passage of the Act.

3. A new procedure should be established to require that the President, the Congress and the Federal Reserve Board shall develop each year common economic goals and priorities, to assure that a clear set of national economic targets is established to achieve full employment.

4. We will enact an anti-recessionary program to hasten economic recovery. It should place primary emphasis on providing jobs in the private sector to the maximum extent possible but should be supplemented by emergency public works and public service jobs where necessary. An attempt to pass such legislation this year was vetoed by President Ford. Although the House overrode the veto it was sustained in the Senate.

5. Emergency job programs should be expanded to provide additional jobs for the cyclically unemployed--those who normally could find jobs when the economy is operating near capacity. The additional jobs created by this program expansion should be in special projects lasting from one to two years and having a useful and identifiable output. The jobs should be clearly temporary and should make use of skills which the participants already have. This emergency program should be in addition to the existing CETA job training and public service employment programs. Appropriations should be provided to create a total of 1 million jobs.

6. Nearly half of the total unemployed are persons under 26 years of age. Such unemployment results in severe social and economic costs. We will give high priority to developing a comprehensive program targeted specifically at the unemployed needs of young people, including youth training and apprenticeship programs to insure better coordination between school and the world of work. We also propose to establish a Youth Conservation Corps.

7. We will coordinate full employment programs with work-income maintenance programs, in order to substitute work for welfare wherever possible.

8. Until enough jobs are provided, unemployment compensation must be extended. The Unemployment Compensation Amendments of 1976 reported by the House Committee on Ways and Means provide necessary improvements in unemployment compensation and will be enacted by the 95th Congress and a Democratic President.

9. A permanent counter=cyclical program will be proposed as a standby measure to help State and local governments to maintain services, to be triggered whenever unemployment reaches unreasonable levels.

10. Regional and structural employment policies will be adopted in order to reduce chronic unemployment in depressed areas and to encourage public and private investments in such areas.

G. Price Stability

Price increases cause enormous hardships and sap the purchasing power of our citizens, especially of the elderly and those in the lower and middle-income groups. The average price increase each year during the Nixon-Ford Administrations has been the highest in the post-World War II period. The Nixon-Ford Administrations have tried to fight inflation by misguided method of curtailing output and increasing unemployment and by higher interest rates. The results have been a near disaster.

In contrast, we believe that only by closing the gap between actual production and our potential to produce can inflation be controlled. Our policies to restore full employment and balanced growth will assure rising real income and adequate capital investment. Our battle to halt inflation will encompass a broad range of measures dealing with its major causes.

1. We will establish and vigorously support a voluntary program designed to assure that price increases are held to a necessary minimum. New efforts will be made to provide the necessary incentives to increase productivity. The Council on Wage and Price Stability will be given subpoena authority to investigate price increases and to seek compliance with price and income standards.

2. The Council of Economic Advisers should present each year a set of anti-inflationary policies to supplement monetary and fiscal policies. They should include recommendations for administrative and legislative actions to promote reasonable price stability if situations develop that seriously threaten a renewal of inflation.

3. Concentration of wealth has increased with the assistance of a friendly Republican Administration. The large corporations have found it easier to adopt noncompetitive pricing policies, which have been a major factor contributing to the rapid inflation of industrial prices in recent years. Neither the worst recession in 35 years, accompanied by sharp curtailment of output, record levels of unemployment and reduced demand for goods, have appreciably slowed the rise of industrial prices. We favor improved anti-trust enforcement. In addition, there should be a program of price and export controls in certain concentrated industries.

4. Interest rates have increased more than most other prices. Added taxes also have raised costs. These upward shoves on prices are felt both directly and indirectly. We will take the necessary fiscal actions, coordinated with proper monetary policy, to insure that interest rates do not contribute to inflation. Taxes will be reduced in areas where they will have the greatest impact in bringing about lower prices and in raising spendable income for those hit hardest by inflation.

5. Prices have been driven up by scarcities of vital commodities, such as food and energy. Decisive government action is needed to remove structural defects in the economy and to increase the availability of these and other goods, in order to halt the price spiral. Continued progress is required in many areas such as health services.

6. We can reduce costs by reforming outmoded government rules and regulations. We will act to bring about a more efficient,

less bureaucratic and less costly federal government, by consolidating duplicative and overlapping functions and programs and by coordinating interrelated programs. Many of our Federal regulatory agencies are no longer functioning effectively. They frequently lower productivity and increase both government and business costs.

7. A better informed consumer can help stop rising prices. Consumers want better and safer products, effective drugs, and reasonable transportation and utility rates. This requires improved information, equal access by consumers to the regulatory process, and a reduction in obsolete and inefficient regulations and statutes. Specifically, we support:
    a. A national agency for consumer access to an equal voice for all in the regulatory process.
    b. Increased competition in the drug industry, including generic rather than brand-name prescribing.
    c. Small claims courts readily available to every citizen.
    d. Consumer product-testing legislation, to make information on commodities available to all.
8. Housing prices and costs have shot up as the result of stop-go policies of the Nixon-Ford Administrations. A carefully coordinated Democratic housing program will hold down price increases. Stable interest rates at reduced levels will result in major savings. A steady, consistent policy will decrease fluctuations in housing starts and their unfortunate impact on costs. Saving our existing buildings by policies to aid maintenance and renovation will hold down costs. The price of housing must be stabilized and its impact on rising living costs substantially reduced.

H. Sustained and Balanced Growth

A fundamental question is at what rate the economy can or even should continue to grow. In addition to the ultimate physical limits imposed by nature and the availability of resources, it also is strongly

felt by many that there are social, moral and cultural limits to growth.

Although recognizing that there may be limitations, we believe that with proper planning of the way we grow, with prudent respect for nature's inter-relatedness and with careful use of our physical resources and environment, healthy economic growth is not only possible but necessary. But in recognition of genuine problems, we believe that both the rate of growth and its quality must be considered in determining the targets. Thus, we have emphasized that not only must growth be sustained, in order to maintain full employment, but the structure and composition of growth must be fully taken into account.

To achieve sustained balance growth the new Administration and Congress will:

1. Establish procedures to develop long-range policies with roles for Congress, the Executive Branch and the Federal Reserve Board as partners in the planning process. Provision will also be made for full participation by the private sector and by State and local governments. The goals of full employment and reasonable price stability will have high priorities in any system of providing for balanced economic growth.
2. We propose that each year the President, Congress and the Federal Reserve Board be required to develop common economic goals and priorities so there is a clear set of national economic targets to pursue. This process will encourage improved and more efficient management and cooperation instead of the conflict and chaos of recent years.
3. We also will provide for longer-range goals for economic policy so it will have greater flexibility to shift priorities, anticipate problems and develop alternative programs.
4. In attempting to achieve balance growth, real economy in government is required. A systematic annual evaluation of

Federal regulations and programs, to determine if they still are worthwhile, must be made. Over a 5-year period, all regulations and programs will be evaluated.

5. A 5-year budget approach is needed to assure vigorous and sustained action toward full employment and balanced growth; to restrain uncontrolled and unplanned growth in spending in the budget; and to allow for a major reorientation of spending and tax policies as needed to reorder our priorities.

6. To help attain sustained balanced growth, at full employment, tax rates will be set to ensure a long-run balanced Federal budget.

7. Competition will be increased in the private sector through improved anti-trust enforcement and the encouragement of new business. Groups of citizens, States and localities have a significant role to play in anti-trust enforcement. Courts should be enabled to grant attorneys fees for suits brought in the public interest. Federal laws should be amended to allow courts to aggregate claims. State and local public attorneys should be able to sue for the beneft of their citizens.

I. Money and Credit

Monetary policy is too important to be left to the control of a relatively isolated, elite group with strong ties to the banking industry. The Federal Reserve Board has in recent years followed outmoded economic theories that have contributed to the roller coaster cyclical policies of the Republican Administrations. Policies of Chairman Arthur Burns' Federal Reserve Board, conceived in secrecy and without accountability, led to periods of over-stimulation of the economy and roaring inflation, followed by excessive restraint, unemployment, exorbitant budget deficits, curtailment of needed private capital investment, record bankruptcies, a sick housing industry, and added costs to government.

A glaring example occurred during 1972 when Mr. Burns, reportedly under intense White House pressure, expanded money supply in order to foster economic conditions conducive to the re-election of President Nixon. As a result, monetary expansion was well in excess of that called for by the economic conditions prevailing in 1972 and was a major factor contributing to the subsequent inflation in 1973-74. To restrain this inflation, interest rates had been raised by late 1974 to the highest level in a century. Prime rates at commercial banks exceeded 12 percent, and mortgage interest rates were even higher. These exorbitant rates did not just happen; they were engineered by the Federal Reserve Board in line with the Nixon-For game plan to end inflation by increasing unemployment. Are we seeing a replay of this scenario this election year? We read in the financial press that the Federal Reserve is preparing to tighten the screws again later this year.

Money and credit conditions became so restrictive that only the largest corporations could find available funds. Family credit was cut in half. In contrast to all prior experience, interest rates reached their peak nearly a year after the recession started, and the unemployment rate already was extremely high. The credit policy finally eased when unemployment was above all previous postwar peaks and only after the Democratic 94th Congress required the Federal Reserve Board to report and to defend its policies before Congressional committees.

Even now, in this state of economic recovery with unemployment at 7½ percent, with over 25% of our industrial capacity unutilized, and with money supply growing at relatively low rates, there is no precedent for the present high rates of interest, especially in the mortgage market. These high interest rates are currently discouraging new housing starts and causing untold hardship to those in the middle and low-income groups unable to finance the purchase of homes at a reasonable price. Spending for private capital equipment, so necessary if we are to get the economy back on a parth of sustained long-term growth, also has been seriously handicapped because of the current high interest rate structure.

A Democratic Administration and Congress will end the damage caused by the perverse monetary policies of Mr. Burns and the Federal Reserve Board and will bring to the nation a more stable and lower rate of interest. To this end:

1. Monetary policy will join fiscal policy in order to serve the full employment goals of the nation. The Federal Reserve Board will be brought under contemporary policy coordination.

2. The forces leading to higher interest rates can be curbed by a policy of proper coordination among the President, the Congress and the Federal Reserve Board, as outlined in the Full Employment and Balanced Growth Act of 1976. This Act provides for a new institutional structure. The Federal Reserve Board will each year propose a monetary policy aimed at meeting the nation's economic goals. If the President disagrees with the proposed policy, he can recommend to the Congress and the Board the changes in monetary policy necessary to assure common economic goals and priorities.

3. In the short run, monetary policy should be conducted so as to avoid any substantial rise in short-term interest rates and to encourage reductions in longer-term rates. Temporary fluctuations in the rate of growth of the monetary aggregates should not precipitate monetary policy changes so long as the pattern of interest rates is satisfactory. Over the longer run, however, growth of the monetary aggregates must be in line with potential growth of real output.

4. A Democratic Administration will take action to:

    a. Make certain the banking system does not discriminate against the small savers and depositors, borrowers or business men. Provides better service to them by guaranteeing more effective, even-handed supervision and regulation. Establish a system that will allow credit unions and thrift institutions which traditionally were organized to serve these small depositors sufficient power to do so.

b. Assure a smooth, rapid, efficient flow of resources in the capital markets, particularly to promising small businesses and new firms.

c. Eliminate redlining and other disadvantages now inflicted on the mortgage market, particularly for low and moderate-income housing.

d. Guarantee the equal access of women, the elderly and minorities to consumer credit, the sale or rental of housing, home mortgage credit and insurance.

J. Tax Policy

The Democratic Party wants an equitable and simple tax system. Significant tax reforms have been accomplished, but more are needed. Our system allows high-income people and corporations to avoid taxes through the use of tax shelters. Action is necessary to make certain that the wealthy bear a reasonable share of the total tax burden.

As presently devised, the tax system is too complex. More than one-half of American taxpayers pay for professional or commercial assistance in preparing returns. Changes are needed to simplify individual income tax payments.

Our system taxes dollars earned by one's own labor at higher rates than dollars earned by investment. It increasingly relies on higher taxes on payrolls of lower and middle-income wage earners, while providing special treatment for upper-income individuals.

Special deductions and credits, mainly for those in the high-income brackets, are out of hand. They are estimated to total over $92 billion in 1976 and will climb to over $135 billion by 1981. President Ford has called for additional deductions that only intensify inequities.

To reverse past trends, a Democratic Administration and Congress will:

1. Make a concentrated effort to eliminate or modify the numerous and costly special deductions and credits that so greatly distort the equity of our system while causing large losses in revenue.

2. Provide for greater tax equality.

    a. Eliminate tax shelters that allow many individuals with high income to avoid or post-pone payment of significant income taxes.

    b. Be sure, through a strengthened minimun tax, that some taxes are paid on income otherwise sheltered from taxes.

    c. Insure that income earned from foreign sources pays a fair rate of taxation.

    d. Simplify and liberalize child-care deductions to make it available to more working families.

    e. Simplify and liberalized the tax treatment of retirement income.

    f. Strengthen and reform administrative procedures to protect the appeal rights of taxpayers.

3. Revise estate and gift taxation so small and medium-size holdings will not be subject to excess taxation, while closing the loopholes that allow the wealthy to escape taxes.

4. Offer an alternative to tax-exempt bonds for State and local government financing. One possibility is the adoption of an interest subsidy in lieu of the Federal tax exemption. Such a step would considerably relieve the financing problems of State and local governments.

5. Adopt tax policies that will support the return of full employment with reasonable price stability.

6. Revise tax structure to insure that the capital necessary to provide for our energy and environmental goals will be invested and to make sure that all American workers have opportunities for jobs at fair wages.

7. In the short run, Congress should take action to provide for the continuation at least through the end of 1977 of the personal tax reduction that has been in effect since 1975. Should output appear to be falling below the rate needed to bring unemployment down appreciably, an additional tax cut should be enacted for 1977. This additional reduction should act directly to reduce costs and prices. An income tax credit against some part of social security taxes would meet this requirement.

K. Labor Management Relations

The American labor force, 87 million working men and women, is the real motor of our economy.

Every effort of which modern science and technology is capable must be made to educate and train our workers -- factory, farm, transportation, communication, mine, school and office -- to equip them to cope with the challenges and take advantage of the ever-changing, dynamic, increasingly automated and computerized society in which we live.

We must not only assure useful jobs for all those willing and able to work -- this must be our highest priority. We must also assure the best possible conditions of work: the highest pay and the shortest hours commensurate with productivity, the fairest labor-management relations of which our legislative skills are capable, the strongest labor movement to protect the rights of workers, the most secure retirement pensions obtainable, and the highest degree of on-the-job safety and health.

The Democratic Party, always the truest friend of the American worker, is pledged to do its ultmost to achieve these goals, all of which are not only reasonable and desirable but undeniably attainable in this the wealthiest, most advanced, most powerful and most highly industrialized country in the world.

Labor Standards

The Democratic Congress will raise the minimum wages of workers at the tottom of the wage scale to offset the impact of continuing inflation.

The Nixon-Ford inflation has totally eroded the wage increase Congress passed in the 1974 amendments to the Fair Labor Standards Act.

Looking to the future and seeking a more permanent guarantee of an adequate floor under our wage structure, the Congress will also provide for automatic escalation of minimum wage rates to an index, such as the Consumer Price Index or an index of the average hourly wage.

Labor-Management Relations

We will amend the National Labor Relations Act to cover public service employees and agricultural workers who today are subject to a bewildering maze of frequently inadequate and generally confusing State laws, or no laws at all. American workers not presently enjoying the right to organize and bargain collectively for wages, hours and conditions of work must be accorded the protection accorded all other workers.

We will further amend the Act to speed up redress of grievances of workers asserting their legal rights and also to curb rogue employers who flout the Act with impunity. These amendments will:

- require delegation of NLRB authority to administrative law judges;
- provide self-enforcing orders by the Board in unfair labor-practice cases;
- authorize the Board to seek injunctions where needed in unfair labor practice cases.

Employees are entitled to a firm guarantee of the protection of the law in their efforts to organize and bargain collectively so as to advance their interests. Workers should enjoy the individual right to direct their employers to pay their union dues to their lawfully designated agent. The NLRB sometimes is unable to provide speedy redress; too often years go by before final action is taken. This unfair situation must and will be remedied by Democratic Congressional action.

Common-Situs Picketing

The Congress will reenact a common-situs picketing bill so as to assure

- equal treatment of craft and industrial employees, and
- new and improved tehcniques for labor-management negotiations in the construction industry in order to prevent cost-push wage settlements.

This Congressional action is necessary because the President, after having promised to sign a common-situs picketing bill in the presence of Members of the House and Senate, bowed to pressures, welched on his promise and vetoed the bill passed by Congress.

Open Shop

We will repeal Section 14 (b) of the Taft-Hartley Act, which allows the States to legislate the anti-union open shop.

Forty years experience under the National Labor Relations Act have shown that, while generally it is effective in creating a fair structure of labor-management relations, the practices of some outlaw employers threaten to spread and to poison constructive labor relations.

For example, the Labor Board has found one major textile employer guilty of 15 separate "massive" labor law violations in the past 12 years. The United States Courts of Appeals have affirmed these violations on the 8 occasions appeals were taken, and the Supreme Court has three times refused to review the decisions. Four "contempt" citations for violation of the Court of Appeals orders were handed down and still the violations continue: ninety-four additional separate unfair labor practice charges are pending. In the steel industry 15 separate unfair labor practice charges have been filed against one major employer within the last two years alone. Nine of these have reached the Labor Board, and the Board found against the company in each and every instance. The company refused to comply, and the Labor Board has taken 5 of these cases to the Court of Appeals for enforcement.

Simply put, employers like these find it cheaper and more expedient to violate than to comply with the Federal law. Since the NLRB presently lacks the tools to stop these abuses, stronger civil remedies are required.

Antitrust Applicability

The Congress will restate and reaffirm the inapplicability of the Sherman Antitrust Act to labor unions acting on their own. Until the Connell Construction case, the Supreme Court had long accepted this position. There can be no return to the old pre-Clayton Act years when government-by-injunction was the norm in labor relations.

Worker Pensions

The Democratic Congress will pass legislation requiring the Administration to use simplified record-keeping and reporting systems to accommodate small businesses and small pension plans.

We will also enact legislation to protect the interests of State and municipal employees with appropriate provisions for fiduciary standards, reporting and disclosure, vesting, funding and insurance against failure.

Health and Safety

The Democratic Congress declares its firm intention to see that the Occupational Safety and Health of 1970 is enforced as intended when the law was enacted, and further to review its provisions to make sure, in the light of experience, that in each and every instance they are workable and reasonable.

This vital legislation, enacted to insure to the degree possible every American worker safe and healthful working conditions, has been so poorly administered that its lofty goals have not even been approached. Between the refusal of the Administration to hire enough inspectors or to train adequately those few who were hired, on the one hand, and imposition of unimaginative, rigid and inconsistent regulations, employers seeking to comply have found the law extremely difficult with which to live. We will insist on an intensive program of retraining and upgrading OSHA inspectors.

Workmen's Compensation

Full redress of American workers for job-related diseases, injuries or deaths requires an adequate, prompt and equitable system of workmen's compensation. After two years study, in 1972, the National Commission on Workmen's Compensation Laws found that all the State programs were inadequate in some respects, the vast majority in many respects. It recommended Federal standards to insure coverage of all employees, with timely payments of at least two-thirds of the worker's gross weekly wages, full payments of all medical and rehabilitation services, and other improvements in the existing system. The Nixon-Ford reaction to these recommendations have vacillated between coolness and hostility.

With the Nation Commission recommendations as a starting point, the Democratic Congress will formulate its own set of workmen's compensation standards and enact them into law.

Black Lung

Widows and dependents as well as the coal miners who have suffered disablement or death as a result of pneumoconiosis must be compensated by special legislation. The Nixon-Ford Administration, in its handling of the "Black Lung" provisions of the Federal Coal Mine and Health and Safety Act, has never shown the willingness to atone for the gross neglect of coal miners that characterized the approach of Congress to this legislation. We will wipe out the existing shortcomings and administer the law as Congress intended.

Worker Protection

The impact of plant relocations is little understood and much underestimated. State, local and Federal tax policies encourage corporate reorganizations and plant relocations with little regard to the effect on communities or workers. Operating plants are often purchased by corporate holding companies for the purpose of a tax write-off. Relocations occur not only across state lines but across international boundaries. Works and jobs, in effect, are being exported.

This massive worker displacement must be brought to a halt. All relocations should be preceded by adequate notice to the community and to the employees affected. Federal assistance to the community and the workers in such cases, including job training and income maintenance programs, must be provided.

L. Small Business

Small independent businesses are the cornerstone of our competitive free enterprise system. There are over 9½ million small businesses in the United States representing over 96% of all businesses. These enterprises contribute to about 48% of the Gross National Product, employ about 60% of all non-agricultural employment in the country and 55% of all employment in the country and provide a living for 100 million Americans.

Big business has enjoyed the assistance and encouragement of a friendly Republican Administration for the past eight years--and the giants of Big Business have made the most of their opportunities.

High-interest rates and tight-money policies of the Nixon-Ford Administrations have created difficult financing problems for small businessmen throughout the Nation. The Republican Administration has virtually eliminated the direct loan program established by Congress for small business. The Administration has adopted instead banker-oriented programs of financial assistance tailored to the welfare of the Nation's bankers rather than the need of the small businessman. Current economic sluggishness has erected barriers against entry into small business for many aspiring small businessmen with limited resources--and these same factors make it difficult to survive for those who have surmounted the obstacles and succeeded in establishing a business.

Government over-regulation, endless paperwork and reporting requirements, and discriminatory taxes effectively discourage capital formation and handicap small business. Failure to enforce the anti-trust statutes and predatory trade practices have led to the steady growth of conglomerates, giantism, and multinational corporations.

The energy crisis has impacted all segments of our economy but has placed an undue burden on the ability of small business to compete effectively. The stated goal of this Administration is higher prices for needed fuel and its policies benefit the Big Oil Companies, rather than the small businessman.

Fifteen years ago, one of every four persons in this country worked for the largest 500 companies or for some level of Government. In the past year, one of every three persons was so employed.

To restore a fair competitive balance to our economy--provide for the strengthening of the foundation of our American private enterprise system--small business, this Nation must initiate a program of the highest economic priority to enable small business to overcome the gains made by Big Business.

By formulating and adopting enlightened and meaningful programs for small business, beginning in 1977 under a Democratic Administration, we will again start on another period of progress to preserve and strengthen our free competitive enterprise system and the overall economy of the Nation. e, therefore, recommend:

1. An atmosphere and climate favorable to the growth and progress of small business. We must recognize the basic difference between small business and big business. This can be done effectively by treating the two segments of our economy differently by recognizing different levels of financing, taxes and other kinds of financial assistance, as well as wide, across-the-board Government assistance.

2. Legislation should be enacted to assure the availability of direct Government loans at reasonable interest rates to small business.

   In the current fiscal year, no funds were included by the Administration for direct small business loans except for an item for later transmittal of a minor amount of funds dependent upon the passage of legislation increasing direct interest rates by over 40%.

   Only by action of the Democratic Congress was about $110 million appropriated for this purpose without any increase in the basic direct loan rate. Every effort will be made in the New Administration and Congress to increase the funds available for direct business loans.

3. The program of providing assistance to small business in obtaining Government procurement contracts should be expanded and strengthened. Legislation should be enacted to assure that small business is adequately represented and enabled to participate in all types of Government prime contract procurement.

Management assistance is one of the vital keys to successful business operation. This program should be expanded so that every borrower is given the opportunity to work with and be able to receive the counsel of qualified individuals. The present SCORE and ACE organizations should be expanded.

4. Enact legislation to provide opportunities for small business to participate in export and import trade. Expansion of our export trade would be helpful in our balance of payments problem, in increasing jobs and expanding markets presently available to small business in this country. Similarly, efforts should be made to expand the opportunities for small business to engage in import trade.

5. Direct SBA loans at low rates to provide sufficient financing to needy small businesses on reasonable terms. Current interest costs to borrowers obtaining bank loans guaranteed by SBA are about 50% higher than the prime rate. High interest rates contribute to increased costs, a lack of readily available financing, and a strong deterrent to the improvement and maintenance of the well-being of small business.

6. Revised Federal tax policy to provide major incentives to make small business substantially more attractive to private investment.

   An enlightened tax policy would enhance substantially the opportunity for potential small business entrepreneurs to enter our economic mainstream and will provide greater opportunities for giving employment in a much-needed area of our current economic depression. Federal tax policy must compensate for the tremendous advantages big business now enjoys over small business.

   Some examples of favorable tax treatments to assist small business that would be supported by a New Administration and Congress would include:

Special treatment of new operating income for the first three years of small business corporations -- by cushioning firms during their formative years. The government can reduce the risk of small business starts. Increase first year depreation allowance and accumulative earnings tax credit would act as an impetus to investment. Limiting debt-finance corporate acquisitions would deter large firms from buying out small ones.

7. Regulations adopted by Federal agencies should recognize the difficulty in obtaining needed financing and personnel to enable small businessmen to conform with regulations. All businesses should be in a position to conform to regulatory requirements, but the different levels of ability to meet such requirements should be recognized. Over-regulation is severely injuring small business.

   Undertake an overall study of this massive problem with the goal of eliminating at least 50% of the paperwork required of small business by the Federal Government.

8. Vigorous enforcement against adverse predatory trade practices and support for vigorous enforcement of the anti-trust laws to break up the monopolies and conglomerates, and restoring competition to the marketplace.

9. Legislation should be enacted to provide financial assistance to the Nation's small farmers by the Small Business Administration, the same as it provided to all other of the Nation's small business entrepreneurs. The small family farm is slowly disappearing and is being replaced by large agri-businesses, similar to the problems faced by the small business entrepreneur outside the agricultural field.

   There should be no distinction between helping the small businessman located in the urban and metropolitan areas of

our country and those who attempt to operate their businesses in the rural farm communities of the Nation.

10. The Administrator of the Small Business Administration should be given a seat in the highest councils of the Government dealing with commerce and industry to assure proper small business representation in the economic fibre of the Nation.

II. GOVERNMENT AND PRIVATE SECTOR REFORM

A. REFORM IN THE PUBLIC SECTOR

A New Agenda

Conscious that the American people today are demanding more than ever: 1) stricter control over Federal spending, 2) improvement in performance by government and 3) increased eaccountability by Federal agencies for their actions, the Democratic Congress has already taken one major step forward: the Congressional Budget Act of 1974 -- and will give highest priority to seeking and evolving other imaginative and innovative measures.

Our people rightfully insist that the Federal Government be efficient, responsive and competent, that its decisions be made with the highest degree of humaneness, clarity and common sense, and that its programs do not irrationally expand and proliferate, duplicate and overlap.

We must eliminate dead-weight, outmoded, inoperative, wasteful and inefficient programs, both for the inherent savings to be obtained and for the release of resources to be directed toward fresh, timely and effective solutions to pressing national problems.

Congressional Budget Act

The Congressional Budget and Impoundment Control Act of 1974, is the single most important budgetary reform ever adopted by the Congress. The purpose of this law is to improve Congressional control over the totals of budget outlay and receipts, by establishing and maintaining an overall review of each year's proposed expenditures coordinated with an overall review of anticipated revenues for that year.

The Act, which is in full operation this year for the first time:

1) establishes new Committees on the Budget in both the House and the Senate, and a Congressional Budget Office to furnish improved informational and analytical resources to the Congress;

2) establishes a definite timetable and new procedures for various phases of the Congressional budgetary process;

3) provides a new fiscal year beginning October 1 each year, instead of July 1;

4) requires improvements in information to be submitted by the President in his budget;

5) improves review and evaluation procedures; and

6) sets up procedures for congressional review of arbitrary impoundments of appropriated funds by the President.

So far, experience under the new system is highly encouraging. The first budget resolution for fiscal 1977 sets targets for budget authority and outlays for each functional category of Federal spending. These budget targets represent a determination by Congress of fiscal policy and national priorities, under a canopy of recommended levels of Federal taxation, total budget authority and total budget outlays -- all of which will guide the committees of Congress in their fiscal 1977 spending and tax decisions.

With this great new undertaking in self-discipline our Congress has moved dramatically toward recapture of the "power of the purse" originally geanted to it under the Constitutional stricture: "No money shall be drawn from the Treasury but in consequence of appropriations made by law."

New Look at Old Programs

Through increased vigilance by the committees of Congress, under mandate of new legislation, we will periodically scrutinize every ongoing Federal program for the express purpose of determining whether it should be abolished -- or drastically revised -- if it is found no longer to be performing the task intended for it by Congress, if it is duplicating or overlapping similar programs, or if it has long since accomplished its mission. The sun must set on any program that has outlived its usefulness.

We will further examine the impact of each program upon our economy and our society to decide what the effect of its elimination or radical transformation will be.

We will give most serious consideration to"zero budgeting" or "zero base review", terms meaning total reassessment program by program. Except for programs under which individuals make payments to the Federal Government in expectation of later compensation -- social security and retirement funds -- or disabled veterans' pensions, this will require that at least every four years every single Federal program be analyzed

and its authority terminated if there are not fully justifying reasons for its continuation.

This will establish a systematic survey of the Federal bureaucracy and require each agency openly and fully to justify continuing public investment in it.

In another effort to curb revenue loss, we will include in zero review, programs of "tax expenditure", to determine whether the reasons for which they were established -- to stimulate the economy in certain directions, to meet certain social needs, to encourage business and individuals toward certain national goals -- are any longer valid, or whether they are now merely "tax loopholes", going beyond their original purposes and retained as a means of tax avoidance by those who enjoy them.

New Ways to Old Ends

High among the chief aims of the Democratic Party in past years have been the creation of a safety net of economic security beneath the average citizen and the construction of a more just social and economic order. One primary means to these ends has been the adoption of a series of federally-funded and federally-administered programs to meet general and specific needs.

These are still our aims, but the world in which we seek them has greatly chanted and the means to be used today must likewise be changed. Without ever losing sight of our goal of a just society in a flourishing economy beneficial to all, we must explore new roads. We must reexamine and reevaluate the substance of every existing program and the agency incharge of administering it.

We will want to weigh the desirability of reordering the entire structure of the Federal Government, with a view to consolidation, reorganization, coordination, streamlining, elimination or any other useful and valid means of bringing about a comprehensive reconstruction of our Federal machinery.

We will insist on a reduction in the complexity of Federal legislation and their accompanying regulations. A Democratic Administration, working with a Democratic Congress, will not need the minute legislative instructions that recalcitrant Republican agencies have required.

We should certainly give thought to abolishing hundreds if not all of the 1,250 Federal advisory councils, committees, boards and commissions that clutter the Washington landscape, if we find they serve no useful public function.

We will give a hard new look at the proper relationship between the Federal Government and the States and local communities to determine what can best be done at the national level and what can best be done by State and local governments. Elsewhere we have discussed revision of the present system of revenue sharing.

We should help our major metropolitan areas to reorganize and consolidate authority across state lines, where necessary.

Our controlling guideline should be, through wise legislation, to encourage a process of regeneration of citizen decision-making in the planning of their own lives at the community, local, state and regional level and in every industry and every sector of private life.

B. PRIVATE SECTOR

Though the challenge is great to suggest one area as being more mismanaged than any other in the Nixon-Ford Administrations, one that would be given high priority in any such rating would be handling of the regulatory agencies. No previous administration of any political persuasion has done worse on appointments or the management and operation. The Nixon-Ford appointees to the Federal regulatory agencies have simply burdened these agencies with special interest lawyers and unknown mediocrities. The appointment to almost any of the regulatory agencies has more often than not found a determined effort to destroy the very laws they were appointed to uphold by a consistent pattern of appointing men from industry to regulate the very industries from which they came and to which many wish to return.

Regulatory agencies and commissions form a significant part of the function of the American economy. There are two types of regulations established by the Congress - the first being economic regulation, wherein the agency establishes a price, and the second for the health, safety or consumer regulation, wherein the citizen-consumer is protected from activity growing out of the market place. The Nixon-Ford Administrations raised to new heights difficulties found in both types of regulation.

They have in the first instance used the regulation to shelter industries from the effects of competition and as a result have raised consumer prices rather than restricted them.

Secondly, the protection of the health-welfare community has been honored almost as much in the breach as it has in compliance. Inadequate enforcement has especially characterized the burden of the Nixon-Ford Administrations. There has been no leadership in an effort to achieve subpoena authority for the Food & Drug Administration in order for this agency to examine company records.

The overall inadequate staff resources has also been partly responsible for the failure of the Nixon-Ford Administrations in achieving effective regulation. For example, the Federal Power Commission purports to regulate multibillion dollar industries with a current budget of $37 million, or a FTC with its broad responsibility for antitrust and consumer protection with less than $46 million. These inadequate resources lead to excessive delays of procedure. Such delays achieved by the influence of industry on the regulatory agencies usually involve complex and ponderous difficulties which often take 10 to 20 years to resolve. The complexities alone preclude consumers presenting a contrary point of view to that of industry.

The Nixon-Ford Administrations have offered no leadership and in fact at times sided with industry in preventing regulatory agencies from achieving the necessary accurate and comprehensive data required to protect the public. The access to data is not only important when such data is in the sole possession of the regulated industry, its ability to withhold or supplant that data makes any serious regulation a farce. The Nixon-Ford Administrations have paid much lip service to citizens' participation, but there can be little doubt that the word has so far not produced the deed. The citizen must have some means of fitting into the regulatory process. Citizens, by and large, are unorganized. They find it difficult to achieve necessary information and often the regulatory agency much prefers they not be represented. The Democratic Congress has approved a measure to create an agency for consumer protection which would allow the development and continuity and expertise to represent consumers before regulatory agencies.

The Nixon-Ford Administrations often are a party to frustrating the Congressional effort to achieve accountability by its agencies. The White House, the Office of Management and Budget, have hamstrung these agencies in carrying out their responsibilities by recommending inadequate staff and budgeting and by exerting improper influence upon their deliberations. A Democratic President and a Democratic Congress can work to implement properly the oversight function necessary to the proper administration of these agencies.

The Democratic Party strongly supports policies to:

1. Encourage the selection of higher quality regulators by increasing public input into the process at the Presidential pre-selection stage.
2. Streamline the regulatory process and reduce delay by making those procedures less complicated consistent with due process.
3. Give agencies more authority to collect data in areas where that information is vital to their mission, including subpoena power and the right to litigate their own cases in many areas of their jurisdiction.
4. Increase citizen and consumer input into the regulatory process by making that process more understandable to the average citizen and by mandating an agency commitment to seek such input.
5. Broaden the enforcement authority of regulatory agencies where lack of that authority has hampered their mission.
6. Insulate more effectively regulators against improper industry pressure.
7. Increase the accountability of the agencies to the Congress by providing a more structured mechanism for Congressional oversight as well as a better flow of information to the Congress.

C. CONSUMERISM

The Democratic Congress has made every effort to aid consumers by supporting existing programs and more importantly initiating others. Programs that improve consumer safety and protect the consumer from shoddy merchandise which is overpriced, has had a high priority with the Democratic Congress.

Product safety has been fully developed as an issue with the passage of the Consumer Product Safety Act. The provisions of the Consumer Product Safety Act, however, concerning the independence and openness for all regulatory agencies should be expanded. Consumer experience with confusing and inadequate product warranties led to enactment of the Moss-Magnuson Warranties and Guarantees Act.

Safety

One of the most important remaining gaps in product safety law is the lack of effective regulation of toxic substances. In the work place and in the home, Americans are exposed to thousands of products which can cause death and injury.

The reason Americans continue to be exposed to such hazards is the inadequacy of present law. The most striking weakness of present regulation of toxic substances is that it is reactive, not preventive. Only after deaths or injuries are reported can action be taken. This makes the American consumer the guinea pig for the testing of potentially fatal chemical compounds. This weakness can be addressed by requiring (1) premarket notification to a government agency, and (2) premarket testing of suspect chemicals with authority in the chosen agency to withhold such substances from the market if proved dangerous.

Another major weakness in present law is its failure to limit imports of toxic substances. In the case of polychlorinated biphenyls (PCBs) which are known to be highly toxic, the single domestic manufacturer has drastically reduced production. This action, however, has not significantly reduced the public health hazard of PCBs because imports have gone unabated.

One of the core assumptions of free market economics is the existence of knowledgeable and fully informed consumers. Presumably consumers cast their "dollar votes" after due consideration of the merits of competing products. Such decisions should insure that producers operate efficiently and in compliance with the needs expressed by consumers in their buying decisions.

The informed consumers, however, is becoming rarer and rarer. Greater and greater reliance by consumers on advertising favors large companies over small ones. Great strides could be made in insuring more personally efficacious purchases by individual consumers and decreased market concentration if objective data on produce performance were made available at the point of sale, prior to sale.

Uniform standards for the advertisement and sale of health and life insurance so that the consumer can evaluate the differing benefits of particular policies and thereby make informed decisions on such purchases is of great importance.

Life insurance is a basic service consumed by two-thirds of all American families. The purchase of life insurance is a major investment and usually constitutes a keystone in the average family's long-term savings program. Notwithstanding the importance of this investment, comparison shopping is almost impossible.

Inappropriate and deceptive sales practices, another major concern of both responsible industry spokesmen and consumers, have effected the number of cancellations of policies in the first 13 months of coverage. A study of 31 companies for the year 1971 indicates that losses to consumers from this source were some $55 million. Since costs due to early cancellations are high for the companies, high-pressure salesmanship and related practices are a major concern of the companies themselves.

With respect to health insurance, clarity of policies is a critical consumer interest. Of particular concern are so-called "add-on" policies which supplement Medicare coverage. Over 53 percent of those 65 and over purchased surgical supplements during 1972.

Older Americans need greater medical insurance coverage. Some companies offering supplemental coverage littler contracts with stiff pre-existing conditions clauses. One study revealed 49 percent of all claims were disallowed because of pre-existing conditions.

A new Democratic Administration will pledge to further and strengthen the consumer protections so courageously carried forth by Democratic Congresses.

III. LAW OBSERVANCE AND LAW ENFORCEMENT

INTRODUCTION

Freedom is political power divided and shared. It is the melding of these individual freedoms into a code of laws by the people themselves which is the basis for guaranteeing these freedoms to all. And it is the duty of those the people place in power to safeguard those basic freedoms contained in the Constitution, and to pass laws ensuring their spread and protections to all Americans.

Every American has a right to be safe from criminal activity, whether such activity takes place on the street or in the boardroom. We must cooperate to see that weapons useful only for crime are removed from circulation. We must see to it that our criminal justice system works swiftly and fairly. The corrective processes and penal systems must be made to work, so that we may cease returning offenders to society more prone to crime and violence than when they first entered the penal system.

Freedom from unwanted intrusions from ones fellow citizens is necessary to a civilized society. However, equally necessary is freedom from intrusions by the governments we have established to govern ourselves. Americans must be free from unlawful surveillance; wire and electronic phone tapping; curtailments of free press, free speech and association; unlawful searches and seizures -- further, we must make very clear exactly what kind of surveillance and other police activity of the state is not to be permitted. We must examine critically what present intrusions of the state extend into the homes and private lives of our citizens.

Equal protection of the laws in job opportunity, housing, education, health, plus protection in the marketplace belong to every American -- whether of a racial, ethnic or religious minority; whether very young or very old, whether rich or poor, whether blind or crippled, whether liberal or to the right. We must protect the right of the consumer to a decent produce or service at a fair price -- protection from wither the exclusivity of a small business franchise, or the monopoly and cartel protected through failure of the Nixon-Ford Administrations to enforce

antitrust laws with anything approaching the proper vigor.

Government, under law, must again become the servant of the people; certainly, never again their masters. Government is to serve. A Democratic government's tradition is service, so shall service be our legacy.

A. CRIME CONTROL AND CRIMINAL JUSTICE

In 1974, one of every 20 Americans was the victim of a serious crime. In the past eight years reported street crime in the United States increased 38 percent, and no end of this alarming growth is in sight. The cost in ruined lives and fortunes is inestimable. The damage to our society from fear and frustration is evident. Today we must ask ourselves why the most progressive, enlightened and sophisticated society in history is seemingly unable to prevent the most blatant and primitive sort of attacks on innocent citizens and their property.

Surprisingly, perhaps, the answer is that we may be able to prevent most of them and certainly at least can help their victims -- but the Nixon-Ford Administrations have failed to act and fulfill a national agenda for crime reduction. It has ignored the clear and present requirements for concerted social and legal action. It has disregarded the pleas of the helpless and unhelped victim.

Despite an overwhelming body of evidence, the Nixon-Ford Administrations have been unable to take many of the most obvious steps:

* Improved courts.
* A workable prison and rehabilitation system.
* A modernized criminal code.
* The elimination of handguns most often used in crime.
* The effective control of illegal drugs and narcotics.
* Despite the demonstrated link betweenpoverty and crime we have not done enough to ensure equal opportunities for jobs, housing and education.

This record of failure must be read against the background of the most inflammatory "law and order" campaigns this country has ever witnessed. It should be remembered that Mr. Nixon asked that his Administration be judged by deeds not words. To do so points out clearly the disaster of the Nixon-Ford Administrations.

In 1968 and again in 1972 President Nixon ran on a platform of crime in the streets. Yet the Nixon-Ford Administrations have

opposed real efforts to deal intelligently and comprehensively with crime and its root causes. In the past eight years, virtually all of the legislative initiatives in three areas have come from the Democrats in Congress. Many of them have been opposed by the Administration, others have received only lukewarm support. Recommendations and actions of the Executive Branch have been repressive ones, such as:

* No-knock searches and preventive detention.
* Curtailment of free speech and assembly.
* Secret surveillance.
* Wiretapping of government servants and journalists.
* The creation of an authoritarian climate of fear.

Not only are the bulk of such concepts and activities unacceptable in a free and democratic society, they are patently incapable of solving the principal dilemmas of our criminal justice system. The examples of administration opposition to social legislation and the vetoes that too often have followed, are examples of the Administration's unconcern with solving the root causes of crime.

Within the field of criminal justice, the list is actually depressing:

* Democrats in Congress have struggled for years to enact workable handgun control legislation. The Nixon-Ford Administrations have not provided either the leadership or any constructive recommendations.
* Democrats in Congress have painstakingly compiled voluminous documentation on conditions and needed reforms in our prisons, juvenile institutions and rehabilitation systems, especially at the state and local level, but the Administration's only response has been to recommend the construction of more federal penitentiaries, and to call for harsher sentences.
* Democrats in Congress have carefully developed legislation to improve the efficiency and fairness of our courts, but the Administration has turned a deaf ear.

* Democrats in Congress have spent years seeking to correct abuses within the grand jury and to improve the investigative process, but the Administration has been uncooperative.
* Democrats in Congress have urged the Administration to take the necessary steps to persuade foreign countries to reduce the growth of opium poppies and to curtail illicit international drug trafficking, but the Nixon-Ford Administrations despite lip service to the idea, have failed to take or support the necessary steps.
* Democrats in Congress introduced and passed legislation giving the President authority to cut off foreign aid to those countries refusing to cooperate with our anti-drug activities, but the Administration has ignored it.
* Democrats in Congress have attempted repeatedly to find ways to improve narcotics law enforcement and to upgrade treatment programs for addicts, but the Administration has not joined in this search.
* Perhaps most important of all the Administration has deliberately adopted and carried out through an extraordinary series of vetoes, a policy of tolerating the high levels of unemployment which contribute so strongly to the condition in our major cities that breed crime.

At the same time while calling for harsh treatment of the underprivileged street criminal and vetoing legislation designed to replace a life of crime with a life of hope for millions of our poor citizens, the Administration has tolerated the most massive corporate and governmental corruption in the history of this nation:

* Daily our citizens learning of new examples of bribery, illegal corporate contributions, the provision of favors to high government officials.
* Four years ago the Attorney General and the President himself abandoning one of the most important antitrust prosecutions in our history (ITT), in return for promises of corporate favors for the Republican convention.

* Corruption and corrosion of the operation of our governmen and our major corporate institutions - undermining the faith of our citizens in their integrity.
* Evident hypocrisy of our law enforcement response -- the turning away, the mild slap on the wrist for the few who are are brought to justice - debasing all our efforts to fight crime on other fronts.

To date, the Administration's strongest initiative in the area of crime has been to propose and support legislation to recodify, revise and reform the federal ciminal statutes - a bill about which the most serious Constitutionalobjections have been raised. Even if this legislation were enacted, its impact on crime is questionable.

The efforts of Congress

All of this is to show that, notwithstanding the fierce rhetoric of the Administration for eight years, the Democrats in Congress have stood virtually alone in attempting to reduce crime and its terrible consequences for our country. There has been progress, despite the disinterest of the Administration. Democrats have initiated, Congress has passed and the President has signed legislation:

* To modernize and improve the rules of procedure and evidence for our courts.
* To ensure that certain of fenders come to trial without unreasonable delays.
* To reform our ineffective parole system.

Pending in Congress are bills, which initiated by Democrats, would:

* Curtail wiretapping without warrants.
* Reduce sentencing disparities in the courts.
* Improve the grand jury system.

We must undertake the complete overhaul of our penal and rehabilitation systems.

Today, one in every three persons sent to prison will be back within five years after release. Eighty percent of all street crime is committed by persons with at least one prior conviction.

Men and women are dehumanized by existing prison conditions and emerge from confinement more hostile, more dangerous than before. Those offenders who are genuinely interested in becoming useful, productive members of society find that prison offers virtually no job training, and there are no jobs to be had on the outside anyway.

We must reexamine the premises on which we merely process and sentence offenders.

For years we have released into society persons who clearly pose a threat to those around them. The time has come for this nation to decide whether such circumstances can be permitted to continue, and how best to deal with the incorrigible violent offender. We must as well act to eliminate sentencing inequities for offenders of similar backgrounds who commit similar crimes. Guidelines are needed to ensure that the exercise of judicial sentencing discretion does not conflict with the principle of even-handed justice.

We must act to compensate innocent victims of violent crime, and to aid the families of law enforcement and public safety officers killed in the line of duty.

The most frequent victims of violent crime are the poor, the unemployed, the elderly, the sick.

For these persons the aftermath of an assault or robbery is often economically catastrophic. There are medical and hospital bills and no insurance. There is time lost from work and no way to recover that money. There are children to be fed and cared for and no way to pay for it. The least we can do for such unfortunate persons is to help them in a time of suffering and anxiety.

And we must not forget our police and public safety officers who so often risk their lives. Many of these dedicated men and women are unable to afford adequate life insurance. Their death in the line of duty means severe economichardship for their families and dependents. A grateful nation should stand

ready to assist these persons economically. Law enforcement officers and firemen must be assured that their families will be cared for.

We must enact workable gun control legislation.

There is no place in our complex, urban society for pistols and revolvers that have no legitimate sporting or self-defense purpose. An overwhelming majority of Americans support gun control, yet the Nixon-Ford Administrations have failed to provide any leadership or constructive recommendations.

If we are to reduce the toll of robberies and homicides that plague our people, we must eliminate these instruments of death and suffering, especially the easily-concealed handguns that are the choice of many criminals. Police, security guards and others with special needs would, of course, be permitted to keep handguns. Target shooting enthusiasts and sportsmen should be allowed to use such weapons under carefully controlled conditions.

B. DRUG ABUSE AND ALCOHOLISM

We must redouble our efforts to eliminate narcotics and drug abuse.

No single factor contributes more directly to crime -- especially violent crime -- than narcotics addiction. The annual monetary loss due to drug-related crime is in the tens of billions of dollars The loss in wasted lives, broken homes and human suffering is beyond calculation. To combat this terrible scourge, we must attack both the supply and demand. We must intensify our diplomatic efforts to persuade foreign countries to reduce opium poppy cultivation and to refuse illegal narcotics laboratories and traffickers permission to operate within their borders. If that fails we must be prepared to end all foreign aid to these nations. We must take whatever diplomatic steps that we consider to be in our best national interest.

Within the United States, we must find ways to discover and treat addicts. We must improve law enforcement to break up, arrest and convict narcotics smugglers and pushers. We must consider, as well, whether to impose stricter sentences on non-addicts who grow rich on narcotics sales.

We must improve law enforcement at all levels, and ensure that the commitment of America to justice, equality and fairness is steadfast and strong.

There is no act of Congress that can guarantee the integrity of our system of justice. Yet, without this integrity the system cannot function. We must constantly be alert to the dangers of abuse and corruption that can make a mockery of justice. We must see that the laws of the United States are enforced vigorously but fairly, striking the balance between the rights of the accused and the right of our citizens to be safe from criminal attacks on the streets, in their homes and in the marketplace. We must be determined to defeat crime and those who commit it -- but we must be equally determined that control over crime is not won at the sacrifice of our precious liberties.

C. PERSONAL FREEDOMS AND CIVIL RIGHTS

Civil rights legislation has been enacted by Democratic Congresses to cover numerous groups of Americans -- and yet these Americans possess the same basic rights to equal treatment under the law that all Americans should enjoy. We recognize the need for affirmative action to secure these rights for all Americans, with the goal that it should eventually not be required.

Vesting Federal Civil Rights protection in a myriad of Federal Departments and agencies is an invitation to confusion, inefficiency and poor enforcement. It is no excuse for ignoring the rights of the elderly, the handicapped, children, women, blacks and ethnic, racial or religious minorities.

A thorough review by a Democratic Congress and Administration must be made of civil rights enforcement. During the current economic recession -- which may be with us for some time - equal opportunity in jobs, education, and housing must be protected; the Congress and the new Administration must take a continuing oversight role in ensuring this protection.

D. ANTITRUST, THE POLITICAL PROCESS AND PUBLIC PERCEPTION

Democrats in Congress and Party leaders throughout the Nation have called for strict enforcement of antitrust laws on the books, and a thorough review of these laws to see how they can be made more effective

in protecting both the honest businessman and the consumer.

Free enterprise works as a stimulus to national, corporate and individual economic growth only when it is both free and honest. Anti-trust laws are designed to keep honesty in the marketplace. These laws work to prohibit price-fixing, market division and other collusive anti-competitive practices. They are designed to protect the consumer and competing businessmen from shoddy goods, inefficiently produced by a few, and sold on the market at prices far in excess of fair practices.

The Nixon-Ford Administrations have paid superb lip-service to the principles of free enterprise and effective competition. Time and again we have heard how Republicans were going to protect the consumer and the little man from the depredations and influence of the big and powerful. Republicans under Nixon and Ford, however, have done everything possible to protect and enhance concentrations of economic and social power in the hands of their corporate friends. Democrats in Congress have actually tried to provide this protection. We have worked to restore a truly free marketplace and reduce administered, monopolistic and cartelized pricing practices.

Specific progress by the Congress is evidenced by:

* The action of the United States Senate which came within nine votes of breaking up the petroleum industry.
* The repeal of laws permitting vertical price-fixing under thw euphemism of "fair trade".
* The House passed parens patriae legislation permitting states to sue on behalf of its injured consumers.
* Both the House and the Senate attempts to modernize the investigatory process, and to formulate premerger notification legislation.

The Administration continues, when it comes to action instead of words, to oppose systematically the strengthening of our antitrust laws. Consider these:

* At the behest of the Treasury Department and its investment banker friends, the Administration has reversed itself, and withdrawn support for crucial injunction providions of pre-merger notification legislation being considered in the Senate.

* On the eve of floor action on the parens patriae legislation, supported by all 50 State Attorneys General, Mr. Ford, after a private conversation with the President of Sears & Roebuck, and without consulting any of his own advisors, announced contrary to this Administration's previous oft-stated position, that he did not support the legislation.
* The Administration has gone on record in opposition to legislation that would authorize increased antitrust enforcement budgets for the Federal Trade Commission and the Department of Justice.
* We saw obviously illegal mergers approved simply because the companies involved gave a lot of money to the Nixon Administration.
* We saw, and still see, shameless evidence of corporate bribery.
* We saw antitrust law suits dropped or shunted aside because of blatant political bribery. The most blatant instance was the International Telephone and Telegraph Corporation case in which President Nixon himself ordered that the case be dropped, contrary to the well-reasoned recommendations of the Antitrust Division.
* It was the failure of an Attorney General-designate to testify fully about this incident before the Senate Judiciary Committee that resulted ultimately in his pleading guilty to a criminal charge.

A vital area where the Administration has provided no leadership whatever is the competitive regulation of our energy industries.

* The business community responded to Congress' legislation to to promote international trade by seeking import restrictions -- and the INternational Trade Commission went along.
* The securities industry, in the name of free enterprise, bitterly fought improved price competition for years. The reason is now clear: price competition meant lower brokerage prices.
* The airline industry, rigidly cartelized for years, and aided and abetted by the Civil Aeronautics Board, is fighting proposals to increase price and route competition.

* At a time of energy crisis, the Administration has stood casually by while huge integrated conglomerates have fattened themselves on the distress of the people and squeezed out small competitors at all levels.
* The oil industry, unlike any other American industry, is honeycombed by joint production ventures among the eight major international companies.
* The vertically integrated structure of these companies is seen by many as putting competitive squeeze on independent refiners and marketers and causing higher prices to consumers.
* Oil companies have moved without hindrance into ownership of reserves and production of alternative sources of energy achieving what is perilously close to a monopoly in atomic power.

In the face of wutter Administration indifference to these developments, Democrats in both Houses of Congress have moved vigorously to develop the facts and to formulate meaningful legislative proposals:

* They urged an end to joint ventures among the major companies.
* Supported divestiture of portions of the oil industry.
* Took action to prevent monopolization of alternative fuels by the oil industry.

These efforts must continue and be intensified so that meaningful legislation and other action can be taken by a new Democratic Administration in 1977.

We must do more as Democrats and as men and women concerned for the preservation of our free enterprise system by working toward:

* Meaningful energy antitrust legislation and enforcement.
* Immediate passage of parens patriae, premerger notification and antitrust civil process improvements legislation.
* Vigorous congressional program of antitrust enforcement oversight.
* Increased budgets for our antitrust enforcement agencies.

IV. GOVERNMENT AND HUMAN NEEDS

A. GOVERNMENT'S RESPONSIBILITY

Critism of Government is part of the political currency of our day. However, we Democrats must insist that a distinction be made between government *per se*, and the anti-government, inept and corrupt years of the two previous Republican Administrations. Government which is "bad" deserves to be criticized and replaced.

We have learned through two Democratic Administrations of innovative problem-solving and suffered under two Republican Administrations of Nixon-Ford maladministration, bureaucratic euthanasia, and incredible deviousness. We have listened to the rhetoric and have seen some of the catastrophic results of shifting the problems and the responsibilities to local and state governments without shifting adequate funding and taxing authority. It is just not that easy.

We cannot look, for example, at our cities -- victims of inflation, lowered income bases and disproportionately high costs in meeting their citizens' human needs -- and talk about these vital centers of American life as if they were unprofitable corporate subsidiaries. We cannot dispose of the cities and their problems by selling them off, or selling them out. No American is less an American and deserving of the protection of his Federal Government simply because he lives in a large metropolitan center.

Democrats believe in making government better, more responsive and more responsible. Of course, Americans have a bad taste in their mouths because government has not met their needs. The economy continues to limp along. Inflation and unemployment continue at totally unacceptable rates. Federal housing policies and programs are cruel jokes on both the taxpayer, who is spending billions a year and getting little for it, and the prospective homeowner who cannot find a home he can afford.

Democrats left the Nixon-Ford Administrations a legacy of well-designed programs aimed at gradually solving some of our most persistent, unmet human needs. The Administrative mechanisms were in place, funds were authorized, state and local governments were brought into the planning and budgeting process -- all the Republicans had to do to make them work

was use half as much cleverness as they displayed in crippling and destroying them.

B. GOVERNMENT'S CAPACITY

Throughout this document are specific recommendations to the Platform Committee. They show that Democrats have not lost faith in the capacity of government to be responsive. They indicate that Democrats are again ready to use government as a means of serving the American people. Government can and must be a blessing; Republicans have encouraged the American people to look on it as a curse.

A Democratic overview of governmental goals which a Democratic Congress and a Democratic President will work towards in the spirit of consensus, not veto confrontation, includes:

* Policies and programs designed to guarantee every American a decent job at a decent wage -- a policy of full employment the best way to cure unemployment and inflation.

* Strict and uniform standards and criteria for welfare, and making the program one which benefits only those truly in need.

* A National Health Care system which provides the best possible care at the lowest possible price -- a comprehensive National system.

* Continuous replacement and rehabilitation of substandard housing and decent sales and rental housing at prices and interest rates average Americans can afford to pay.

* Tax reform which reinstitutes the Democratic tradition of more individuals sharing in the growing wealth of the Nation. Enforceable minimum tax rates for both individuals and corporations. Greater use of certain tax incentives to stimulate creation of jobs in areas of economic decline.

* Encouragement of energy conservation, exploration and an increasing degree of self-dependence -- compatible with the need to protect the environment.

* A balanced transportation system which serves all areas of the Nation with efficient, competitive and economical means for both personal and goods transportation.

Government can do only part of the job that a strong and prosperous America requires. An effective government will encourage and

stimulate private industry and its individual citizens to do their part. It will take time before we can undo what the Nixon-Ford Administrations have inflicted on the American people. But we can and will again make government responsive and effective.

A national leadership, which inspires the enlistment of the people in their own governance and involves them in the improvement of the quality of life for all America, is the goal of the Democratic Party.

B. HOUSING

This Nation is facing a crisis in housing -- one whose outlines are clear, but whose full impact has not yet been felt. Our population is growing - the children of the baby boom of the 1950's are reaching the age to form their own families - but the production of housing is at the lowest level in the past two decades.

The inevitable consequence of these two trends is that housing is in short supply and that which is available is expensive. There are already signs of families doubling up -- as they did right after World War II - and most assuredly there will be more doubling-up in the next few years. Costs have hit record levels. It is estimated that at these levels 80 percent of our population is priced out of the market for new housing.

A brief comparison of housing costs indicates the serious problems confronting young - old - rural - urban.

	1970	1974	1975 *
Median sales price single family housing	$23,400	$35.900	$39,300
Precentage attributable to:			
Labor	17.3	15.6	15.8
Materials	37.0	32.8	32.4
Land	20.2	21.3	22.2
Financing	6.5	10.5	9.7
Overhead and Profit	12.1	12.1	12.3
Other	6.9	7.7	7.5

A primary cause of our housing difficulties has been the ambivalent attitude of the Nixon-Ford Administrations to the nation's housing needs. After utilizing public subsidies to a mamimum in order to get elected in 1972, Nixon-Ford followed by using most opportunities

* (based on preliminary data and projections prepared by the Library of Congress)

to impede required action. They impounded funds. They cancelled programs. They failed to follow the law's requirements to plan for developing the necessary resources to hold costs down. When Congress passed legislation, they delayed issuing the procedures necessary to get the programs started.

Even more disastrous was the program they adopted which succeeded in nearly destroying the Department of Housing and Urban Development as an effective operating agency, certainly reducing it to a shambles of confusion and despair. In addition to attacking existing housing policies, their failure to act in accordance with housing legislation, and extremely negative and disparaging speeches regarding the problem, they completely disorganized HUD's field organization and lowered its ability to act by appointing political hacks to critical operating jobs.

The impact of their attitudes, appointments and delays has been disastrous. Direct costs of miamanagement of HUD programs has totalled over $2 billion. The indirect costs have been far greater. Housing was forced through a record depression. Housing starts dropped from over 2,400,000 new housing units to less than 1,000,000. It has been a substantial and contributing cause of our high levels of unemployment. The rate of unemployment in home construction has been six times as high as our economy at large. It has been estimated that our national production was 25% less than it otherwise would have been. Housing costs and prices were driven up. Blight in our central cities and many suburban areas spread at record rates. The tax burden on our cities has been exacerbated.

The costs of maintenance and upkeep of housing units were forced upward not only by inflation but by the reduction of the supply of housing. Comparison of operation and maintenance costs are made (1967=100), the burden forced upon present home owners demonstrate that no one is exempt from the ravages of the Nixon-Ford housing policies.

	July 1970	July 1975
Maintenance and Repairs	152.4	188.1
Fuels and Utilities	117.2	168.0
Property Taxes	140.5	158.4

In contrast to this record, a Democratic administration will act to fulfill our National Housing Goals of a decent home for every American family. We will do this through:

1. Improving the Administration of housing policy. HUD will be reorganized and depoliticized. It will be administered with the objective of meeting housing, not political goals. Instead of being wasted in empty destroyed units, the money required for housing will go to lower housing costs and to halt the waste of our cities' resources.

2. Rehabilitation of existing housing. Direct programs will be inaugurated to reclaim abandoned neighborhoods. Direct investment to meet related urban needs will revive our cities and restore their tax bases. In addition the next Administration will give greater emphasis to new construction. In center cities, small towns and rural areas, existing housing is often inadequate, unavailable or unsuited to the need of the people.

3. Increasing low and moderate income housing construction. Federal mortgage assistance, direct expenditures and construction loans will bring a new wave of low and moderate housing construction. Costs on Federal projects will be tightly controlled, thereby assuring that the product can be delivered for a reasonable price.

4. Improving the planning of urban and suburban growth. With the energy crisis and the financial crunch, local governments can no longer afford to provide costly services to burgeoning, unplanned sub-divisions. The Federal Government must encourage cities and suburbs to consolidate, to plan together, and to share revenues, in order to assure energy-efficient and inexpensive delivery of services to all.

5. Initiating more active and properly funded rural housing programs. A disproportionately large percentage of substandard housing has traditionally been found in rural areas, and the failure of the Federal Government to provide sufficient funds to correct this blight has contributed to the flight of the poor to the cities. Now that the population trend

seems to have reversed, it is the duty of the Federal Government to insure that rural America has the resources to serve its citizens old and new. The young farmer, the rural worker, the rural veteran, the rural elderly -- each must have access to the housing market on terms equal to his urban counterpart.

To add to the housing problems, President Ford vetoed the Emergency Housing Act of 1975 - legislation which would have alleviated some of the most serious difficulties facing our country.

The net effect of Democratic management of our National housing programs will be: more houses available at lower costs and with lower interest rates; a reduction in the deterioration of our cities; an ability of families to find suitable housing where they want it; a big boost toward full employment as jobs are made available in the sectors of highest unemployment and a greatly increased capital investment and production.

C. HEALTH

The health of the people is a clear illustration of the intimate connection between economic progress and human well-being. The cost of obtaining adequate medical care in line with modern scientific knowledge, is utterly beyond the financial reach of a majority of our people. This is wasteful, inhuman and immoral, especially when we have the natural and human resources available. What is needed is a full and stable economy, a better distribution of income, and efficient and effective organization of delivering health services.

Health care is the nation's most rapidly growing industry. Hospital costs are now 40% of total medical costs and medical costs are 8% of the Gross National Product. Medicare and Medicaid costs are hearing $38 billion a year, while overall expenditures for health purposes reached $118.5 billion last year. This means a per capita outlay of $547 for every man, woman and child in America.

The Nixon-Ford inflation had one of its greatest and most terrifying effects on the cost of health care. The expenditures for health care

in the United States increased from $69.2 billion in 1970 to $118.5 billion in 1975.

Faced with statistics like these, the question is no longer whether but when we will create a comprehensive national health insurance system. The Democratic Party is committed to a speedy course of action.

NATIONAL HEALTH INSURANCE

We Democrats declare that every American has a right to medical care. To insure this right, we will create a national health program that will provide a comprehensive benefit system assuring access to the full range of health services essential to the preservation, maintenance and restoration of good health for all our citizens regardless of age, sex, race, income status, employment status, place of residence or any other consideration.

We propose National Health Insurance as the only way to underwrite the burden of financing health care and improve our entire health delivery system.

Our goal is the highest possible quality of medical care for the treatment of disease, injury and chronic illness with the greatest possible protection against unacceptably soaring costs. We will take into account existing inadequacies and inequities in the present health industry, and emphasize research, prevention and early detection.

We recognize the necessity of new incentives to improve existing practices. We know that health care is often unavailable even where funds are at hand, that private health insurance plans offer only incomplete and partial protection at exorbitant costs, that the uneven distribution of health resources afflicts both rural and core city areas, and that insurance to meet the ravages of catastrophic diseases -- wiping out life savings of even middle-income families and mortgaging their future -- is virtually non-existent.

In drafting our National Health Insurance plan we will include all these factors in our consideration and will base ouf NHI program on the following principles:

(a) guaranteed access to whatever health services are needed to sustain or restore good health;

(b) elimination of economic barriers to the availability of needed health services;

(c) coverage of preventive, rehabilitative and restorative health services;

(d) assurance of equitable financing of the costs of health services and effective distribution of health care services throughout the nation;

(e) Incentives and controls to assure efficient management of our national health resources and to curtail the rising costs of health care;

(f) provisions for effectively and humanely meeting the long-term care needs of our disabled and aged citizens.

Of greatest importance in the success of NHI will be quality and cost control. A workable and fundable insurance program for the Nation's health must incorporate these features:

- A prospective reimbursement system under which participating institutions will set their budgets in advance and hospitals, clinics and nursing homes will have incentives to save, not waste money;
- A reimbursement method based on actual costs, not on fees by health care providers who determine what they wish to charge for a given treatment or procedure;
- Uniform cost criteria for medical fees derived independently from the current system of "historical" costs and charges'
- Federal standards and authority for reviewing and imposing prospective rates;
- Required treatment of all patients by providers who enjoy staff privileges in hospitals and nursing homes;
- Revised fee-for-service systems to reduce unnecessary treatment, especially in surgery;
- Quality control through Professional Standards Review Organizations (PSRO's) to measure the medical necessity of hospital admissions and procedures;
- Public accountability based on strong planning and data to relate hospital construction to demonstrated need, to control inappropriate hospitalization, to reduce duplicate and sub-standard services, to assure payments by NHI will not be made for services that do not meet acceptable standards.

We muat also take care to phase in benefits now provided such as under Medicare and Medicaid.

During the period prior to enactment and implementation of NHI we will of course give increased funds to overall health planning, to the end that the new system will reflect the best analysis of the health needs of our people.

HEALTH SERVICES

Until enactment of comprehensive health insurance, the Democratic Congress will continue to promote health services for the most vulnerable groups in our society -- migrants, Indians, people in rural areas, particularly the rural poor, and residents of other under-served areas, including the inner cities. Many of these programs were extended through fiscal 1977 when Congress overrode the Presidential veto of S. 66 which authorizes programs for health revenue sharing, community mental health centers, and family planning projects. Congress will both insure sufficient funds to support continuation of existing programs and to develop new programs to meet future health needs.

Our new Administration should give renewed emphasis to direct health care delivery systems: to improvements in public health departments so they can, among other things, assure improvements in immunization levels in our population and plan an active role in control of environmental health hazards; to increase programs of screening, diagnosis and treatment; to improve school health programs; to greatly strengthen and expand maternal and child health programs; to enlarge National Health Services Corps; and to expand community mental health services.

We will extend rehabilitation services for alcohol abusers, projects for emergency medical service systems, and adequate support under the Maternal and Child Health Program (Title V of the Social Security Act).

BIOMEDICAL AND HEALTH SERVICES RESEARCH

The Democratic Congress will continue to promote the Federal Government's role in insuring the finest possible quality of biomedical research through the National Institutes of Health and other resources.

We will also support funds for health services research and statistical activities to provide information on how effectively to control rising health care costs, improve the distribution of health resources and correct other deficiencies in the system.

HEALTH MANPOWER

A stronger Federal role in influencing the supply and distribution of health manpower is required. We must provide better solutions to the problems of geographic maldistribution of health professionals and the profession.

The reimbursement policies of the current financing programs of Medicare and Medicaid, should be redesigned to encourage primary care training and practice, the practice of medicine in rural areas and the use of paramedical personnel including physician assistants and nurse practitioners where appropriate.

We must significantly increase the numbers of scholarships to medical students in exchange for voluntary practice in rural and urban areas that suffer from inadequate service, and secure a substantial increase in residency training in the primary care specialties.

HEALTH PLANNING

There should be strong suppoet for health planning. Extension of the health planning program should be a first priority of the Congress and the new Administration. Further, the National Health Insurance Program should be structured around a planning mechanism which approved plans for all new facilities and large capital investments in the medical plant, and ties reimbursement for services to certification of need for the facilities in which the service is delivered.

We will seek to influence medical, dental and osteophatic schools not only to orient their students toward primary care practice but also to expose them to training in ambulatory care settings away from traditional urban hospital settings.

HEALTH EDUCATION

While every individual has responsibility to maintain his own good health, governments have a responsibility to provide him with information which allows him to make intelligent decisions about

good health care and practices and to assist him to utilize available services effectively.

LONG-TERM CARE

We must develop an adequate long-term care program that responds to both the medical and social needs of the elderly, disabled and retarded. This program should emphasize out-of-institution alternatives to nursing home care; maintenance of standards wherever treatment is given which assures decent, humane care for the individual; involvement by local citizens to assure flexibility and responsiveness to the needs of the elderly, disabled and retarded and an informed, interested local presence that assures the care provided is at reasonable cost and of high quality.

MEDICAL DEVICES

We will press for programs designed to assure that all medical devices distributed in this country are safe and efficacious, by requiring that such devices be subject to one of three types of Federal controls: pre-market clearance, compliance with established standards or acceptance of general controls.

FOOD AND DRUG ADMINISTRATION

We will accelerate the implementation of regulations and administrative procedures by the FDA to fulfill its mandate to protect the public health and safety by keeping off the market items that are dangerous or deleterious to consumers.

DEPARTMENT OF HEALTH

A Democratic President and a Democratic Congress will give thorough consideration to the desirability of creating a separate U. S. Department of Health.

D. EDUCATION

Nothing more clearly indicates the intimate relationship between economic progress and the well being of our people than education. The Nixon-Ford Administrations have been abysmally unmindful of this unique relationship. Democrats, however, are mindful of the importance of education and have provided leadership in achieving Federal aid to education. This is the only mechanism to provide the fullest possible development of every person's capacity to learn and to apply that learning to making a better America.

Democratic Congresses, since the breakthrough National Defense Education Act of 1958 and increasingly through the Elementary and Secondary Education Act of 1965 and all the subsequent legislative enactments in every significant field, have established the foundation on which we must build.

What we need henceforth, and what the Democratic Congress will provide, is full funding and full implementation of the education laws now on the books. The way has been found. It is in the statutes. What remains to be done is for Congress to continue to exert the popular will, and for the new Democratic Administration to carry it out.

In the face of the Nixon-Ford record of consistent and repeated attempts to abandon the national commitment to quality education for all our citizens - through vetoes, impoundment of funds, refusal to expend appropriations, and proposals to abolish or undercut successful, on-going prorgrams - it is essential that we Democrats draw a clear line of battle. We reassert and reaffirm our unaltered championship of Federal aid to education, both in general and with respect to the specific programs enumerated here.

The Democratic Congress will strive to improve the opportunities for every child and adult to obtain the maximum level of educational attainment of which he or she is capable, through programs directing substantial assistance into areas of special educational need:

- all educationally disadvantaged children
- all handicapped children
- all gifted children
- all children of pre-school age

We will continue, strengthen and provide funds for:

- vocational education for youth and adults
- bi-lilingual educational opportunities
- guidance and counseling programs
- assistance to local educational agencies to acquire library resources, textbooks and instructional equipment
- assistance to educational agencies to fully finance programs in keeping with the 1974 Educational Reform amendments to Public Law 81-874 (Federally impacted areas)
- special programs to enhance language and mathematical skills
- programs to improve opportunities for Indian children

- grants to States to strengthen supportive services and administrative roles in education.

The Supreme Court of the United States in Brown vs. Board of Education established the Constitutional principle that states may not discriminate between school children on the basis of their race and that separate but equal has no place in our public education system. We support the goal of desegregation as a means to achieve equal access to quality education for all our children.

There are many ways to desegregate schools, and local school districts must have maximum flexibility to use those approaches best suited to local needs, consistent with court decisions. Most communities, however, lack the funds necessary for constructive voluntary approaches, and in order to further this major national goal, we feel the Federal government must provide significantly increased financial support. In addition, the Federal government must encourage local school districts to undertake comprehensive planning to insure that equal educational opportunity is provided to all students. In so doing we will expand the mechanisms and resources available to State and local educational agencies in establishing and maintaining unitary school systems. Thus,we can begin to remove the courts from the education business by resolving the issue that put them there.

Recognizing that a boy or girl who goes to school in one area may as an adult work and live within our country in an area two or three thousand miles away, the Democratic party affirms that education, if anything is a national problem. Therefore we will seek new legislation designed to help and encourage the States to equalize school finance so that a child's educational opportunities no longer depend on the financial resources of the particular school district in which he resides. In addition, the local tax burden may be more equitably distributed in order that the local taxpayer's burden may be lessened.

Democratic Congresses during the past decade have established a balanced Federal policy for post-secondary education which has the potential of addressing the needs of our citizens at all levels of the income ladder while insuring a diversified, open post-secondary educational system.

At the same time college costs have risen to the point where students are paying almost twice what they paid 10 years ago. A financial crisis has resulted, not only in institutions, but among families struggling to finance higher education for their sons and daughters. In order to insure equal access to quality post-secondary education for all Americans, the Democratic Congress will:

- carry forward and expand the Federal commitment that no student be denied higher education because of financial barriers
- provide full funding for the Basic Educational Grant program and expansion of college-based student aid programs, supplemental grants, work-study and low-interest loans
- provide adequate aid to institutions to accompany student aid at both undergraduate and graduate levels
- encourage State-wide planning in post-secondary education, expansion of State-administered student assistance programs, and adopt policies demonstrating that the Federal government is a willing partner with the States in financing post-secondary education
- encourage private and State support for private educational institutions
- in cooperation with the States and the post-secondary educational community develop policies and procedures for greater consumer protection for students and their parents
- provide incentives for life-long learning and non-traditional study

Library and Information Services

The Democratic Congress will continue library programs funded by the Library Services and Construction Act, the Elementary and Secondary Act and the Higher Education Act.

We will encourage the joint use of library and information resources and freer access to specialized library collections through

preparation of interinstitutional catalogues and development of electronic and other systems of rapid transmission.

We will continue support for training programs in librarianship and library and information science.

There are more than 75,000 public school and university libraries in the United States. Their effective development, management and financing are essential to the continued progress of the nation in education, science, commerce, agriculture, health and foreign relations.

School Lunch and Nutrition Programs

The Democratic Congresses of recent years have for the first time in our history brought millions of needy children into the school lunch and child nutritional programs. Federal funds for free and reduced-price lunches for otherwise ill-fed children have risen dramatically.

The Nixon-Ford policy, on the contrary, has been a combination of refusal to carry out Congressional directives and efforts to reduce Federal support.

The Ford Administration is proposing to cut $800 million from school lunch and child nutrition programs below the amounts required by the1975 amendments. In addition, the courts have thwarted President Ford's attempt to rescind funds for the special feeding program (WIC) by $61.5 million.

Because of inflation, the cost of a nutritionally balanced lunch has risen nearly 70% in the past decade. As a result the number of children purchasing daily lunches has dropped from 18 million in 1970 to 15.3 million in 1975.

Faced with this crisis -- undernourished bodies mean undernourished minds -- the Democratic Congress resolves to:

- provide a sound basis and a continued commitment to make the school lunch program available to all children
- expand participation to include the 18,000 schools, many private, that do not now take part
- cut down food waste in the feeding program
- continue adequate support for special supplemental feeding for the nutritionally deficient, low-income pregnant and lactating women, summer feeding of needy

children, year-round feeding for children in day-care centers, settlement houses, Head Start Centers and institutions for handicapped children.

E. WELFARE POLICY

We must assure that needy Americans are provided an adequate income for sustenance, while preserving work incentives and providing expanded employment opportunities for all those persons able to work. The key to true reform is the preservation of work incentives; employable Americans in a health economy will receive their income from work rather than welfare. For those who are unemployable, we must, of course, maintain a program of adequate public assistance.

We will effect a thorough overhaul of family welfare programs, particularly aid to families with dependent children. The existing system is both costly and inequitable.

Consideration should be given to establishment of a Federal family-income maintenance plan, along the lines of legislation passed twice by the House of Representatives in 1970 and 1971.

We will require that cost-of-living increases under the SSI system be "passed through" by the States to the needy recipients. Further, we will increase the basic Federal SSI benefit by an amount needed to insure that no aged person is forced to exist on a sub-poverty level.

We will eliminate the individual "means test" for seniors in programs using social services funds, and substitute group eligibility. We will also raise the ceiling on funds for social services to take account of the 28% rise in the consumer price index since 1972 when it was imposed.

F. SENIOR CITIZENS - SOCIAL SECURITY

We Democrats pledge ourselves to a national policy toward the aging and aged members of our human family which, while in no way neglecting the maintenance of generous, kind and respectful support for those who need help, lays strong emphasis on creating opportunities for older Americans to continue living as productive citizens for as many years as they can and will.

Traditionally, the Democratic Congress has recognized that responsibility, concern and care for the elderly must be one of the

basic values of our society. Further, we have recognized that the needs of older Americans will not be adequately met through general programs but through definitive, categorical efforts aimed at specifically what they need.

We must and will insure the solvency of the Social Security Trust funds. We acknowledge that Social Security (OASDI) faces short-range and long-range financial difficulties and we must act on that knowledge.

We reject any increase in the regressive social security payroll tax, because the adverse effect on low-income workers who earn too little to pay income taxes yet must pay 5.8% of their earnings for social security would be far too severe.

For the short-range, we must increase revenues going into the Social Security Trust funds in order to assure continued payment of benefits in the 1980's. We favor following the example of most other advanced industrial societies, which use general revenue funds to provide income maintenance for their retired older workers.

In the longer run we will have to modify the provisions of the Social Security Act relating to cost-of-living increases by limiting the application of future cost-of-living benefits to beneficiaries currently on the rolls, while establishing a new formula for new beneficiaries.

We will enact legislation in the new Congress to bring the cost of the disability program under better control and better administration, provide equal treatment for men and women under Social Security, and improve the operation of the social security earnings limitations.

Pensions

We will insist on close monitoring of private pension plans under the Pension Reform Act of 1974. We favor a shorter minimum time for vesting and portability for older workers. We will give immediate attention to the pending crisis in many public service pension systems so as to provide income security for millions of

retired civil servants.

Employment of Older Workers

The Democratic Congress has repeatedly voted adequate funds for the Community Services Employment for Older Americans Act in the face of an utterly negative Nixon-Ford policy. The Administration has never requested funds for this program and, in fact, in the 1977 budget proposes to terminate all funding. We pledge continued support and vigorous administrative action to make this important program work.

The Comprehensive Employment and Training Act of 1973, providing manpower services and public service employment, specifically targets "older workers" as one group to be included in all programs. Yet, while 9% of the population, 12% of the labor force and 8.6% of the unemployed are aged 55 to 64, in only one of the CETA programs administered by the Nixon-Ford Labor Department are even 5% of the persons participating from this older age group.

If this national effort to create job opportunities for older Americans is to succeed, we must drastically improve the administration of CETA. In place of the Nixon-Ford policy of neglect, we must move forcefully to make sure that older Americans become and remain productive citizens through full-time or part-time employment.

Though the Democratic Congress increased the authorization for the Age Discrimination in Employment Act administered by the Department of Labor by $2 million in 1974, the Administration failed to increase the number of enforcement positions accordingly. We favor stricter enforcement of this important legislation as a means of reducing unemployment of older workers, and we favor increased funds for this effort to eliminate discrimination in the hiring on grounds of age, a major barrier to job-seeking older citizens.

We have as a priority the establishment of an effective older worker's unit in the Department of Labor headed by a high-ranking official to serve as a guarantor that full consideration is given to senior citizens in all the Department's activities.

Health of Older Citizens

We will develop a coherent Federal policy on long-term care designed to allow the elderly to remain in an independent living arrangement of their own choice for as long as possible.

While our ultimate goal is a health security system that insures comprehensive and quality care for all Americans, in the meantime health care costs for elderly citizens under Medicare must be reduced rather than increased as proposed by the Ford 1977 budget.

We will put an end to the delay in full implementation of the nutritional program for the elderly which under the Nixon-Ford Administrations have millions of unspent dollars that could and should be used to buy thousands of meals for needy, hungry older people.

Utilities for Older People

The Democrats will take the lead in establishing as national policy, a "lifeline" principle for the elderly, through which they are guaranteed the fuel and light they need for heating, cooking, and illumination at low fixed costs.

Transportation for the Elderly

We will give much higher priority to transportation projects under the Older Americans Act. Without access to transport, elderly people, especially the disabled and enfeebled, cannot go shopping, to the bank, to the clinic, or to the doctor.

Administration on Aging

We will elevate the Administration on Aging within the Federal bureaucracy and strengthen its role as the focal point in the Federal Government for elderly Americans.

G. VETERANS AFFAIRS

America has for 200 years held in highest esteem those who fought in its wars. Fulfilling the nation's obligations to its veterans is a matter of sacred national honor.

Over the years the Democratic Party has established the finest and most comprehensive veterans' program in the world. The Veterans Administration operates the largest hospital system on earth -- 138 general hospitals and 33 psychiatric hospitals, providing medical care to nearly 1.5 million in-patients and 15 million out-patients annually.

We have likewise created and generously supported programs for veterans' compensation and pensions, education, jobs and housing.

We are pledged to continue our long-standing commitment to the well-being of our 29 million veterans, who, with their families, comprise almost half of our population.

1. Health

In the field of veterans' health care, we will

Insure priority treatment for service-connected disabled veterans, both as hospital inpatients and in out-patients and ambulatory care programs adminstered by the Veterans Administration.

Provide every eligible veteran with high quality medical care, emphasizing new treatment modalities such as ambulatory care.

Maintain and improve the independent system of Veterans Administration health care for America's veterans and their dependents.

Modernize, enlarge, expand and better staff the medical facilities of the Veterans Administration where necessary to meet the increasing medical requirements and changing needs of all veterans including aging World War II veterans and the special needs of post World War II veterans.

Emphasize high quality medical and prosthetic research.

Expand and improve medical education opportunities in VA hospitals, including training in the allied health professions and occupations.

Expand and improve day-care treatment programs for needy disabled veterans to obviate their need for long-term custodial care.

Transform the VA domiciliary program from custodial care to therapeutic rehabilitation and incventive therapy designed to achieve a high ratio of rehabilitation and self-reliance.

Develop new nursing treatment modalities such as the hospital-based home care program.

Support equitable funding for the VA state veterans' homes.

Expand eligibility for dental services for sick and disabled older veterans living on low fixed incomes.

2. Compensation and Pensions

We will:

Provide adequate compensation with special consideration for the most severly disabled to assure that those veterans injured in service and dependents of veterans who die of service-related disabilities are not hopeless victims of inflation.

Review compensation programs for both the disabled veterans and survivors to be sure that these programs bear the proper relationship to rising patterns of income due to inflation.

Strongly support non-service-connected pensions to needy disabled or elderly war veterans and their spouses. Payments must relate fully to the cost of living and increased emphasis on pensions for those with special health problems.

Provide automatic cost-of-living increases for veterans receiving pensions.

3. Education

We favor action to:

Continue veterans' education and training programs for two years for those who entered the service voluntarily since the end of the Viet Nam War.

Continue vocational rehabilitation for those who are disabled while on active duty.

Provide education programs for war orphans and widows of service-connected veterans.

4. Jobs

We will expand activities to obtain job counselling and assistance for the veteran who is unemployed or underemployed.

We will seek to elevate the Veterans Employment Service of the Department of Labor, which is primarily responsible for job assistance for veterans to the assistant secretary level.

5. Cemeteries

We will continue development of regional cemeteries so that

every veteran who so desired will have the perpetual honor of being buried in a national cemetery reasonably close to his home.

V. STATES, COUNTIES AND CITIES

The Democratic Party espouses a legitimate type of cooperative federalism -- a "New Partnership." The changing nature of our industrial society, massive shifts in population and productive resources, the perduring troubles of our cities, plus problems so large they require Federal assistance -- all call insistently for reexamination of Federal, State and local government relationships -- relationships which must strengthen rather than weaken intergovernmental responsibilities.

The intertwining of governmental responsibilities in an increasingly complex and fast-moving society, require a degree of close cooperation in all areas of governmental responsibility -- in planning, budget, jobs, education, housing, transportation, energy, health, welfare, or in providing the collective leadership needed on all levels of government.

The problems of massive population changes, as they effect the social and economic health of America, must be understood in terms of two migrations.

The first is the movement of an upwardly mobile middle class to the suburbs. The second is movement to the cities of the economically disadvantaged from certain areas in economic decline.

These migrations have had a particularly harsh effect on city finances -- as comparatively wealthy taxpayers and businesses leave, they are replaced by individuals and families who constitute a net drain on city treasuries, instead of a contribution.

A nation divided between affluent suburbs and deprived inner cities cannot permanently endure and prosper -- particularly, when this growing economic and social gap creates more segregation and resentment than we have laboriously succeeded in eliminating. These conditions are a threat to the suburbs because they are a threat to all America.

Conditions even within the suburbs are not as "good" as they might seem. Public costs are rising faster than public revenues -- partly because the rapid flow of people from the inner cities to the suburbs does not represent a balanced distribution of population and economic activity.

The Federal Government needs to participate actively and increasingly in bringing about a better economic balance between inner

cities and the suburbs. Neither of them can solve their separate or joint problems alone. Aggregate costs are too great -- access to revenues too inadequate In many cases problems overflow state and other boundaries.

These problems require a large degree of leadership, inventiveness, and application of financial resources on the part of the Federal Government, with much more effective and comprehensive mechanism for cooperation at all levels of government. The material resources and brains of the private sector must also be involved in all major aspects of regional planning and government.

Also needed is the type of cooperative planning essential to the achievement and maintenance of full employment and balanced economic growth. When the Federal Government plays its necessary part in maintaining full employment and full production in a growing economy -- as it must -- the inner cities, the suburbs and rural American will not be living in heaven; but their problems on earth will be far more manageable.

A. PATTERN OF METROPOLITAN GOVERN ENT AND INTERGOVERNMENTAL RELATIONS

The Democratic Party has had for a long time a concern for metropolitan areas and the efforts of the Democratic Congress to raise the quality of life in these areas has been outstanding, especially in view of the continued opposition of the Nixon-Ford Administrations and its large industry allies. An excellent case in point was the passage by the Democratic Congress of the National Environmental Protection Act of 1970 and the vigorous effort to achieve an increase in the use of mass transits, which would have the ability to improve the mobility of the inner city population and thus expand the area in which it can seek gainful employment.

During the Kennedy-Johnson Administrations there was manifest a keen desire to improve intergovernmental relations in order that the most vexing problems could be dealt with effectively and efficiently. The effort to incorporate government and state governmental activities directly into the decision-making processes was a much sought after goal. In addition, revenue sharing with state and local units was viewed as a reform measure which would transfer income to the poor, minorities and other inner city inhabitants who were in desperate need of social

services. The Democratic Party had envisioned this procedure by sharing Federal revenue dollars which were collected by progressive taxes rather than regressive local and State taxes with local policy makers. The local policy makers would have a degree of freedom to determine their priorities in the expenditure of these funds. This was viewed as a flexible means of upgrading the general economic well being of our cities and localities without the undue burden of increased local taxes.

The Nixon-Ford Administrations have distorted both the concept and the operation of Federal revenue sharing. They have achieved this by their customary mismanagement and chronic underfunding. The underfunding has been deceptive. The real reduction took place in grants from Federal programs and never replaced through "revenue sharing". They have used it as a vehicle not to expand but to curtail social services among the various groups and in the geographical areas that are in greatest need. A number of studies have analyzed the method and means by which the Nixon-Ford Administrations have plagued the inner city almost inexorably into an economic despair. The Caputo and Cole studies which analyzed $2.8 billion revenue sharing funds dispensed to almost 33,000 governmental units found only $88 million devoted to social services for the poor and aged. Of the total $6 billion new revenue sharing dollars received by states and localities there was a cutting off or a drastic reduction of 114 old Federal social action programs costing $16.9 billion annually. Thus the Nixon-Ford Administrations have achieved that economy which never touches those most able to afford it and never fails to include the poor and the aged who comprise a major part of the population in greatest distress.

The Democratic policy never economized by the reduction of expenditures related to urgent human need, rather the thrust was to utilize funds more efficiently in dealing with difficult problems. It was not the Democratic aim to spend only 11% of the revenue sharing funds for health and social services for the aged and poor. It wasn't the policy of the Democrats to have the Federally shared dollars go to the affluent suburb and there to replace either existing taxes or the need for increased taxes. Thus the

deprived were worse off than ever before.

The Nixon-Ford Administrations substituted phrase-making for jobs, rhetoric for health benefits and large doses of advice as to the necessity of personal sacrifices on the part of the aged and poor. Their new Federalism stressed decentralization and cost reduction which exacerbated rather than relieved the inner city problems.

The Democratic Party believes in a revenue sharing that results in remedial programs for those people in greatest need. Revenue sharing was not meant to replace any and all categorical grants with the result being less help to those in need. The Democratic Party believes that increased funds can be made available to local and state units by not only sharing the revenue with the Federal Government but also by the maintenance of more categorical grants.

The Democratic Party believes that revenue sharing can be supplemented in support of the private sector such as non-profit institutions -- hospitals, colleges and welfare agencies.

B. URBAN NEEDS AND FEDERAL RESPONSIBILITIES

Seventy-five percent of all Americans now live on about 5 percent of the land. Population increases, plus migrations from the South and other rural and less developed parts of the United States have placed on our cities a burden they neither asked for nor were free to reject. Federal court decisions concerning language, residence and voting rights make clear that these migrants from rural America were not to be denied certain rights and assistance just because they were not born in the cities.

Urban neglect by the Nixon-Ford Administrations is even more outrageous and ironic when you realize at the very heart of the urban crisis is the worse economic decline in the Nation since the Republican-Hoover depression of the 1930's. Nixon-Ford mismanagement of the economy caused State and local governmental revenues to fall far below what was needed to keep the cities and states running efficiently and to provide assistance required by disadvantaged residents.

Nixon and Ford were offering slogans and "Win" buttons to help restore the economy to stable growth, and simultaneously castigating the cities for their lack of "self-reliance."

We Democrats realize that the best politics is the politics of conciliation and partnership, and not the politics of confrontation. The

next Democratic Congress and the new Democratic President must develop a new Urban Policy -- a policy of cooperation -- a "New Partnership." We Democrats, in New Partnership with cities and states, will work to develop this consensus -- a consensus in planning, budgeting and evaluation. This will be accomplished without any Federal preemption of local initiative, responsibility or talented ability to assess local situations and design local solutions with the technical and financial assistance of the Federal Government.

In addition to the need for increased cooperative planning in both the long and short term, we must develop regular liaison instrumentalities with State and local governments and agencies. During the Kennedy-Johnson years, a period of unprecedented and historic commitment to our cities, there resulted a close and continuing contact between the Administration and state and local governments. We shall reestablish those channels of communication and cooperation.

Long and short term planning must become a cooperative effort. With the energy crisis and the financial crunch, local governments can no longer afford to provide costly services to burgeoning, unplanned subdivisions. We Democrats must encourage cities and suburbs to consolidate, to plan together and to share revenues.

Direct and indirect assistance to the cities must be increased. This can be achieved through greater Federal assumption of the unfairly distributed welfare burden. We can assist by providing standards and criteria, in addition to greater funding. Development of a National Health Care system will also provide cities with some relief in assistance costs.

We must improve access cities have to the capital markets of the Nationa. We can help improve the efficiency and equity of regular municipal borrowing by including a provision for an interest subsidy on a taxable municipal bond option. In 1975 alone, State and local governments lost some $27 billion in revenues due to the Nixon-Ford economic mess. We must redress that loss through full employment programs for our cities, programs which not only provide public service jobs, but programs of incentives to stimulate creation of permanent jobs in the private sector.

A responsible tax incentive program for urban job creation must be developed and developed soon.

Coupled with and working with a full employment program for the cities, will be an adequate public works program. The urban decay permitted by the Nixon-Ford Administrations is so severe that only a massive marshalling of our forces can reverse the trend. This program can be used to construct or rehabilitate public facilities such as hospitals, schools, transportation systems, public buildings, plus the creation of new housing and small business buildings and the improvement of present sub-standard units.

Federal grants-in-aid for all purposes have dropped for the fifth straight year: from 25% of domestic outlays in 1972 to 21% in fiscal 1977.

We must reverse this trend of less assistance in time of greater need. We must also put an end to the "reorganization" of Federal programs which is just an euphemism for their destrustion. This form of bureaucratic euthanasia has been practiced on many Democratic categorical grant programs. Too many times, particularly in the health field, have we ended up with a new organizational chart for a program destined to do nothing substantive but instead designed solely to fool the Congress.

Grants must be increased in the fields of health, education, planning, urban renewal, transportation, regional government coordination, plus the entire gamut of public works programs, environmental protection and cultural, scenic and recreational enhancement.

Democrats have established an enviable record in assistance to transportation - highways, mass transit, inland waterways, airports and air control. We shall continue and improve on that tradition, and without breaking the highway trust fund. An added dividend to this Federal assistance has been greatly enhanced public safety in the use of all modes of transportation. Congress recently greatly aided the cities by making available about $6 billion for use by urban centers for either highway or transit, at the local option. We shall continue moving towards a more balanced national transportation system.

A balanced national transportation system has been advocated by the Democratic Congresses. We Democrats have created Amtrak and seen its ridership continue to climb -- particularly in the Northeast corridor where airspace and related congestions make the construction of many new airports less than desirable.

ConRail has been created to provide the Eastern and Midwest States and Cities with efficient and reasonably priced rail transport service.

Local mass transit systems are becoming increasingly necessary as we move to reduce traffic congestion, and lower air pollution levels -- particularly in the very centers of our cities, where pollution frequently reaches levels clearly harmful to the health and well-being of all in the area.

The Nixon-Ford Administrations have failed completely in their responsibility of developing a National Transportation Policy. Speedy development of this policy is of vital importance not only to the cities, but to the entire Nation. Components of that policy will include a better coordinated national system, emphasizing intermodal coordination, contributing to greater energy efficiency by better matching users with the mode -- air, water, highway, rail, bus, urban freeway or mass transit.

The needs and problems of the cities we have catalogued and discussed here are the needs and problems of the vast majority of Americans -- the urban and suburgan dwellers of America.

These needs are not competitive with the other needs of America. In a society so intertwined and with economies so interdependent, it is meaningless to try and separate the problems of America into neat jurisdictional categories. The problems which we see in our core cities are merely the obverse of the rural coin.

We Democrats in our policies and programs will practice the politics of enlisting all Americans in the cause, of improving the quality of life for all Americans.

C. SMALL TOWNS - COUNTRYSIDE AND RURAL AREAS

The intensive problems of our cities are related to the depressed conditions in rural America which have forced many people off the land.

From 1950 to 1970, almost e ght million people left rural areas, adding to the impaction of urban areas.

In sheer numbers, alone, this migration has deepened the city problems of fire and police protection, garbage collection, health care, welfare payments, traffic control and all of the usual services to citizens.

It is essential to act with dispatch to relieve the serious problems that continue to plague rural America with increasing severity. While the problems of urban areas have deepened because of the flight from rural areas, the failure to seek remedies in both rural and urban areas has found a deterioration in both. Thus, it is essential to city dwellers that farm and small town dwellers be helped to maintain a sound economu with stable population.

The achievement of this means production and price stability, based on abundant production; but it also means a parity of services.

Agriculture certainly is one important aspect of rural development but rural development is by no means just agriculture. Rural development does, or ought to, encompass virtually every aspect of governmental policy whether it be concerned with agriculture, communications, community facilities, education, employment, energy, the environment, finance, foreign trade, health, housing, industrial development, national security, natural resources, mining, social welfare or transportation.

The quality of the response our government makes to the needs of the people of countryside America has always been vital to the present and future welfare of our Nation. But, never before have the responses been of so critical importance as they are today. Ninety percent of our food production capacity is located in rural America. Most of our mining, timber harvesting, and much of our energy production is carried on in countryside America. We are missing, or ignoring, too many opportunities to make the most efficient and effective use of the potential of human and other natural resources in rural America.

Although it has become a cliche to label rural poverty as invisible, we now find that it is very visible -- in the cities. The rural poor, who had no opportunity to break out of their poverty at home, have been dead-ended in the welfare trap of the cities, and the plight of the cities intensifies. Providing our rural poor with an alternative to out-migration

by way of poverty-breaking economic opportunity at home, or marketable skills if they choose to leave their homes, will save rural people and their communities. It will also save our cities. This broad goal can be reached by funding components for human resource development in all major rural development efforts. We will thereby assure the rural poor direct benefits and participation from all of our efforts to upgrade Rural America.

The Democratic Congress has made valiant efforts to redress the problems of rural areas - first in the Agriculture Act of 1970.

The Democratic Party strongly endorses the Congressional Commitment stated in Title IX of the Agriculture Act of 1970, which reads:

"The Congress commits itself to a sound balance between rural and urban America. The Congress considers this balance so essential to the peace, prosperity, and welfare of all our citizens that the highest priority must be given the revitalization and development of rural areas."

It shall be the responsibility and duty of the Democratic Party and its leaders to actively work for the development, pursuit, and continued support of national, state and local policies which insure that any program undertaken shall make fair and equitable response to the needs, problems and potentials of the citizens of countryside America. It shall further be the responsibility and duty of the Democratic Party and its leaders to discourage and oppose all policies which fail to meet these objectives.

Rural areas of the Nation share with the urban areas critical problems in agriculture, communications, community facilities, employment, energy, the environment, finance, foreign trade, health, housing, industrial development, natural resources, mining, social welfare and transportation. Nevertheless, the nature of these problems for the countryside citizens is frequently different from the nature of the same problem in urban areas. It will be,therefore, the objective of the Democratic Party to promote and encourage the development of government programs that are specifically designed to respond to these problems in rural areas It shall further be the policy of the Democratic Party and its leaders to oppose any programs which purport

to address national problems but which fail to take into account the special nature of those problems in rural areas.

History has shown that many countryside communities are not making use of, or are making very limited use of Federal programs which would assist them in improving the quality of life available to their residents. This is happening not because the people of heartland America don't want to make their communities better places to live but rather because they have not had the technical expertise and resources to make it possible for them to obtain and use assistance under the Federal programs. It shall be the objective of the Democratic Party to promote, encourage, and support the development and full implementation of Federal programs which will provide to countryside communities the technical assistance they must have in order to achieve successful participation in federal programs which can help them improve their communities.

Again the Democratic Congress reinforced its early effort by passing the Rural Development Act of 1972. During the consideration of the Act, the House reported:

"There are many....disparities between rural and urban America. The crux of the problem is that the generally poor conditions in rural America have led to the many chronic problems existing now in the poorer areas of our cities."

By passing the Act, Congress provided some new credit for business and employment in rural areas. The Administration, however, has continued to assign its lowest priority to rural America and the failure to implement this program along with many others proves a continuing frustration in remedying the sorrowful state of America's countryside.

The Postal Service must operate as a service. The delivery of letters to the people is the principal function of the Postal Service, and concepts of "break even" or cost-cutting should never be permitted to obscure that most important objective.

We must establish administrative policies to insure that the American people are faithfully served by their Postal Service, and that postal rates be maintained at reasonable levels.

Efficient and reasonably priced postal service is, of course, essential to every population group, no matter what size. New York City

and the most sparsely populated areas depend on such service. In rural areas , however, the post office is the lifeblood of the small community. It, in addition to providing traditional mail services, serves as the information center of the community.

It is the law that no small post office shall be closed solely for operating at a deficit. Efficient, continuous and affordable mail service in small towns, the countryside and rural areas is vital to the maintenance of the communications network in these areas.

To help insure this continued service throughout the Nation, and especially in rural areas threatened with the loss of their local postal facilities, the new Congress and Democratic President should work together to direct the Postal Service to carry out the intent of Congress as stated in the Postal Reorganization Act of 1970, which protects communities, small towns and rural areas from the loss of these postal facilities.

VI. NATURAL RESOURCES AND ENVIRONMENTAL QUALITY

A. Materials Policy & Non-Fuel Minerals

Democrats have long been aware that supplies of materials essential to the stable economic health of the United States are steadily shrinking and increasingly insecure. President Truman brought this matter to the forefront of national issues in 1952 with the appointment of a Presidential Commission on Materials Policy.

Twenty-five years later, political and economic upheavals throughout the world have again focused attention on the need for assuring ourselves steady access to these essential materials at reasonable prices.

Complex problems arising from the interdependence of materials, energy and the environment have increased calls for a unified national materials policy. Production of many essential materials has been hindered at times by a lack of adequate energy supplies. Recent shortages of natural resource materials led to shortages of many industrial and consumer products and added significantly to a U. S. and world inflation, from which we have not yet recovered.

Increasing U. S. dependence upon foreign producers for basic industrial raw materials has become a matter for concern. The need to recover and recycle a larger proportion of discarded materials from solid waste is becoming critical. Development of a unified national materials policy to deal with these and other problems must and shall be considered by the Congress and the new Democratic President.

Democrats in this Congress have introduced legislation and conducted hearings on the need for a national materials policy. This effort will continue and will form the base for Congressional input into the development of needed policy.

The economies of all developed countries are heavily dependent upon imported materials. Since 1950, the United States, European

and Japanese economies combined have consumed more materials than the world has produced up to 1950. The United States is, by far, the largest consumer of materials, totally and per capita. In 1970, with 5% of the world's population, the United States consumed 27% of the materials produced.

As primary deposits of domestic materials resources have been consumed and depleted, the U. S. has increasingly become more dependent upon foreign sources of supply for needed basic industrial raw materials.

Increased worldwide demand for materials and the lack of growth in productive capacity to meet increased demand, has led to periodic shortages of various key industrial materials. Recently, shortages of many such materials were further exacerbated by lack of energy sufficient for extraction and processing.

We must and shall formulate a National Materials Policy which will:

* Encourage the maintenance of a healthy, efficient, domestic materials-producing industry,
* Assure adequate supplies of needed raw and processed materials.
* Guarantee an adequate reserve of materials needed for military production under conditions likely to prevail in wartime.
* Avoid sudden, wide and costly fluctuations in materials, prices, production and supply lines.
* Prevent the discharge of waste materials into the environment in amounts and ways which threaten human health, comfort and aesthetic sensibilities and injury ecological balances.
* Guarantee adequate supplies of basic industrial raw materials for the Nation's future industrial growth.
* Decrease dependence of the Nation's industry upon imports.

* Study and determine the advisability of attempting to attain national self-sufficiency in basic industrial raw materials, as was recently under consideration for energy.

* Facilitate negotiations with underdeveloped nations which could form materials cartels to promote their own social, economic and political benefit at the expense of the United States and other developed economies.

As an adjunct to the development and implementation of a National Materials Policy, we shall encourage research and development to discover materials substitutes and to allocate, on a priority basis, essentially irrepaceable materials resources to the most appropriate product and service sectors of the economy. Conservation of scarce materials resources which will also be a significant factor in a National Materials Policy, will also be a high priority in a Democratic Program.

B. Energy

The impact of the Arab oil embargo of 1973 was so devastating and crippling to the American economy that its effect upon the American people can hardly be overestimated. Whether the Nixon-Ford Administration had been treating the problem with the benign neglect that characterized their concern for so many other problems or whether they consciously refrained from any planning in order not to intrude into the profit making of the oil companies is not known. Whatever the motive, however, the do nothing policy beggared the American people to an awesome extent.

Billions of dollars were lost in income and production and millions of lost jobs were the economic legacy of the Nixon-Ford negligence. Notonly was the domestic economy dealt one of the most paralyzing blows in many a decade but/also the international impact eroded the standard of living of our friends and allies and our standing in the international community.

Such a disaster need not have happened. Warnings were evident in abundance. The Democratic Party was viewed as "talking irresponsible nonsense" when it sought to warn the country as to the impending energy

problem and the need for planning both for conserving our existing supply and marshalling our skills to increase energy sources. The Nixon-Ford Administration reacted with timidity and half heartedness. They appointed a number of "energy czars" the parade of which has been likened to sailors of the past as they walked the plank. Governor Love (Colorado) stayed for a short while after he was "unable to find out who was running the show." Rear Admiral Sonenshein stayed several weeks "without getting the feel as to what should be done." Dr. Sawhill took the task seriously and when it appeared that he might suggest a regulation of industry he was quickly replaced by Mr. Zarb.

The Nixon-Ford program of volunteer restrain by consumers, higher prices, and higher profits was in reality no plan. Their"free market" solution would depend on decontrol of the prices of oil and natural gas. Then as the prices to the consumer rose, fuel consumption would drop because many consumers would be priced out of the market. Profits would increase and businesses were supposed to be motivated to invest in exploration for new sources of energy. Hence the demand would be reduced and supply increased.

The magic charm of the free market was flawed, however, since the market was not free. The price was a monopoly price established without too much objection from U. S. domestic producers by the Oil Producing Exporting Countries. The dislocation caused by price increases in turn played a significant role in the 9% unemployment level - the highest since the great depression. The legerdemain and the promises of the Nixon-Ford Administration again proved faulty for higher prices did not diminish the nation's consumption of gasoline. Gasoline prices increased 60% without a corresponding decrease in consumption. Despite the assertions of President Ford that high prices, high profits, meant increased production, the results were all too predictable. The level of profits increased in the oil industry to an unseemly level but production rates continued to decline.

The Democratic Congress sought to fill the breech between the Nixon-Ford Administration's busted game plan and the needs of the American people. In contrast to the Executive Branch, the Congress did not panic. The Democratic Congress passed the Energy Policy and Conservation Act which protected successfully the consumer and the economy by placing a reasonable lid on domestic oil prices while allowing adequate profits and incentives for the industry. The Democratic Congress, therefore, would not allow domestic oil prices to move upward at the whim of the oil producing exporting countries.

The Democratic Congress embarked on an impressive record of legislation to promote energy conservation and enhanced energy supply - usually with vigorous opposition from the Nixon-Ford Administration. After lengthy analysis, the Democratic Congress concluded that up to 25% of our consumption or about 10 million barrels per day of oil equivalent can be saved through improved energy usage. There has been abundant testimony before the Congress which clearly shows that there are many cost effective measures that can reduce this waste.

Efficient use of energy does make economic sense; it is required for optimum economic growth and increased employment. We can maintain a stable and growing economy without perpetuating "gas guzzling" and other wasteful habits.

The Democratic Congress has moved decisively to reduce needless consumption by passing the following legislative measures:

1. Mandatory automobile mileage standards 20 miles per gallon (on the average) by 1980 and 27.5 miles per gallon by 1985. The Nixon-Ford Administration and the oil industry vigorously opposed these measures by preferring voluntary goals at lower levels.
2. "Truth in Energy" labeling for appliances with a goal of a decrease of 20% in consumption (on the average) for appliances by 1980. The targets were angrily fought by industry and initially by the Nixon-Ford Administration.

3. Voluntary energy efficiency targets and required energy reports by the 500 largest energy consuming industrial companies. Again, industry strongly opposed this measure.
4. State energy conservation plans to reduce needless energy consumption at the state level.
5. Cost-effective weatherization grants for low-income families.
6. Mandatory energy efficient standards for new building construction.

In addition, the Democratic Congress is seeking to enact:

1. A program to create an Energy Conservation Extension Service similar to the Agriculture Extension Service. (pending)
2. Financial incentives in the form of tax credits, loan guarantees and loan subsidies to encourage the implementation of cost-effective conservation measures. (pending)

These measures passed by the Democratic Congress, the majority of which had to overcome the vigorous opposition of the industry and the Nixon-Ford Administration, will save this nation considerable energy and money. The higher prices that have been advocated by the Nixon-Ford Administration and the petroleum industry would not have been nearly as effective and would have regressively increased burdens on the consumer.

New Supplies

The Democratic Congress established policies based on a realistic appraisal of the facts. They were aware that seventy-five percent of this nation's energy comes from petroleum and natural gas. No matter what the oil companies charge the consumer, America will still find at the turn of the century that the easily obtainable liquid and gaseous fossil fuels will be essentially exhausted. It is crystal clear that America must develop a broad spectrum of energy production options so that we will never again be so dependent on any one particular source of energy.

As long as it is economically feasible, the nation should pursue the research, development, demonstration, and commercialization of all

our options: fossil, nuclear, solar, geothermal and conservation. We cannot afford to do less. In order to achieve this goal the Democratic Congress labored long and hard to pass the following measures:

1. The creation of the Energy Research and Development Administration which is to systematically pursue all of our energy options. In order to broaden our base of energy options, the Democratic Congress has increased funding for solar, geothermal, and fossil energy R&D programs significantly above those requested by the Nixon-Ford Administration.
2. The creation of a program of strategic petroleum reserves in order to discourage future oil embargoes.
3. Enhanced coal production by the passage of $750 million in loan guarantees to small coal mine operators. The President has twice vetoed the Congress' strip mining bill. This has resulted in the worst of two possible worlds. It has allowed the continuation of the environmental damage of strip mining and has curtailed coal production because of the uncertainties.
5. The creation of an independent Nuclear Regulatory Commission to assure that nuclear facilities will be operated safely in the public interest.
6. In order to accelerate the commercialization of solar heating the Congress has passed the Solar Heating and Cooling Demonstration Act. In addition, we need to expand solar R & D, geothermal R & D and non-nuclear energy.
7. The establishment of loan guarantees for the development of geothermal power sources.
8. Emergency standby authorities for the President in the area of energy resources.
9. The transfer of $6 billion from the highway trust fund to the Mass Transit Trust Fund. Mass transit should be encouraged because it consumes about one-third as much energy as the automobile as well as reducing congestion and pollution in our crowded cities.

10. A continued program to protect the environment while not compromising the nation's energy position.

11. The reestablishment of the office of the President's Science Advisor which was abolished by President Nixon in 1973. It is imperative that the chief executive have in-house scientific expertise available to him on a day-to-day basis.

12. The establishment of new auditing procedures of energy supplies and production rates so that opportunities for misinformation, such as last winter's natural gas shortage, will be reduced.

A part of the problem confronting the Democratic Congress has been the failure of the Nixon-Ford Administration to develop a source of energy information independent of the oil and gas industry.

President Harry S. Truman vetoed a bill in 1950 that would have exempt natural gas producers from Federal regulation. He observed in his veto message:

> "...that authority to regulate such deals is necessary in the public interest because of the inherent characteristics of the process of moving gas from the field to the consumer. Unlike purchasers of coal and oil, purchasers of natural gas cannot easily move from one producer to another in search of lower prices.....Competition is further limited by the degree of concentration of ownership of natural gas reserves. While there are a large number of producers and gatherers, a relatively small number of them own a substantial majority of the gas reserves."

As recently as June 26, 1976, testimony before a Congressional Committee by the Chairman of the Federal Power Commission explained:

> "The cost of gas today in the intrastate market does not bear a relationship to the price of that gas. The price of that gas in the intrastate market is determined by a seller's market in a time of great shortage and, second, based upon the commodity value of that gas in comparison to the world price of oil. It may be three times the cost of the gas."

Prior to the 1973 Oil Producing Export Countries' price increase, intrastate natural gas prices were comparable to interstate prices. Following the OPEC price increases, however, intrastate producers rapidly began to increase their prices to approximate the monopolistically-determined OPEC levels.

The violent surge in intrastate natural gas prices that followed the Arab oil boycott and subsequent OPEC price increases supports the observation that there is no such thing as decontrol but really a question of U. S. control vs. Oil Producing Export Countries' control.

The industry attributes current natural gas shortages to Federal price regulation. Yet in 1971 all but two major producers of natural gas agreed with the Federal Power Commission ceiling price of 26 cents per million cubic feet as consistent with the incentive for exploration for and development of gas reserves. The present ceiling price of 52 cents per million cubic feet of natural gas is over 25% higher than the 1969 ceiling price of 16.5 cents to 20 cents per million cubic feet.

The industry's failure to honor its 1971 commitment underscores the folly of the Administration and the FPC's "give them what they ask for" policy. Indeed, the myriad price increases and benefits that have been accorded natural gas producers in recent years have contributed to the present natural gas shortage by encouraging producers to withhold gas from the interstate market in anticipation of the higher prices that would result from decontrol.

Conclusion

Increased natural gas supplies for the interstate market requires better -- not less -- regulation. Specifically, a hold-the-line policy on further price increases to end speculative withholding and the extension of Federal wellhead price regulation to the intrastate market to provide for an equitable distribution of natural gas at just and reasonable prices.

Beyond the Energy Crisis: The Policy of the Future

The Democratic Party is proud of the leadership provided by the legislative actions of the Democratic Congress. In most cases these

accomplishments have been achieved despite the angry opposition of the Nixon-Ford Administration and the industry. It is clear that a divided government with the executive branch in the hands of the Republicans and the legislative branch in the hands of the Democrats has impeded urgent and necessary progress in energy planning. In January 1977, it is the intent of the Democratic Party to have a more unified government which will respond to the long-range dangers of future energy shortages by forging ahead vigorously in these following directions:

* Conservation of energy--the reduction of the needless waste of energy--remains our primary goal in the near term. Each barrel of oil saved means one barrel of oil that does not have to be imported.
* The establishment of equitable costs of energy as a human rights of all citizens so that all, especially the poor, will be guaranteed adequate power at reasonable costs.
* In the near term, before 1984, we must have a well-balanced energy production system which would emphasize:
    - Enhanced oil and gas recovery;
    - Direct utilization of coal;
    - A synthetic fuels industry;
    - Use of light water reactors;
    - Solar heating and cooling of buildings;
    - Geothermal energy;
    - A continued viglance and national will to protect our environment responsibly;
    - A continued support of mass transport;
    - The utilization of urban and agricultural wastes for power regeneration.
* In the near term we must continue to develop the energy options which will use the renewable and virtually unlimited sources of energy so that in the 21st century we will no longer be reliant on exhaustible fuels. In order to do this we recommend adequate funding for:

- Solar electrical power and fusion power
- Continued R & D into Fossil and nuclear energy to enhance safety and reliability. Also, to better assess and utilize our resource base.

* Selective federal supports to establish accelerated private production, but protecting against "over-involvement" by the federal government.
* In order to lessen the possibility of the proliferation of nuclear weapons to the lesser developed nations of the world we would advocate a significant tightening on the conditions for the export of nuclear facilities at the next nuclear suppliers conference. America cannot unilaterally effectively dictate to the world how this should be done, but we must encourage the nuclear supplies to act more responsibly. We are concerned with the use of nuclear reactors as bargaining chips by the Nixon-Ford Administration in the troubled areas of the world.
* Increased cooperation with the oil exporters of this hemisphere in order to insure an uninterrupted flow of oil.

Democrats have pioneered conservation programs relating to river basins, lands, and waters. The interrelationship of hydroelectric power and reclamation of agricultural lands have been vital in the development of the western United States.

In order to meet both present and future needs for energy, municipal and industrial water supply, water quality improvement, irrigation water service, fish and wildlife enhancement, outdoor recreation, flood control, navigation and river regulation and control, it is necessary that a comprehensive water resource program be undertaken. Such a program should be oriented toward balanced resource use and protection.

Under a Democratic President and Congress the Reclamation Law would be designed to consider geothermal and solar energy as well as environmental and ecological values in addition to the traditional concern of salvaging arid lands and providing energy. Also, a Democratic leadership will upgrade existing power marketing programs and expand this system in order to

increase the capability for delivery reliable service at reasonable cost to existing and potential consumers.

C. Agriculture

The Nixon-Ford Administrations began where the previous Republican Administration was interrupted by the grateful election of President Kennedy. The Nixon-Ford Administrations, with their willing and eager disciple, Secretary of Agriculture, Mr. Butz, lost little time in reinflicting the same oppressive policies upon the farmer and reinstating the same divisive policies that sought to promote a confrontation between farmer and consumer.

Farm families have been plunged into ever-increasing disparity of prices and incomes compared with others. The claim that "over population" would be cured and farm income increased by driving farm people into the cities where useful jobs would await them was the final insult and delusion.

Republican misrule in agriculture and farm policy cannot be defended by history. In the last year of the Truman Administration farm parity was 101% and the last year of Mr. Benson and the Republicans farm parity had plummeted to 81%. The blessed relief of the Kennedy-Johnson years returned the farm price ratio by 1968 to about the level of 1952. Agriculture prosperity was greated with suspicion by the Nixon-Ford Administrations and by February 15, 1975 the adjusted farm parity ratio collapsed to 72 - lower than in any year since before World War II.

The agony of the farmer was not to be lonely for if the farmer got the heel of the Nixon-Ford boot the consumer got the toe. The American public does not need to be informed about what has happened to market basket food prices, as a spread between what the farmer receives and what the consumer pays has so greatly increased. Never once has the Nixon-Ford Administrations brought the full power of Government to bear upon the administered prices and profit margins between the time when the food leaves the field and the time when it reaches the dinner table. And despite the rapidly decreasing

size of the farm population, both absolutely and relatively, the sorry condition of farm income has been a large factor in the lamentable average performance of our entire economy since 1969 and the consequent massive idleness of people and machines. The machines do not use food, but they do use fibers, and we do not now produce enough fibers to meet the needs of a fully growing economy.

We pledge to carry forward strenuous efforts on behalf of an abundant agriculture in an abundant America, in the full perspective of all national policies and programs designed to restore and maintain full employment and balanced economic growth. Rural life must not be destroyed in urban America, for rural life contributes mightily to the strength and worth of our democracy.

Increasing Problems in Rural America

As millions of individual farmers prepare again this year to produce all-out abundance for a world-wide market, they have been hampered by negative lackadaisical policies and mishandling of their programs by the Nixon-Ford Administrations, including outright vetoes of efforts by the Democratic Congress to strengthen rural America.

Farmers have been harassed not only by uncertainties that always plague their lives and work, but also by the Department of Agriculture and the White House. And insult has been added to injury by having consumers set against them, instead of promoting harmony toward a policy of abundant production at reasonable prices.

* By manipulating export controls, the Administration has shown a reckless disregard for the needs of agriculture.
* By ignoring urgent requirements of modern farmers for more energy, basic supplies and transportation, the Administration has intensified the squeeze between prices and costs of farmers.
* By denigrating the established farm programs, the Administration has chipped away at the concept of parity for agriculture and protection against prices below the cost of production.
* By leaving farmers to a boom and bust philosophy, the Administration has dangerously eroded the reserves of food and fiber which underlie stability for consumer and producer alike.

* The Democratic Party pledges to restore a strong farm program, stop administrative abuses and go on to help build a prosperous, stable rural America based on global needs.

Income and Prices

* To stop the Republican policy of boom and bust, we must strengthen and update the 1973 Agricultural and Consumer Protection Act to make the loan and target price programs more effective in meeting today's farm problems. Without meaningful income assurance, full production cannot be achieved in an uncertain economy.

* Special attention must be paid to the price support program for dairy products in order to halt a further exodus from dairy farms, historically a foundation of our family farming. The Nixon-Ford Administration vetoed a bill assuring dairy farmers 85% of parity which in itself was a compromise. A Democratic Congress and Administration would treat dairy farmers as first-class citizens by providing 90% parity for dairy farmers which would be reviewed quarterly.

  Dairy farmers remember the Flanigan plan which was among the most damaging devices invented by the Nixon-Ford Administration. The result of the Flanigan plan was to place the small dairy farmer at such a disadvantage that, if fully implemented, it would have guaranteed his demise.

We must continue and intensify efforts to expand agriculture's long-term markets abroad that provide outlets for two-thirds of our wheat, one-half of our soybeans and one-fourth of our feed grains. At the same time we must prevent disruptive, spasmodic raids on the American granary by foreign purchasers.

The Republican embargoes on grain for export have not only seriously disrupted American agriculture but have been grossly unfair to farmers trying to produce abundance at fair prices.

We must use the production of food and fiber in America as part of a constructive foreign policy based on long-term benefits at home and abroad, rather than manipulation for diplomatic trade-offs and deals.

Production and Marketing Aids

Because farmers are individual producers, having to deal constantly with organized suppliers and marketers, they need assistance in bargaining for and obtaining the tools of production.

They must obtain a high priority for access to fuel and energy, as well as transportation for raw commodities and processed feed.

We must achieve a close scrutiny of the industrial sources of farm equipment and supplies in order to root out illegal concentration and price manipulation.

We must revitalize the basic credit programs to enable farmers to achieve full production with stability at the least possible cost. Besides low interest rates, farmers need access to more capital for basic production and improvement of rural communities. Also, we must help young people obtain access to farming by access to fair credit terms.

We must refocus the massive research capabilities of the Department of Agriculture and the land grant college systems so as to serve better the needs of the smaller farmers.

We reaffirm the rural electrification and telephone programs with continued efforts to get sufficient energy to rural areas.

We reaffirm our support of the cooperative movement in production, supply and marketing, coupled with vigilance over anti-competitive abuses.

Congress has passed legislation to clean up the commodity future markets and gain inspection; we will continue to achieve confidence and integrity in our market system.

Benefiting the Consumers

Our basic policy is that consumers can be helped most by an assurance of abundant high quality production at relatively stable prices. They are not helped in the long run by boom and bust or by having animosity stirred between them and farmers.

We must work toward improved mechanisms, such as farmer-to-consumer marketing to reduce the price spread between the amount farmers receive and consumers pay.

In the existing market system, we can revise grading standards to reflect nutrition and help consumers select best buys. Similarly, we can strengthen inspection services to assure quality commodities in the market place and carefully control the excessive use of pesticides and other chemicals.

We would encourage more widespread home gardening, aided by the Extension Service and other agencies in urban areas.

We need a thorough examination of changes in the food industry that might bring about greater efficiency in the massive distribution system for food, including the elimination of anti-competitive practices.

In the tradition of using our farm abundance to feed those most in need, we must improve the administration of the food stamp program. We must also provide food service to infants in day-care facilities, children at school and the elderly at home or in institutions.

We would help consumers indirectly by renewing the nation's forests through reforestation and sound management.

Above all, we would constantly remind consumers and farmers of their interdependence and mutual concern for constructive programs.

Developing Rural America

The goal of Democratic programs for agriculture has always been to help the people who work on the land, to improve their lives and to conserve our soil and water resources for future generations.

To guard against erosion of these values, we should change the tax structure so as to close loopholes that attract farming solely for tax purposes, rather than continued interest in the land, and so as to enable a farmer to pass his land on to his family without interrupting production or destroying the family pattern.

We must pay increased attention to rural needs in the distribution of federal grant funds for developing better housing, health, manpower and water and sewer systems. One of the most serious consequences of the Nixon-Ford Agriculture program has been the continued opposition and refusal to fund the Rural Development Act of 1972, enacted by the Democratic Congress. It has also starved the Farmers Home Administration for essential staff rendering even the programs that have been implemented

partially or completely unavailable in many rural states and communities. The Democratic Party supports all aspects of rural community development and betterment. It stands for the full implementation and funding of the Rural Development Act of 1972. It also supports full-staffing of the Farmers Home Administration and other delivery systems for rural development.

D. Ocean Resources

A rational and coordinated policy in the field of marine resources is needed. Such policy should be directly beneficial to the overall U. S. economy by reducing costs of marine resources to consumers, result in increased job opportunities in the field of ocean industry, produce an increased tax base, and improve the U. S. balance of payments. In addition it would better utilize the talents of our highly-trained scientists, engineers and other marine professionals and technicians.

This policy must also include development of U. S. positions for negotiating sessions with other Nations on the configurations and use of the new 200 mile off-shore limit. Care must be taken that fish and related resources included in this new area are treated as resources of all the American people and not the exclusive economic preserve of any particular group.

Care must also be taken to ensure increased environmental protection not only to the coastal areas of the U. S., but to all areas upon which we impact with ocean resource development and shipping. These efforts must also be actively pursued in conjunction with international bodies, and through multilateral and unilateral agreements and treaties. The ongoing Law of the Sea Conference is an important instrumentality of which the U. S. is a member. Matters before this Conference include deep-sea mining, international environmental protection and the extension of national perogative to the 200-mile limit.

This national policy must also include:

* New opportunities for increased development of a domestic fishing industry capable of supplying, at a reasonable cost, the needs of the United States consumers. The Democratic recognizing all this pledges itself to a national policy which will include:

* The development of marine energy resources, particularly the oil and gas deposits of the Nation's Outer Continental Shelf, which will enable the U. S. to reduce its dependence on foreign energy sources, with the concomitant political uncertainties and the continuing threat to a stable national economy.
* The Development of deep seabed mineral resources lying beyond national jurisdictions, for the purpose of assuring access to a stable supply of mineral resources necessary to the maintenance of growth of an industrial nation, the economic health of which depends on supply sources not controlled by the whims of foreign political powers, nor threatened by the surging price policies of international cartels.
* Fostering and promoting the investment of capital into marine activities looking to the ocean and its seemingly unlimited capacity of contributing to the overall benefit of mankind.
* Increasing both basic and applied research into the nature and possible uses of marine resources, including thermal variations for possible energy use; krill fishing as both a source of protein for domestic consumption and a supplement to the protein needs of the developing world; deep sea and Antarctic research into the nature of the oceans and the substrata of Antarctic, with its resultant better understanding of long-term trends in world weather, tidal action, marine biology evoluation and genetic trends.

The oceans, as our greatest untapped source of water for direct and indirect usage, must be looked upon as an eventual resource for the application of developing technology related to sea-water conversion to potable conditions. Thus, as an adjunct to an ocean's resource policy we must coordinate with these ongoing research and development technologies.

As an initial step there must be a thorough and comprehensive investigation of the accomplishments of the Water Resource Planning Act institutions with a view of restructuring the entire coordinating machinery for water resource development planning.

Flowing from this investigation, we must establish a program which will assist in assuring the States and the Nation of a supply of water sufficient in quantity and quality to meet the requirements of an expanding population and economy.

We must also stimulate, sponsor, provide for and supplement existing programs for the conduct of research, investigations, experiments and the training of scientists in the fields of water and of resources which affect water.

We must further research in Saline Water. This technology can assist in improving the quality of the environment by upgrading municipal supplies and the treatment of industrial wastes, plus reduce suspicious trade pollutants in drinking water, or other water sources which can enter the human food chain.

Saline water conversion can also help in the regional development of areas where poor quality or insufficient supplies of water exist, particularly in the West, where huge supplies of water will be needed in the next decade.

E. Recreation

The industrialization and computerization of America is removing the excessive burden of both physical labor and some of the time-consuming and routine mental decisions from the lives of more and more working Americans. Machines and computers are creating a vast leisured class -- a class which, before the turn of the century, will find its workweek further shortened, its vacations stretching into months instead of weeks, its job demands permitting sabbaticals and job-sharing with others.

By the year 2000 over 260,000,000 Americans will be looking for ways in which to spend their leisure time in constructive and rewarding ways. Psychological literature on the need for and uses of leisure

time indicate that, unless we provide education in the use of leisure time and provide a transition period in which people can accustom themselves as individuals to this new opportunity, serious damage could be done to the mental and physical health of the Nation.

The increase in leisure time available to Americans, plus our efforts to conserve our natural resources and protect our environment, indicate the increasing importance of an accelerated land acquisition and management program by the Federal Government.

This acquisition and management program must be guided by Democratic efforts to provide a recreation estate throughout the Nation. In addition, we should realize the value of labor-intensive programs in accelerating our economic recovery and in putting Americans to work on programs and projects that are absolutely essential if we are to preserve the recreation lands already set aside, and if we are to increase our recreation land holdings and provide the necessary development of these areas for appropriate use by the American people.

The Democratic Congress has time and again sought to increase facilities and services for urban recreation. It sponsored the Open Spaces program in the Department of Housing and Urban Development. The Nixon-Ford Administrations opposed the funding of this program and finally refused to fund any part of the $200 million authorized by a Democratic Congress. The Nixon-Ford Administrations have made every effort to add the responsibility of urban recreation to an already overburdened Land and Water Conservation Fund.

A Democratic President working with a Democratic Congress would provide the leadership and required funding for a viable recreation program for the entire country, inclusive of urban areas.

We must expand the Land and Water Conservation Fund significantly. The existing fund authorizes $300 million yearly to be used for both Federal recreation land acquisition and as matching grants made available to State and local agencies for recreation land acquisition and development. The fund has become the sole source of financing for all acquisition of lands for units of the National Park System, the National

Wildlife Refuge System, the National Forest System, and other Federal lands. At present funded levels it is not sufficient to carry out this task.

The backlog of authorized but unacquired lands for the National Park System is nearly $600 million. Past efforts by the Democrats in Congress to have the size of the Fund increased have been consistently opposed by the Nixon-Ford Administrations. This lack of cooperation and the complete leadership vacuum in the face of such a pressing and immediate need for acquisition and proper maintenance of recreation lands represent a failure of the Nixon-Ford Administrations to meet a clearly articulated need -- a failure which may become extremely costly unless we can reverse this trend very soon. The Land and Water Conservation fund should be increased by the end of the decade to at least $800 million, as has been proposed in pending legislation.

Proper use of this increase in funds will stimulate job opportunities at the local leve, since some 60 percent of the matching grants is designated for development projects on land already acquired. Accelerated Federal land acquisition will also allow planning of additional developments to proceed, which will again assist local employment through construction projects.

Agencies such as the National Park Service have extremely limited staffs to manage their lands. This is a result of the Nixon-Ford Administrations' failure to fill even the number of permanent positions already authorized by Congress. Current Administration controls are keeping National Park Service permanent staffing levels some 1500 positions below the 9000 positions Congress has determined are necessary to fulfill the requirements of the basic statues. The delapidated state of some of our National Parks is a sad testimony as to how this natural resource is being degraded.

We must bring permanent staffing up to levels which permit the job of maintaining and managing our National Parks and other recreation lands to be carried out properly. We must also provide what staffing is required to train and supervise those employees who are classified as supervisory.

We must provide adequate funding for the development necessary to bring acquired lands to the point where they can be used and enjoyed by the American people. Administration failure to provide leadership in this vital area means the land base itself may suffer as well. A separate fund dedicated solely to development of acquired land is needed. The current backlog for the National Park System alone is a staggering $3 billion. A bill to amend the Land and Water Conservation Fund has been passed by the Congress. It would increase the fund to a maximum of $800 million by 1980. If this legislation becomes law it will do much to reduce the backlog.

In addition, we must expand the Historic Preservation Grants to the $200 million level to be certain that many historic structures are not permitted to deteriorate and be irretrievably lost. In this, our Bicentennial year, preservation of our natural and historic heritage must be a top priority.

F. Public Lands

A saying that is gathering increased credence in America is that we have no more frontiers -- nothing to challenge the ingenuity of the more enterprising and venturesome American men and women. Well, challenges are in the eye of the beholder. A frontier is not necessarily to be exploited and ravaged -- a lesson we must learn well and swiftly if the previous heritage of American lands is to be protected and properly utilized -- utilized and protected in an era of increased demands on that land from many different quarters. The frontier challenge of American lands is to assure their protection as they are utilized to the best benefit of the Nation. This is the policy the Democratic Party will pursue.

The public lands are a major repository of goods and services. Minerals, oil, timber, grasslands, water -- all contribute greatly to the economic and general well being of all the citizens. It is necessary that the Administration of these lands result in a balanced use wherein the needs of recreation, the preservation through wilderness, or other means of protection, and wildlife are considered in relationship to mining, timbering and grazing.

The renewable resources such as timber should be managed on a multiple use and sustained yield basis. Timber is in short supply and management in accordance with these proper conservation practices

will supply the most timber in the long run. The overall administration of the Public Lands, in general, should be one of conformity to multiple use. By and large resources, where possible, should be used to satisfy more than one need. A permanent withdrawal or classification from which use should be by statute not by executive action. If withdrawal or reclassification is temporary pending some final decision, then such a procedure should be undertaken with the appropriate cooperation with Members of Congress.

An inventory and assessment of past Public Lands withdrawals is important to understand the existing classification which in turn will aid future planning and administration of the public's resources. Many of past withdrawals for purposes of wilderness and related activities is to be applauded and a review does not mean that these areas will automatically lose their present status.

The Department of the Interior should process citizen applications made under the Public Lands Laws and be required to complete the processing within reasonable period of time. The processing of applications for entry under some of the public land laws invoke the discretionary authority of the Secretary of the Interior while others require action or acquiescence by the Secretary.

For example, the Secretary of Interior under the Mineral Leasing Act has the discretion to determine whether or not public lands should be made available for oil and gas leasing. Under the Mining Law, however, the Secretary has no authority to prevent exploration and mining if the applicant has followed the procedure required by law. In the latter case, there is a present backlog of between 5 and 10 million unpatented claims. Action should be taken to insist these claims be recorded within a given time -- the failure to do so would void such claims.

Recognition must be given to proper land planning and this has not always been the case. For example, funds for range improvements on Federal lands in the West should be used for on-the-ground actual improvements and should not be used for administrative expenses. At present, only a portion of the Federal range lands are in an improving condition. Although the land management agencies claim that one-half of the fees received for domestic livestock grazing on these lands is

devoted to range improvements, much of the money appropriated for range improvements is used to defer administrative costs. Increased funding for actual on-the-ground range improvements would benefit wildlife, water shed protection and domestic livestock production.

Since at least one-half of all money received from grazing fees on Federal lands must be returned to the land for actual range improvements, fees for public land grazing should be charged which will reflect the fair market value of the forage consumed. The regional and national benefits derived from livestock grazing and the benefits to be derived by other public land uses from increased range improvement funding must be recognized and understood.

There is a need to assure that the energy supplies of the continuing forty-eight states are supplemented as soon as possible from the vast resources of Alaska. The Trans-Alaska Oil Pipeline will be completed on schedule in the fall of 1977. Serious concern for the environmental consequences of the pipeline must be a constant effort on the part of both the Executive and the Congress. Several proposals are pending for the ultimate delivery of oil from Alaska to markets in the lower forty-eight states. This must be undertaken in a manner that alleviates shortages even handedly and is consistent with good environmental protection. The routes selected for the transportation of natural gas is soon to be determined, and by the same token, the routes and methods of distribution selected must be equitable to the American consumers as well as consistent with good environmental practices.

In the deepest sense the policies regarding Public Lands affect the most basic and fundamental resource of our nation. We Democrats whose heritage is the land and its gifts pledge ourselves to protecting it and increasing its overall production. We must husband and use these resources in the best interest of all our citizens not just the few.

G. Environmental Quality

The Democratic Congress passed the National Environmental Policy Act of 1969. The implementation of the act has never fully utilized the program envisaged by the Congress. The failure to fund critical elements of the program has not resulted in the improved environment sought by the American people.

Solid Waste: The Means to Achieving Energy Self-sufficiency

The term "solid waste" has many connotations. It easily translates, however, into garbage, dumping, destruction of land and health hazards such as unsafe drinking water. Recent figures indicate that total waste generated annually to be 2.8 billion tons. The cost of disposing of all such waste approximates the astronomical figure of $4-6 billion annually. By 1980, the energy potentially recoverable from theStandard Metropolitcan Statistical Areas waste stream is projected to be more than 512,000 barrels of oil equivalent, over one half of the desired savings goal. It is incongrous that an Administration that constantly expresses a desire to cut back on our consumption of foreign oil should neglect to utilize such a ubiquitous source of energy saving, solid waste. The Environmental Protection Agency, charged with the regulation of the solid waste problem, refuses to request ot support any legislation dealing with the solid waste problem, and has so testified before the Congress.

The solid waste problem is of immediate concern, in view of the fact that 48 of the larger cities in the United States will run out of available landfill within 5 years, and some cities like Jersey City, Kansas City and Boston, already have exhausted their present landfill capacity.

In addition to the landfill crisis, there are constitutional problems on the horizon as states begin to enact laws prohibiting the influx of garbage for disposal from other states. No state wants to become a "Garbage sink".

Existing tax laws favoring virgin materials and the depletion allowance for natural resources tends to foreclose any markets for recycled goods and force industry and local communities, out

of economic necessity, to deplete scarce supplies of virgin materials. These federal policies which the Nixon-Ford Administrations refuse to alter make it cheaper for the consumer to waste resources than to conserve them. This nonfeasance directs business and the consumer to waste, deplete, dump and further insult the environment and bankrupt municipal funds.

The Democratic Congress has viewed solid waste as an untapped energy source that through the use of technology, can be converted into steam, natural gas and oil, thus making the nation more energy efficient. In addition, a useful by-product of an energy producing facility would be the recovery and sale of many materials in the waste stream, e.g. ferrous and non-ferrous metals. Even the small percentage of residue from a facility producing energy from garbage can be utilized in cement or asphalt production.

The utilization of solid waste or garbage to produce energy is not a far-fetched idea, it is a reality. Many of our nation's cities are looking into such energy-producing facilities, and over a dozen projects now exist, with an additional half-dozen projects in some construction phase. There are approximately 200 steam recovery incinerators operating in Europe. There are also approximately 40 energy-from-solid waste facilities in Japan. The use of solid waste as a source of energy should become a national policy, for it will: (1) help solve our management and disposal problems concerning solid waste; (2) help protect our drinking water supply; (3) help conserve our scarce materials; (4) protect one of our most valuable and "endangered" resource, the land; and (5) most of all, provide a great impetus to make our nation energy self-sufficient.

Water Pollution Abatement

The Democratic Congress has provided excellent leadership in cleansing our rivers, streams, bays, and lakes realizing how much the quality of our environment is effected by the quality of our waterways. Unfortunately the Administration has sought to frustrate almost every effort to carry out the directives of the Federal Water Pollution Control Act.

Bureaucratic impoundments, baffling guidelines, and general red tape strangled the program. Congress had wisely determined that the need during 1973 required a $5 billion crash program to help the communities build badly needed waste treatment plants. Only 17.3 million was actually spent. From August 1, 1975 through December 31, 1975, only $33 million worth of projects were approved for the entire nation.

Backlogs were created at an enormous rate - community needs escalated = yet despite the depressed state of the construction industry which could and would have responded immediately, the depression continued as the needs were unmet.

The Federal Water Pollution Control Act of 1972 was designed to further the cooperation between ten localities, states, and the Federal Government. The Democratic Congress took seriously this partnership by the promulgation of an important program of Federal matching grants. The Nixon-Ford Administrations though extolling the virtues in public sought to scuttle it in private. Communities were ready with local matching funds approved and construction plans completed but they waited in vain for Federal approval to start work on slightly more than $2 billion worth of waste treatment plants.

A Democratic Administration will support this far sighted program developed by the Congress and carry forth the obligations of the Federal Government with their state and local partners.

Clean Air

The Nation must move ahead with the prevention of air pollution, while taking into account our current economic and energy difficulties. Only then will we assure this generation and future generations of Americans both a healthy, wholesome environment and a prosperous, productive economy.

Sobering are the latest reports from the National Cancer Institute, which estimate that up to 80% of all cancers in the United States are caused by environmental factors. Clearly, then, now is not the time to roll back the great progress we have

made since Congress developed the Clean Air Act of 1970.

One of the outstanding benefits of the Clean Air Act to date has been the impetus it has provided to American industry to develop new, advanced pollution control technology. Through the development of such instruments and equipment we will be able to assure both continued industrial growth vital to a strong America and a clean environment so essential to a healthy, productive people.

The Congress has carefully assessed the state of current air pollution control technology, its availability and cost to industry, and any potential effects it may have on energy supply and demand. While the Congress recommends increased flexibility in meeting air pollution control deadlines for those industrial plants for which control technology is not yet developed or which find it impossible to acquire the necessary hardware prior to deadlines, nevertheless we are committed to the cleanest possible environment at the earliest possible time. Through new, advanced pollution control technology, we will assure both the continued industrial growth vital to a strong America and the pure living space essential to a healthy, productive people.

Many other areas of concern impinge upon our general environment. The attention to them by the Democratic Congress has been helpful in the face of the Nixon-Ford failure to find at proper levels important ongoing programs.

A Democratic President working with the Congress will seek to:

* Protect wildlife by the expansion of the Wildlife Refuge program, thus guaranteeing adequate habitats for various elements of the National wildlife population.
* Provide adequate funding and personnel to preserve and expand our National Parks and National Forests sanctuaries of the American people in a time of ever increasing complexity and stress.

* Enact strip mining legislation twice vetoed by President Ford. Strip mining controls will not increase costs of coal significantly and will save thousands and thousands of acres from being ravaged, will save streams and water supplies from being poisoned and will protect the land from erosion.
* Assist those States which wish to start a land use planning effort. These states should be helped by the Federal Government. Land is one of our most precious and shrinking resources. We must start to manage its use in more ways which are more compatible with protecting the environment and discouraging unsightly and inappropriate development.

VII. FOREIGN AND DEFENSE POLICY

A. General Principles

In its international relations, the United States should be guided by a number of general principles:

* It should be recognized that international relationships are continually changing and the United States cannot stand aloof or be isolated from them.
* At the same time, many long-time problems remain which will continue to require the nation's steadfastness, including the honoring of treaty obligations and strength against potential adversaries;
* Power politics at the expense of national principles run counter to the 200 year tradition of the United States in world affairs;
* Human rights and the economic well-being of people in the developing world must continue to be a concern of the Nation;
* Increasing international political and economic inter-dependence require the creation of new international mechanism and the strengthening of old ones.
* The true strength of our nation lies in a strong economy, a free society, and a national dedication to continue to champion the cause of human freedom as we have for 200 years. Without that dedication, military hardware can easily become a threat to freedom, rather than a defense of it.

B. Republican Record and Defense Policy

The Ford Administration has failed to improve defense management. Instead the Department of Defense is plagued with cost overruns, deficiencies in contractor performance, and unnecessary duplication and waste. The Administration has been indifferent to gifts, gratuities, payoffs, kickbacks, bribery, corruption, and conflicts of interest involving suppliers with military and civil government officials, at home and overseas, tarnishing the national honor.

The Democratic Party pledges an unremitting war against mismanagement and waste in the Defense Establishment, and will hold its military and civilian employees to high standards of personal conduct and its contractors to high standards of performance.

The Democratic Party favors a permanent Renegotiation Board. We believe in fair prices and fair profits, but we will not tolerate profiteering at the expense of the American taxpayer.

A Democratic Administration will work with its NATO partners to maintain the effectiveness of the alliance, asking that burdens be equitably distributed and that resources be used more efficiently through greater standardization of weapons and support equipment.

Civil defense has fallen into disfavor among our people in recognizing that nuclear tipped missiles could destroy our great cities before evacuation could be accomplished. Nonetheless, State and local emergency services can and must encompass dual-use preparedness against natural or other peacetime disasters and against nuclear attack. The Ford Administration has not only proposed to cut civil defense funds, but also to ban their use for related natural disaster preparedness. The Democratic Party endorses having a capacity to respond to crises that is adequate and prompt, where the disaster be local, national or global.

C. National Security

The Democratic Party stands for a strong, effective, balanced national defense, sufficient to our security. We believe that balance must be maintained:

* within our Armed Forces, so that the services complement rather than compete with each other,
* with the forces of our allied and friendly nations, and
* relative to the forces that may challenge us, so that deterrence against nuclear or other war remains unimpaired.

Our overage ships, missiles, planes, tanks, and other obsolescent weapons systems must be replaced according to well-planned schedules. Our military forces must be brought to a much higher state of readiness, with an efficient, alert and better balanced corps of officers and troops.

Sufficient Active Forces should be backed up by well-trained and well-equipped Reserves and National Guard Forces. Because a broad base of science and technology is essential to our economic strength and to our national defense, the Democratic Party will insist on national leadership to sustain a high level of research and development.

The Democratic Party is always concerned about people, and we believe that the Armed Forces should provide a wholesome environment for education, training and productive careers for our young men and women. The Democratic Party stands for full comparability between military and private sector pay.

D. International Economic Policy

The period of American development in which its economy could be dealt with in isolation from the world economy has ended. The growing interdependence of the U. S. economy with the international economic system is evidenced by: The doubling of trade as a proportion of GNP in the past decade; 20-25% of corporate earnings are from overseas operations; 1/3 of U. S. agricultural output is exported; 30% of our oil needs come from outside the country.

This growing interdependence requires that the United States formulate a foreign economic policy that promotes both her own economic interests and those of the world community. Such a policy should pursue:

* The reconstruction of an orderly international monetary system including a reduction in the role of gold and the maintenance of flexibility in exchange rates;
* The promotion of trade must be on a reciprocal basis, including further reductions in tariffs and non-tariff barriers, reform of the GATT rules on access to supplies, and the development of rules on countervailing duties;
* Expansion of foreign economic assistance designed to meet the most pressing problems of the poor majority in the developing countries, including food production, rural development, health, family planning and education; and

to enhance their participation in a more humane and responsive social and economic system;

* Elimination of undue dependence by the U. S. and other nations on energy imports;
* Stabilization of raw material production and prices;
* Replenishment of multilateral financial institions;
* Development of a code of conduct for multinational corporations which includes the responsibilities and duties of states as well as of corporations;
* Establishment of a code of conduct of technology transfers;
* Construction of mechanisms for the coordination of national economic policies and the avoidance of counter-productive transnational economic wars:
* Stabilization of U. S. food exports by promoting more stable foreign markets.
* Establishment of an international food reserve system.

E. Soviet Union and Detente

The Ford Administration has pursued an erratic course in dealing with the Soviet Union, endorsing detente while dropping the term for campaign purposes, and encouraging its peripatetic Secretary of State in mixing friendly gestures with veiled threats, one after the other.

The Democratic Party believes that it is unnecessary to play such complicated games and make numerous policy maneuvers in dealing with the Soviet Union. Both great nations have a common and compelling interest in avoiding nuclear war. Given the irreconcilable differences in our respective social and economic systems, and concepts of individual liberties, it requires the highest art of statesmanship to advance the common interest and keep the differences within tolerable bounds. A Democratic Administration is better qualified for these tasks because it is more sensitive to the needs of developing nations which may be subject to ideological aggression, and it will be able and willing to work more effectively with a Democratic Congress.

F. Arms Control

The Democratic Party has always taken the lead in pressing for reasonable arms control and disarmament measures, consistent with national security. Among the steps which should be pursued dilig ently under the next Democratic Administration are:

* Approval of an effective SALT II agreement which not only sets a ceiling on quantities of arms but also sets the stage for future talks aimed at slowing down the wualitative arms race; we seek agreements which are free from ambiguity both in terms and in the feasibility of verification;
* A ban on all nuclear testing, to be as comprehensive as national means of verification will permit;
* Continued stress on wide adherence to the Nuclear Test Ban Treaty, and for extension of the idea of nuclear free zone similar to that which now exists for Latin America;
* Work toward a ban on the first use of chemical weapons, and continued prohibition against the development of binary chemical arms;
* Strengthening the International Atomic Energy Agency in its work of preventing the diversion of nuclear materials from peaceful to weapons purposes by nations or other groups;
* Efforts to achieve mutual reductions in conventional arms traffic, especially weapons of a sophisticated nature.

G. The North Atlantic Community

As a result of recent changes in international affairs, the U. S. should:

* Seek a mutual and balanced reduction of levels of U. S. forces in Europe in close consulation with allies and in concert with similar reduction on the part of the Soviet Bloc;
* Increase economic coordination with the European Economic Community, particularly on a cooperative approach to energy problems;
* Pursue the political, social, cultural and military principles outlined in the "Final Act" of the Conference on Security and

Cooperation in Europe, particularly with the Eastern European States and the Soviet Union;

* Support the development of true democratic institutions in the countries of the Iberian Peninsula, in concern with European allies;
* Seek solutions to the Cyprus crisis by working to mediate fairly among the parties to the conflict.

H. Asia

The U. S. must also:

* Strengthen ties with Japan in order to reduce economic and political tensions and insure long-term close association;
* Improve relations between the United States and the People's Republic of China without prejudicing the future of Taiwan;
* Call an international conference among interested nations on the future of the two Koreas, seeking a more permanent settlement there which would permit withdrawal of most or all American forces from South Korea:
* Work more effectively for the restoration of political and human rights for the people of South Korea and the Philippines;

I. Middle East

The U. S. must increase efforts in this area and in so doing should:

* Do everything within our power and within reason to promote peace and stable relationships among the adversary nations of the Middle East.
* Support strongly the right of Israel to exist within secure and winternationally-recognized borders, free from threats by neighboring states and terrorist groups:
* Provide Israel with sufficient military and economic assistance against would-be aggressors;
* Provide economic aid to Arab states consistent with their efforts to reach a final peace settlement in the Middle East which would guarantee to Israel the rights outlined above;

* Encourage investment of oil-rich Arab states in the United States in a manner consistent with the Nation's long-range economic and security objectives;
* Encourage the oil-rich Arab states to shoulder their equitable share of the burden of assistance to poor countries without adequate resources to be exploited.
* Make meaningful the announced policy in discouraging American business from cooperating with the Arab oil embargo.
* To the extent possible, extend humanitarian aid to the victims of warfare in Indochina, both those who have fled to other countries and those who remained at home.

J. The Americas

* End "benign neglect" of Latin America and its problems, returning to a new "Good Neighbor" policy which emphasizes the interdependence of all the states of the Western Hemisphere, large and small;
* Reemphasize the importance of the Organization of American States as an important mechanism for coordinating Hemispheric policies on energy, trade, natural resources, communications and the environment;
* Restore close United States-Canadian cooperation and dialogue, emphasizing the common bonds of and challenges to our two nations, rather than our mutual difference.
* The continued operation of the Panama Canal is of vital and critical importance to the Americas and the rest of the world. In dealing with these problems of the Canal and Canal Zone, we will deal equitably with the Panamanians while safeguarding the interest of the United States.

K. Africa

* Restore traditional United States policy of supporting full civil and political rights for the people of Southern Africa and support for the freedom and independence of Namibia (South West Africa) as mandated by the United Nations;

* Pledge assistance to the Sahelian countries of Africa as they attempt to fight back from the disastrous droughts which have ravaged the region;
* End relaxation of the arms embargo to South Africa which now permits certain aircraft sales to the South African military;
* Terminate all commercial or financial support to South African apartheid through the Export-Import Bank or the Commodity Credit Corporation.

L. Political-Military Policies

The need for a basic reorganization of the political-military decision making process, as well as specific policies, has become increasingly more urgent. In that regard, the United States should:

* Improve communication on matters of national security between the Department of State and the Department of Defense.
* While affirming the continued need for an effective intelligence system, establish effective executive control and legislative oversight of United States intelligence agencies.
* Phase-out military assistance grant programs abroad, with their attendant large U. S. military missions, in favor of military sales programs conducted on flexible, business-like terms. A Democratic Administration will work cooperatively with the Congress in developing sound policies which would assure better judgment to avoid arms races, destabilizing conditions, and new hostilities as a consequence of indiscriminate sales of arms and equipment to other nations.

M. Congress and Foreign Policy

The past seven years have seen the Congress assume an increasingly important and vigorous role in the formulation of American foreign policy, in keeping with the responsibilities in foreign affairs mandated to the Congress by the Constitution. This resurgence, however, consistently has been met with resistence and opposition from the White House, Department of State and other foreign affairs-related organs of government. The time has come to forge a new cooperative relationship between the Congress and the President in order that foreign policies may be more effectively designed and implemented. This means:

* Passing legislation which would permit the Congress to "veto" by concurrent resolution any executive agreements which propose to make national commitments.
* Initiating more effective consultation between the Congress and the White House in which Members of Congress would be asked for their views before policy decisions are made, rather than simply being informed once actions are decided.
* Requiring that future chief executives enforce restraint on Executive Branch claims of executive privilege aimed at withholding important foreign policy related information from Congress;
* Ending the use of the classification of information to prevent Congress from engaging in fully informed and meaningful discussion of foreign policy and national security issues;
* Curbing tendencies in the Executive Branch to ignore or violate the letter and spirit of laws which Congress recently has passed to protect its own Constitutionally-given authorities, including the War Powers Resolution and Public Law 92-403, which requires the submission of all international executive agreements to Congress within 60 days of their signing.

APPENDIX II

INCOMPETENT, CORRUPT, AND WASTEFUL ADMINISTRATION

INCOMPETENT, CORRUPT, AND WASTEFUL ADMINISTRATION

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II. INCOMPETENT, CORRUPT, AND WASTEFUL ADMINISTRATION

A. POLITICIZATION OF PERSONNEL AND GRANT ADMINISTRATION ABUSES UNDER THE NIXON-FORD ADMINISTRATION

II. A. 1. EXCERPT FROM STATEMENT BY HOUSE MAJORITY LEADER, REPRESENTATIVE THOMAS P. O'NEILL, JR. BEFORE THE PLATFORM COMMITTEE OF THE DEMOCRATIC NATIONAL COMMITTEE

"Appendix II of my statement is comprised of examples of the current Republican Administration's poor performance in office. In fact, it is more than that. It is a veritable catalogue of malfeasance in office, bad policies, poor administration, improper and illegal actions, bad judgement and downright criminality.

"When we in the Democratic Congress set out on this Platform project, it had not been our original intention to include a section such as Appendix II on poor administration; but its necessity soon became evident. The Democratic nominee for President must campaign based not only on what he proposes in the way of programs and policies but also on the manner in which he will carry out these programs and policies.

"For this reason, for comparative purposes, the Republican record of maladministration over the last seven years is of particular relevance. I doubt whether even under the "spoils system" of a hundred years ago, there was as much corruption, misconduct and bad policy as has occurred under the Nixon-Ford Administration. In fact, the "spoils system," with its goal of personal gain, appears relatively innocent when compared to the sinister forms corruption in the Executive branch has taken under the Republicans over the last seven years, aimed as it has been at subversion of the democratic process itself.

"Much of the information about Administration misconduct and bad policy became known while the public and the press were focusing on Watergate and criminality in the Presidential Office itself. As a consequence, the broad pattern of corruption and political subversion which had spread through the entire Executive branch, and which still prevails today, has escaped proper public exposure.

"The Committees of Congress possess a vast storehouse of information on this Republican corruption, most of it gathered while fulfilling Congress' role as overseer of the Executive agencies. It is an overview of at least a portion of this malfeasance and incompetence that we have attempted to present in Appendix II. We are hopeful that the information contained in this section of our submission will be of use to you in developing the Platform and to the candidate in making clear to the public the real depth of the continuing misconduct and incompetence of the current Administration."

II. A. 2. THE ADMINISTRATION'S PLAN FOR SUBVERSION OF FEDERAL PERSONNEL POLICIES AND GRANTS-IN-AID FOR POLITICAL GAIN

In the wake of the Watergate caper, the Nixonian values of non-ethics mocked and assaulted good government in a sort of political burlesque show which reached its high point of absurdity in the "rape of the merit system." Plans were hatched during the former President's zealous campaign for a "Responsiveness Program," authored by the notorious Fred Malek, who with the help of the White House staff, ruthlessly used grant-making and other powers of the federal government to help Nixon win re-election.

Essentially, the "Responsiveness Program" was a systematized effort to subvert the Civil Service Commission (CSC) merit system under the inspiration of Malek, ex-White House Personnel Chief and Ex-Deputy Director of the Office of Management and Budget (OMB). It was a full-scale operation aimed at directing federal grants into areas that would give the Administration political reward. Nixon loyalists were placed in key positions around the country in federal agencies. The White House Personnel Office referred applicants for competitive CSC positions to departments and agencies for special treatment. The basis for referral was strictly political, motivated only by the individuals's "responsiveness" to the Nixon Administration, as shown by evidence uncovered by the Select Committee on Presidential Campaign Activities.

A form (copy attached) was used to instruct the White House Personnel Office of the political value of an individual to the President. Referrals were categorized as "must" or "high priority" political placements. Lesser categories were "courtesy" or "routine referrals." A "must" placement had the "highest political value." Others read "high political value, place if possible," "moderate political value, handle courteously," and "little political value, handle routinely." These categories appeared on a White House form under the heading entitled, "Value of Placement to the President Politically." There were striking similarities with another White House form (copy attached) sent to GSA which had the categories of "must" and "high priority."

This policy of preferential political treatment led eventually to the hiring scandals in the Department of Housing and Urban Development, the General Services Administration, the Small Business Administration, the Department of Health Education and Welfare, and other agencies. In the government agencies, the so-called "Malek" Manual was the "blueprint" for "special referral units" where "preferential treatment" took the place of merit in placing individuals on the basis of loyalty or "responsiveness" to the Nixon Administration. The "Malek" Manual was to emerge as the "blueprint" for disaster as the agency scandals became increasingly more public.

Seminars were actually conducted on the "Malek" Manual in the White House for top agency officials, at the invitation of the White House Personnel Officer, Stanley Armstrong, former Special Assistant to Department of Housing and Urban Development (HUD) Secretary James Lynn.

A letter from Fred Malek to the Select Committee on Presidential Campaign Activities (copy attached) indicates the agencies that were allegedly involved in grants scandals through the "responsiveness" program. The grants scandals were merely an extension of the political hiring abuses in the federal agencies. The two endeavors went hand in hand.

---

* Presidential Campaign Activities of 1972 -- Senate Resolution 60, Executive Session Hearings before the Select Committee on Presidential Campaign Activities of the United States Senate -- 93rd Congress, 2nd Session, Watergate and Related Activities, Use of Incumbency, Responsiveness Program, Book 18 and Book 19.

The "Malek" Manual, ironically dedicated to the CSC, was entitled "The Federal Political Personnel Manual." It brutally detailed ways of removing career CSC employees from jobs so that Nixon loyalists could be put in. An investigator for the Select Committee on Presidential Campaign Activities said that parts of the manual were found in the files of the agencies, in particular, HUD.

The manual, dated 1972, is popularly called the "Malek" Manual because it was found in Fred Malek's Committee-To-Re-Elect-the-President (CREEP) campaign files. Malek headed the White House Personnel Office from October 1970 until July 1972 when he became Deputy Director of CREEP. The day of election he returned to his job as Special Assistant to the President overseeing government wide personnel activities until February 1973 when he became Deputy Director of OMB. Jerry Jones, who now works for President Ford, was the effective head of the White House Personnel Office when the manual was written by a staff member, Alan May. Malek was at the top of the pyramid of power.

So, when the political grants manipulations were going on, Malek was Special Assistant to the President in charge of the government-wide personnel activities. And he also had taken on liaison responsibilities for certain activities of CREEP.

Haldeman, Mitchell, Schultz, Colson, and a number of others were eventually implicated in the grants investigation. Testimony to the Select Committee on Presidential Campaign Activities from Haldeman and Malek and other evidence related to the "Responsiveness Program," such as "confidential, eyes only" letters, are published in the Executive Session hearings of the Select Committee entitled "Watergate and Related Activities, Use of Incumbency, Responsiveness Program."

It should be noted that when Fred Malek moved from the White House staff to CREEP in July 1972, Dan Kingsley and Jerry Jones, who now handles President Ford's schedule, took over Malek's responsibility in the personnel area for the White House. John Clarke assumed the responsibility for liaison between the White House and some of the departments and agencies.

However, Haldeman and Malek were the brainpower behind the effort, with the responsibility for developing an overall strategy of using federal grant resources for re-election of the President, the report indicated. Malek reported directly to Haldeman. The initial strategy for the "Responsiveness Program" was drafted by William Horton of Malek's staff, under the direct supervision of Malek who was directed by Haldeman to look into the grant-making process as a political vehicle.

The goal of the "Responsiveness Program" political manipulation of grants was to politicize the Executive branch and to allow Nixon in his re-election campaign to capitalize fully on this control.

Evidence which suggests that grants were being politically manipulated can be found in a memo which was prepared by Horton under Malek's supervision as a result of a directive from Haldeman. A "Confidential Discussion Draft," the memo was entitled "Communicating Presidential Involvement in Federal Government Programs." An excerpt reads as follows under the heading "Initiating Grants,":

> "In addition to designating 'must' grants from pending applications, there may be occasion in which potential circumstances require a grant be generated for a locality. When such a locality is identified by the campaign organization, the coordinating group would decide what kind of grant would best meet the needs and available program resources. A campaign representative would then inform the appropriate local official what to submit. When submitted, it, of course, would be designated a'must'...Gifford (of OMB) must be flexible on pushing a 'must' grant in case it turns out to be substantively irresponsible or an obvious waste of government funds relative to other pending grants. In such cases, Gifford should weigh the substantive drawbacks and risk of adverse publicity against the expected political benefits, consulting with others as needed. He should then make a final decision on whether the grant is to be approved. Also, in order to minimize the risk of embarassment to the President, the volume of grants designated 'musts' in any one Department should be limited..."
>
> (p. 8353 - 8354, Book 18)

In another memorandum, under the heading, "Present Efforts Tap Only A Fraction," an excerpted passage states the goal of the "Responsiveness Program" in regard to grants.

> "The Department of Commerce provides a good example. To date Gifford has made some 35 requests. Most of these involved expediting the normal grant reviewing process and securing the release of information. Approximately a dozen of these requests resulted in favorable grant decisions (which otherwise would not have been made) involving roughly $1 million. Politically these actions have been most beneficial. Nevertheless, in spite of this achievement, the potential is much greater. In the Commerce Department, for example, there is nearly $700 million in funds remaining in this fiscal year and over $700 million in the next fiscal year, which could be redirected in some manner... Even if only five percent of this amount can be rechanneled to impact more directly on target groups or geographic, it would be a substantial increase over the current efforts. To capitalize on such opportunities, the departments developing a program by which it would systematically but discretely seek out opportunities for improving services to target groups and geographic areas, and then ensure that appropriate action (grant-giving) is taken."
>
> (p. 8215, Book 18)

In another passage of a memorandum, "Guidelines" for suggested departmental action of agencies was given. The passage indicates that "controlling or directing legal or regulatory action" was part of the reponsiveness program.

> As a first step, the departments should be given clear guidelines covering the political priorities, the types of operating decisions which are to be included in the program, and the procedures for planning and tracking progress. The political priorities would be spelled out in terms of key states and major <u>voting bloc groups</u> upon which departmental action could have an impact. The departments would be updated as needed, as the political priorities evolve. The major ones (activities), of course, are positive decisions, e.g. project grants, contracts, loans, subsidies, procurement and construction projects, and negative actions e.g., taking legal or regulatory action against a group or governmental body, major cutbacks in programs and relocation of department operations."
>
> (p. 8221, Book 18)

It was part of the program then that the White House would supply the departments and agencies with political guidelines as to how their agency and departmental action should be tailored. When considering grants, the "right people" were the ones considered because they were "supporters" of the administration." Testimony and other evidence such as letters, give clear cut examples of this abuse.

In several cases, the Hatch Act was violated. The Hatch Act prohibits "Hatched" federal employees to take an active part in political management or political campaigns. For example, Ms. Lozano, a staff member of the Cabinet Committee on Opportunity for Spanish Speaking People in the Nixon Administration, spent part of her time working on CREEP as well as on the Cabinet Committee.

Regarding Malek, and the campaign relating to "Responsiveness," the Hatch Act also states that an employee in an executive agency "may not use his official authority or influence for the purpose of interfering with or affecting the result of an election." A provision of the United States Code makes it a criminal violation for a "person employed in any administrative position by the United States in connection with any activity which is financed, in whole or in part, by loans or grants by the

United States, to use his official authority for the purpose of interfering with or affecting the nomination or election of any candidate for the Office of the President," and "no discrimination shall be exercised, threatened, or promised by any person in the Executive branch of the federal government against, or in favor of, any employee in the competitive service, because of his political affiliation, as may be authorized by law." This last provision related to the policies of the White House personnel office which was expounded in the "Malek" Manual.

Malek more or less indicated himself in a "confidential" memo to Mitchell and Haldeman about a meeting to discuss his role with Erlichman and Schultz. Malek said that the five activities over which he would exercise direct supervision would be citizen's voting bloc operation, management control, department responsiveness, patronage and personnel. Four areas of indirect supervision would include constituent group project managers, issue project managers, grantsmanship and communications.

Malek wrote to Haldeman in the December 23, 1971 memo concerning politicalization of the Executive branch. He said that they "should ensure that the day-to-day Departmental operations are conducted as much as possible to support the President's re-election, we must establish management procedures to ensure that the Departments systematically identify opportunities and utilize resources for maximum political benefit." Actions would be tailored to the individual Department around the general purpose of "initiating programs to derive greater political benefit and payoff from grants, communications, and personnel."

For instance, Malek suggested in the memo that the General Services Administration, as an illustration, might undertake the following:

-- "Emphasize building construction in key states, cities and counties;
-- expedite disposal of property for parks and schools in key states;
-- emphasize dual fuel programs in ecology-minded areas of key states;
-- emphasize minority procurement in those states and areas where there is real opportunity to win some of the Black vote."

The specific plans concerning minority-oriented federal programs and the use of incumbency to generate votes are heavily documented and comprehensively organized.

The activities in the "Black Vote Campaign Plan" placed an emphasis on getting grants etc. for blacks supportive of the Administration in an attempt to drum up black support for Nixon as well as vocal and monetary support from blacks who had received contracts. In other words, they were being solicited for campaign contributions as well as votes.

A passage from a memo to John Mitchell from Malek on June 26, 1972, entitled "Black Vote Campaign Plan," more accurately describes the activity in this area. It came under the heading, "Intensify Efforts to Utilize Government Grants and Loans."

> "I feel that our strongest selling point with black voters is the economic assistance this Administration has provided the blacks. To fully capitalize on this, we have to do a better job of politicizing the grants already given and of identifying new projects for which we will receive maximum impact. The major portion of the responsibilities for this activity falls on the White House side of the black team. Bob Brown and his staff have identified all blacks who are receiving or have received money from this administration. These recipients will be utilized as a source of campaign contributions and volunteers, and as a group of highly visible blacks to be used to reach the voters in their areas of influence. Effective allocation of new grants requires close coordination between the White House and the campaign team. As a first step I have asked Bob Brown to identify all major sources of grant and loan money which could be

allocated to blacks. Then Jones and Sexton, working through their field organization, will be responsible for finding recipients in key cities who will be supportive of the re-election effort."

(p. 8258, Book 18)

In other written evidence about buying black support with tax dollars, it was stated that in order to obtain endorsements from local black leaders "who will in all probability by at least nominal Democrats," some inducements will need to be offered. The inducements could be federal dollars from the normal grant-in-aid programs administered by Health, Education and Welfare, Housing and Urban Development, Office of Equal Opportunity, Department of Labor, Small Business Administration, Economic Development Administration, United States Agriculture Department, and Office of Minority Business Enterprise. Persons who were not supportive of the Administration's political goals and who declined to participate in the re-election effort were "penalized" in their efforts to secure government funding, evidence supports.

In the language of the people, the Responsiveness Program was an effort to maximize the advantage of the American taxpayers' dollars in a political effort. As Senator Ervin said in hearings with Malek, "there is something unethical in employing people who are engaged in political activities with taxpayers' funds." Memos prepared by Malek and others clearly support this grim fact.

Several departments and agencies, prepared for campaign purposes and at government expense, brochures with political overtones reflecting their services for the aged. There are various documents to prove this. ACTION, HEW, HUD, DOT, OEO, Agriculture, Labor, were asked to participate. At least HUD, HEW, Agriculture, Labor, ACTION, OEO, and VA actually produced brochures. The Comptroller General has stated that cost of producing six of the agencies' brochures totaled around $263,000.

Particularly significant in respect to the Responsiveness Program is that efforts were taken to inform key government and campaign officials of the progress and working of the program. In a "Confidential, Eyes Only" memo entitled "Responsiveness Program -- Progress Report" attached to memo from Malek to Haldeman in June of 1972, key departmental and agency personnel were briefed on its highlights. Malek tells Haldeman in the memo that he has reviewed the program with each Cabinet Officer (except Rogers) and with the heads of the key agencies (ACTION, EPA, OEO, SBA, GSA, and VA.) Other agencies and departments were involved as well.

The following points were made in each session with the agency heads:

-- "Emphasized the need to make re-election support the top priority and the need to respond to requests in this regard." In other words, "re-election support" was the "top priority" in the program.

-- "Discussed which states, counties, and voting blocs are considered key and should be targeted by them." This refers to grants. The Spanish Speaking community in Los Angeles is a good example of a key target -- or victim. Particular emphasis was also placed on the Chicanos in Texas, described as one of the most "advantageous projects" because the voter bloc was in a key area.

-- "Had them name a top official who would be the political contact for this program (generally the Under Secretary)."

-- "Asked them to educate loyal appointees (including Regional Directors) as to priorities and expectations, thus forming a political network in each Department." These last two techniques imply preferential treatment for politically responsive individuals who would be of the most benefit to Nixon's re-election. Basically it was a patronage system with various techniques used to generate re-election support. The CSC Rules and Regulations on merit principles and the Hatch Act were violated in many cases.

-- "Asked them to review all their resources and develop a plan for maximizing impact of these resources in key areas. Indicated particular area in their Departments that require special attention." This supports the fact that it was an organized, pre-meditated operation of subversion with political gain as the justification.

-- "Established my office (Malek's) as the channel of communication with the campaign and stressed that we would work solely through Bill Gifford on grant requests."

A glaring point in these self-indictments was that the key heads of agencies such as General Services Administration (where preferential treatment and special referral units were the most abusive) were apparently cooperating with the grant-effort. Even worse, the inspiration came from the White House and as Malek, the evil genius, so boldly put it, "In sum we are pretty much on track and have a political network, a receptive atmosphere, staff resources here, and a system to make things happen..."

An example of a project being funded for solely political gain was the three highly publicized Model Cities projects in the Mexican-American section of Los Angeles. The projects were not going to be funded because of lack of money and potential conflicts with the black leaders in Watts. But it was requested that they be funded for $2 million.

"There is great potential for the Administration if the projects are funded as stated," Malek wrote.

8363

MALEK EXHIBIT NO. 10

Dan Mr Kingsley

Date: August 30, 1971

Received

MEMORANDUM FOR: DANIEL T. KINGSLEY

FROM: CLARK MacGREGOR

SUBJECT: William Edward Bennett 8/31/71
A Candidate for Position with the Administration

I. Appropriate Action

- ☐ Executive Level
- ☐ Supergrade (GS 16-18)
- ☐ GS 15 & Below

Departmental and/or functional preference:

IRS
Field of Tax Law

II. Ability in Area of Competence

- Outstanding ☐
- Good ☐
- Average ☐
- Poor ☐
- Unknown ☒

III. Source of Evaluation

- ☒ Known to me personally
- ☐ Known by a reliable source
- ☐ Recommended by individual whose judgment is unknown

IV. Value of Placement to the President Politically

- ☐ Highest political value (Must place)
- ☒ High Political Value (Place if possible)
- ☐ Moderate political value (Handle courteously)
- ☐ Little Political Value (Handle routinely)

V. Other Considerations or Comments

8364

MALEK EXHIBIT NO. 11

THE WHITE HOUSE
Washington

CONFIDENTIAL

Memorandum for: Al Kaupinen
GSA

May 14, 1973

Subject : Referral of Stuart Weeks
(Name of Individual)

For a ☐ Full-time ☐ Part-time Position Summer

☐ In response to your vacancy notice of _____
(Date)

for the position of _____

This candidate deserves a:

☐ Must ☐ Courtesy

☒ High Priority ☐ Routine Referral

consideration for a position in your agency. A resume on the individual is attached.

☐ This candidate should be interviewed.

Please note your disposition on the carbon copy and return by _____

Remarks:

Options: Intern Program
Low level consultancy
Temporary need appointment

Bill
Bill Lamont

AGENCY ACTION

This candidate

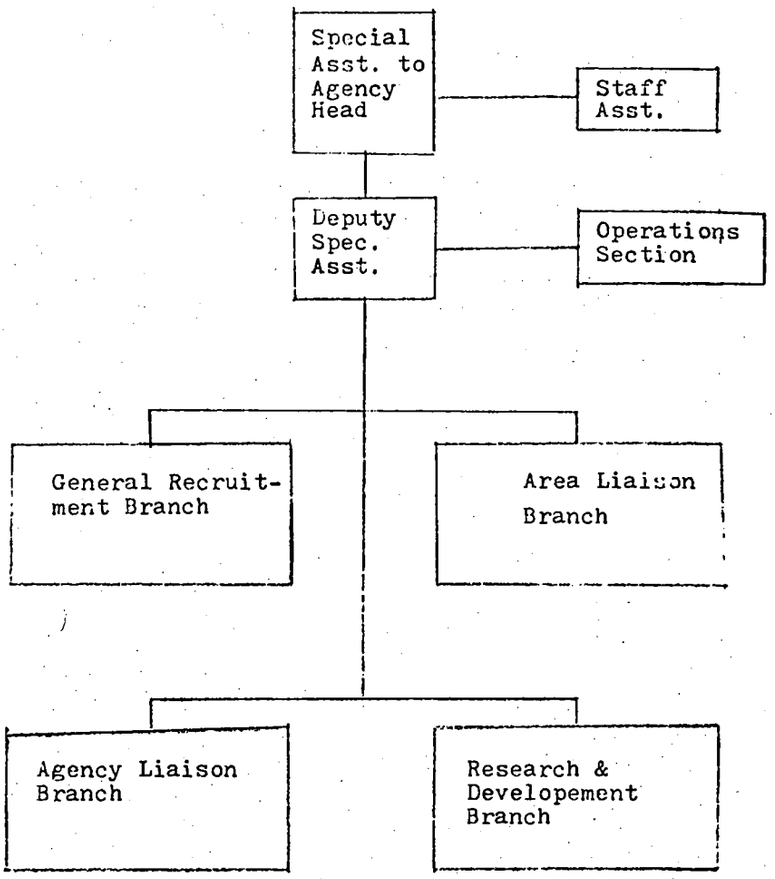
☐ Is under Active Consideration ☒ Was not selected ☐ Resume is being kept for further consideration

☐ Was selected, position: _____

Unable to close the [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible]

9023

POLITICAL PERSONNEL OFFICE



NOTE: A FORMER INVESTIGATOR FOR THE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES SAID THIS FORM WAS FOUND IN FILES IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

8748

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Exhibit 12

October 25, 1973

Mr. David Dorsen
Assistant Chief Counsel
Select Committee on Presidential
Campaign Activities
Room G-308 - NSOB
Washington, D. C. 20541

Dear Mr. Dorsen:

I have been asked to provide your committee with a list of Departmental contacts we established in our plans for a "responsiveness" program. The names to the best of our recollection are as follows:

ACTION	Joe Blatchford
Agriculture	Phil Campbell
Commerce	Jim Lynn
DOT	Jim Beggs
EEOC	Bill Oldaker
EPA	Bob Fri
GSA	Art Sampson
HEW	Dick Mastrangelo
HUD	Dick VanDusen
Interior	Bob Hitt
Justice	Dick Kleindienst
Labor	Larry Silberman
OEO	Phil Sanchez
SBA	Tom Kleppe
Treasury	Charls Walker

Please let me know if there is any other information you need.

Sincerely,

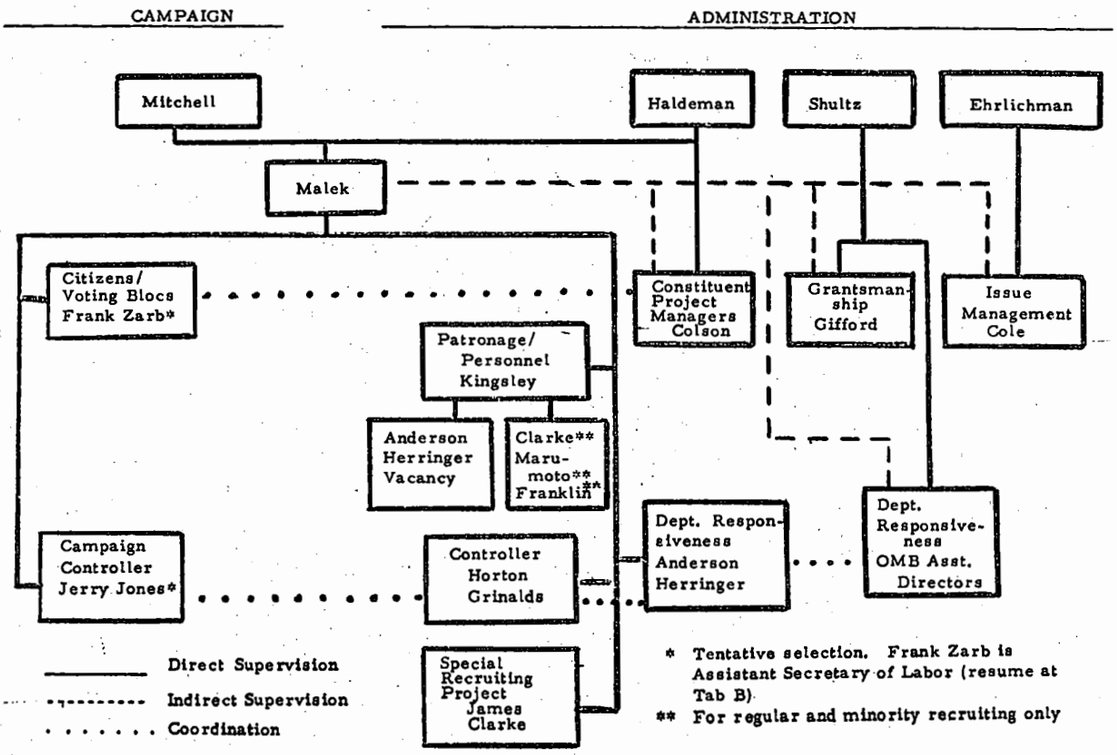
Frederic V. Malek

Frederic V. Malek
Deputy Director

FVM:jl

CONFIDENTIAL

CITIZENS/WHITE HOUSE ORGANIZATION PLAN



8310

8311

MALEK EXHIBIT NO. 4

Departmental Responsiveness
347

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

March 17, 1972

CONFIDENTIAL

MEMORANDUM FOR: H. R. HALDEMAN

FROM: FRED MALEK

SUBJECT: Departmental Responsiveness

Attached is a paper outlining our proposed program for improving Departmental responsiveness in support of the President's re-election. It has been reviewed and concurred in by Bill Gifford.

As indicated in the paper, the program should be initiated as soon as possible if you wish to take advantage of discretionary resources remaining this fiscal year. Consequently, I have directed my staff to develop all necessary implementation materials (briefing notes, planning guidelines, etc.) during my absence next week. We will then be in a position to implement the program shortly after my return on Monday, March 27, should you so desire.

Attachment

II. A. 3. THE MANUAL FOR SUBVERSION OF THE FEDERAL PERSONNEL MERIT SYSTEM

> "There is no merit in the merit system! The fact is that the Civil Service Commission and the bureaucrats in the personnel system recognize this truth, for the Civil Service Commission brazenly, even allows the Departments and Agencies to name request a particular candidate when asking for a certification from the register."
>
> Excerpt from Malek's Federal Political Personnel Manual (p. 8978, Book 19)

> "Very important note: Because of the subjectiveness of the certification process with respect to mid-level and senior level positions there is really no 'merit' in the 'merit system' save the minimum qualifications that a candidate be eligible. First of all the panel which 'spins the register' is usually made up of one member of the Commission staff and two persons selected by your personnel office from your Department or Agency. Secondly, you'll remember the panel rates the eligible on the register on the basis of the job description and selective criteria that your personnel office has submitted to the Commission. Together this has the effect of simply turning the 'career merit system' into a device by which the bureaucrats operate their own political patronage system while telling the politicians to 'keep their hands off' so as not to interfere with the 'merit system.' The best way to explain why we state it's the bureaucratic patronage system -- they can really insure the certification of someone they have preselected, and so can you -- is by taking you through an example of the rape of the 'merit system'...."
>
> Excerpt from Malek's Federal Political Personnel Manual (p. 8976. Book 19)

The gross mockery by the Republican Administration of the government's Civil Service system is shown on the cover of its "Federal Political Personnel Manual" which detailed ways of circumventing the merit system by placing politically screened Republican appointees in career federal jobs.

The cover of the so-called "Malek" Manual ironically reads -- "Dedicated To The United States Civil Service Commission."

Prepared under the direction of the notorious Fred Malek, ex-White House Personnel Chief and Ex-Deputy Director of the Office of Management and Budget, the patronage manual minutely details ways of "getting around" the Civil Service laws and removing career government employees who were not Nixon loyalists.

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* Presidential Campaign Activities of 1973; Senate Resolution 60; Executive Session Hearings before the Select Committee on Presidential Campaign Activities of the United States Senate; 93rd Congress, 3nd Session.

Watergate and Related Activities; Use of Incumbency; Responsiveness Program; Additional Documents; Book 19 -- (p. 8903 - 9050, "Malek" Manual)

The unabashed tone of contempt and scorn for the Civil Service system displayed in the manual, a product of the White House Personnel Office during the Watergate era, constitutes a direct assult on the values of good government.

The 147 page manual is contained in published hearings before the Select Committee on Presidential Campaign Activities -- Use of Incumbency -- Responsiveness Program. In essence, the manual was a written abuse of the merit system and a subversion of the federal government as part of an overall White House staffing plan.

From the patronage rings or hiring scandals in such agencies as the Department of Housing and Urban Development (HUD), the Small Business Administration (SBA), the Department of Health, Education, and Welfare (HEW), and the General Services Administration (GSA), it is obvious that under the guidance of Fred Malek in the White House, organized subversion and corruption of the Civil Service system merit principles was widespread during the Nixon Administration. Under Malek's guidance and inspiration, the manual was actually written by Alan May, who worked for the White House Personnel Office. May formerly worked for ACTION, from which he abruptly resigned after it was exposed in the press and Congress that the federal voluntary service agency was filled with partisan political appointees.

The political personnel manual gives step-by-step directions for establishing political referral units in federal agencies. It covers Civil Service laws and regulations on the hiring and firing and certification of career and noncareer employees and shows how the system could be abused for partisan political advantage.

In HUD for instance, a chart entitled "Political Personnel Office," which was a supplement to the Manual, was found in HUD's files by an investigator for the Select Committee on Presidential Campaign Activities of the Senate. Seminars were actually conducted in the White House for top agency officials, at the invitation of the White House Personnel Office.

The violations in the various agencies dealt specifically with personnel and the "Malek" manual was the guideline for this activity. For instance, it was charged that political preference was a factor in HUD appointments for competitive level service positions, that a special politically oriented referral unit operated outside the regular personnel channels, and that political inquiries were made concerning applicants for competitive Civil Service positions and political data was collected on incumbents. All of these maneuvers were outlined in the patronage manual.

The manual said that the central office, where all candidate applications and recommendations are funneled, could be the Political Personnel Office, the political equivalent of the Civil Service Commission certification process. Political evaluations or checks were to be made on all individuals in respect to their political benefit or disadvantage to the Administration or the President. Those who had an unfavorable reading were to be eliminated and in this way "the deck is essentially stacked before the cards are dealt."

In the words of the manual, the Area Liaison Officer deals with political personnel matters for his geographical location. He or she receives the applications of candidates with political backgrounds and/or recommendations or endorsements from that geographical location. The political evaluation is then made with respect to the importance of placement of the individual to the political constituency, and the political benefit or disadvantage therefore to the Administration and the President.

The suggested rating system which has been followed in agencies such as HUD and GSA lists candidates for placement in five categories -- "Must Placement; Priority Placement; Courtesy Referral; Politically Undersirable; Political Problem" -- in order of hiring preference. Investigation has shown that the first two categories are almost always hired and in fact, these rated individuals have bloated Republican government.

A "must" placement speaks for itself. The individual "must" be hired because of his or her past political activities as well as the importance of the placement to the political sponsor. The rating leads the evaluator to believe that the placement in a position commensurate with ability and background will bring great political credit to the party or President. Failure to place the individual will cause severe political damage to the party and the President.

A Priority Placement is usually classified as "High Priority" and means just that. It is similar to a "must" placement except that failure to place will cause "some political adversity" rather than "severe political damage" that a "must" placement would generate. Likewise, it will bring political benefit rather than "great political credit" to the party or the President.

The third category, a "Courtesy Referral" is to be judged on merit but should receive a "political massaging" as a courtesy. If he or she is placed some small political benefit will be gained and failure to place will cause little or no political adversity to the party and the President.

A "Politically Undesirable" candidate will create "strong political adversity" to the party and the President and failure to place the individual will be politically beneficial to the party and the President. A "Political Problem" is a holding category until a determination can be made whether or not to place the individual in the other four categories. For example, the Republican Senator from a state says a candidate is a must placement and is essential because the candidates' father is the Senator's largest contributor and finance chairman and crucial to the Senator's re-election. Meanwhile, the Republican Governor of the same state and a Republican Congressman from the same state who sits as a ranking Republican on the agency's appropriations committee strongly object to the individual's placement because he has traditionally and vocally backed their Democratic opponents in past campaigns. So additional political research will have to take place before placement in the first or the fourth category as a must or an undesirable candidate.

The Area Liaison Officer, upon receiving a request for a pre-check on a candidate or nominee, which violates Civil Service Rule 7.1 and 4.2, is responsible for contacting the appropriate political officials within his or her area to determine the political registration, loyalties and activities of the individual. The officer must achieve the affirmative political maneuvering necessary to obtain the clearance of a candidate desired by the Department and the White House.

An overall personnel management study of the Department or agency is conducted to determine those positions in which a "loyal" incumbent is necessary to effect control in areas with appropriate "pressure points." For instance, the Special Assistant in charge of the Political Personnel Office must have "unwavering loyalty to the President and a dogged determination that the Nixon Administration will 'rule' rather than simply 'reign.'" The study is performed by the Research and Development Branch with the cooperation of the Agency Liaison Branch.

The process of patronage and recruitment is complicated and as a result it reasonably guarantees the appointment to position of candidates who are "clean" with respect to previous political activity, national security matters, etc. The manual said that it is very important that extremely good coordinating procedures be worked out between the Political Personnel Office and the Public Information Office. This is to assure that premature and illegal announcements of pending appointments are not made and so that the Department or Agency can present a "single face to the media in the personnel area."

The second section of the manual is a "briefing book on rules and regulations" in respect to pay levels, classification, function of the steps, types of appointments defined with emphasis on career appointments and techniques of circumvention by promotion, removal, demotion, or reassignment.

Documented evidence in other reports give specific case examples that some of the techniques mentioned in the manual have been followed by several agencies.

This second section details ways of "artistically" writing job descriptions to insure grade promotions at levels such as the supergrade level or writing a job description to fit a candidate's qualifications. In short, the description is tailor-made for the individual, which eliminates other potential candidates and narrows down the possibilities of interference. An example of a Malek maneuver in classifying an individual: "You can raise the classification of a position by simply changing the supervision given to an employee from 'close' and 'frequent' to that

of 'occasional' or 'general.' In short, you can pretty well do what you want, within reason in classifying a position within an agency at GS-15 and below. Your classification specialist ought to also be able to 'artistically' write a position description sufficient to enable the Civil Service Commission to classify a position at the supergrade level, providing that a supergrade quota is available."

The manual points out repetitiously the necessity of insuring that the critical people in the Departmental personnel office are "loyal members of the team" and that appointees are Nixon loyalists.

Ways of getting around the "Whitten Amendment" are pinpointed. The Amendment states that a federal employee may be permanently appointed to only one grade within a 52 week period, and may be promoted only one grade at a time.

It applies to all federal employees as long as they are paid in the General Schedule (GS) but does not apply to Executive Level employees or those of other pay systems. The manual gives a "helpful hint" to get around this one step appointment or promotion. For example, the manual explains that if you have a GS-17 whom you want to promote to a salary of $36,000 per year before the expiration of one year from the date he or she became a GS-17, or you want to promote a GS-16 to a $36,000 per year salary, it is obviously easier to go to an Executive Level V ($36,000) than a GS-18 ($36,000) because you avoid the Whitten Amendment. Other exceptions to the Whitten Amendment or techniques for manipulating the rules are indicated.

TAPER appointments, "temporary appointments pending establishment of register," is another way to get someone on board and promote him without regard to the Whitten Amendment. In some cases, such as the case of Carmen Hoeppner in HUD, a position was especially created for Ms. Hoeppner under an emergency 30-day appointment. The position was merely set up to have a position to which she could be appointed, hardly in the public interest or based on the needs of the government. Ms. Hoeppner never did perform the duties of her initial position. There are other examples of federal agencies following this Malek maneuver.

The certification process of career appointments is where the Malek technique comes into sharp focus. It is appropriately described as the "rape of the merit system."

The removal techniques for non-Nixon loyalists are not shocking but are certainly alarming. The manual states the Civil Service Rules and Regulations in general and then details unethical methods to achieve removal. This section, more than others, has the aura of Watergate. Malek says the Civil Service system creates many hardships in trying to remove undesirable employees from their positions. Political disloyalty and unfriendly relationships with the Administration, "unfortunately," are not grounds for suspension or removal of an employee. "However," the manual states, "there are several techniques which can be designed carefully, to skirt around the adverse action proceedings." Seedy, would be the best description for these Malek maneuvers.

An example of an "individual technique" is "frontal assault."

> "You simply call an individual in and tell him he is no longer wanted, that you will assist him in finding another job and keep him around until such time as he finds other employment... Of course, you promise that he will leave with honor and with the finest recommendation, a farewell luncheon, and perhaps even a Departmental award. You, naturally, point out that should he not accept such an offer, and he later is forced to resign or retire through regular process or his his own volition, that his employment references from the Department and his permanent personnel record may not look the same as if he accepted your offer. There should be no witnesses in the room at the time. CAUTION: This technique should only be used for the timid at heart with a giant ego. This is an extremely dangerous technique and the very fact of your conversation can be used against the Department in any subsequent adverse action proceedings. It should never be used with that fervent, zealous employee committed to Democratic policies and programs, or to the bureaucrat who might relish the opportunity to be martyred on the cross of his cause."

Another method of removal is the "transfer technique." This one is fairly obvious. By carefully researching the background of the proposed "employee-victim," one can always establish that geographical part of the country and/or organizational unit to which the employee objects so strongly that he would rather resign than obey and accept transfer orders. It is always suggested that a transfer be accompanied by a promotion, if possible, so that it forecloses any claim that the transfer is an adverse action. It is also important that organizational charts be carefully checked to insure that not only is there no reduction in grade, but no reduction in status. "Of course, one can sweeten the option by privately assuring the proposed transfer, upon delivery of his transfer notification, that should he refuse the transfer, and resign, that his resignation will be accepted without prejudice.

The "Traveling Salesman" -- Special Assignment Technique is a variation on the transfer theme. This technique is said to be especially useful for the family man and those who do not enjoy traveling. What is done is suddenly to recognize the outstanding abilities of the "employee-victim" and immediately seize upon his competence and talent to assign him to a special research and evaluation project. Along with this promotion and assignment the so-called expert is given extensive travel orders criss-crossing the country to towns "hopefully with the worst accommodations possible" of a population of 20,000 or under. "Until his wife threatens to divorce him unless he quits, you have him out of town and out of the way." Failure to obey travel orders is grounds for immediate separation.

The "Layering Technique," as its name implies, is an organizational technique to "layer" over non-politicized subordinates with managers who are politically loyal. A variation of the layering technique is called the "Bypass Layering Technique" which may be utilized in the event two GS-14 branch chiefs should be eligible for promotion and place in the upgraded GS-15 branch chief positions. The former deputy is made Special Assistant at GS-15 having no rights to the non-carecr GS-16 position. The two GS-14 branch chiefs are promoted to GS-15, making way for the creation of two deputy branch chief positions at GS-14. You then layer in your own people to the deputy branch chief positions. From then on all business is conducted between the deputy branch chiefs, your deputy and yourself. Branch chiefs are "rudely" bypassed on all office matters. The special assistant is also totally ignored. If all three don't quit in disgust, at least they have been removed from the mainstream of office operations.

A type of isolation technique is called the "New Activity" technique. The wholesale isolation and disposition of "undesirable employee-victims" is created by an apparently meaningful, but essentially meaningless, new activity to which they are all transfered. This technique is "designed to provide a single barrel into which you can dump a large number of widely located bad apples," that is, those who are not "members of the team" -- in short, those who aren't Nixon loyalists.

The moral of the Malek Manual:

> "You cannot hope to achieve policy, program or management control until you have achieved political control. This is the difference between ruling and reigning."

(Malek was also the author of the controversial "Responsiveness Program" in the 1972 presidential campaign, which is discussed in another summary. Its purpose was to use grant-making and other powers of the federal government to help Nixon with re-election. Grants were directed to areas that would be politically desirable. Loyal appointees were placed in key spots around the country to have an impact on re-election. This of course ties in with political referral units in the federal agencies and generally, the politicization of the federal government. The Hatch Act supposedly prohibits federal employees from participating actively in partisan political activities such as campaigns.)

II. A. 4. METHODICAL, GOVERNMENT-WIDE ABUSE OF THE CIVIL SERVICE SYSTEM

With the first major revelations of the Watergate Committee, it became obvious that the evils of the Nixon Administration had reached into virtually every area of the federal establishment. This included the merit system and the career civil service, affecting the 2.8 million Americans who work for the federal government -- the people who spend the entire federal budget.

It became apparent that there were widespread, consistent, government-wide violations of the merit system, orchestrated by the White House personnel office and presided over by a series of Nixon appointees whose main purpose in government was to ensure that the merit system employees of the executive branch became politically responsive to the wishes of the President. To this end, a manual was published and discreetly circulated, listing how political appointees could evade and abuse the career merit system. This has come to be known as the "Malek Manual," after its reputed author, although another Nixon political appointee, Alan May, was known to have contributed significantly to this undertaking.

There were, from time to time, rumblings and heavings within the civil service structures, indicating to observers that serious violations of rules were going on. Occasionally, during the Nixon years, there would be a mass firing, or a government employees' union local would issue a statement or press release condemning certain acts at a given agency. Once in a while, an individual federal worker would surface with a serious grievance, and blame the Nixon crowd, but after a brief flurry of publicity the story would fade and things went on as usual, until November of 1974, when Congress began an investigation into these evils which still continue.

It all began at the General Services Administration when an honest personnel chief came forward and indicated he would not handle any more illegal paperwork on illegal referrals for jobs at the agency. In the process he named names and the Civil Service Commission, most grudgingly, brought charges of merit system violations against eight GSA employees at high levels. The CSC did not press the charges with vigor, and the GSA eight insisted that CSC was part and parcel of any violations. The House Government Operations Committee investigation, under Congressman John Moss, led to Ben Joseph, a lawyer who worked as a top investigator for the United States Civil Service Commission. He had found a patronage ring operating in a blatant manner throughout the entire agency and had documented same. His superiors, he alleged, prevented him from probing further, largely because they, especially Chairmen Hampton, were also involved in making illegal referrals. As it turned out, all three Commissioners had engaged in highly questionable referrals of personnel, all in violation of the merit system.

While looking into this area, the Moss investigation came across what may prove to be the most important discovery of all, the activities of the USCSC's Bureau of Personnel Management Evaluation, the investigative arm of the Commission, charged legally with oversight of operations of the merit system. Here may be the only ongoing accounts of patronage abuses within the federal establishment during the Nixon years. The USCSC is still notably reluctant to release its reports, which fall into two categories. The first deals with enforcement of the federal laws forbidding discrimination on the basis of age, race or sex. These reports, by far the larger in number, document the fact that these laws are usually not being enforced within various federal agencies and at most federal facilities.

The second category of reports is much smaller and consists of Bureau of Personnel Management Evaluation (BPME) evaluations of political tinkering with the merit system at various agencies. Patronage rings operated, according to reports we now know of and possess at Housing and Urban Development, Social and Rehabilitation Service, Small Business Administration, Health, Education and Welfare, ACTION, Department of Labor and Department of Commerce. Widespread abuses have also been documented at the Federal Power Commission, Department of State and U.S. Customs Service, among others. Other reports are known to exist, but efforts to obtain them from the USCSC have thus far met with extremely strong resistance. For some reason, the USCSC under this Republican Administration seems to feel that these reports documenting ongoing evils and violations of the merit system are not the business of Congress or the public.

As these reports in both categories were identified and requested, and finally obtained, a careful study was made to see if any of the reports had been acted upon to require the agencies in question to put their respective houses in order. In virtually every instance, such was not the case, and in certain carefully selected situations the reports were made public without press releases or comment, or appropriate attention by the media.

Regrettably, none of this seems to have obtained any significent restructuring of the Bureau of Personnel Management Evaluation (BPME), USCSC, or of the way in which this strategic agency relates to the executive branch agencies and how they regulate the merit system. In no situation is there any meaningful indication that reform was required and effectuated as a result of the findings of the BPME investigation. In a number of cases the USCSC report was updated several years after the original was done, and the findings were the same or worse, such as occurred at the Federal Maritime Commission, Federal Power Commission and other agencies.

Therefore, there need be little remaining mystery over why the executive branch is often found nowadays to be demoralized and programs seem relatively unworkable. Entire programs and agencies are virtually at a standstill because of past abuses. For these reasons, many career federal workers retain little faith in the viability of the merit system and little or no faith in the Civil Service Commission. Report after report by the Commission's BPME states that average federal workers, when interviewed, expressed in thousands of cases the opinion that the "deal is always fixed," that "promotions are never given on the basis of merit," and statements of a like nature.

There seems to be little or no faith by the average federal worker in the Commission, which has been vigorously criticized in virtually all of its areas of activity. At least eight General Account Office reports have been done since January 1974, into various elements of the CSC's activities, and all have been found wanting, even in GAO's restrained language. It takes, for example, an average of 18 months for any employee appeal to be heard by the CSC. The agency and, more particularly, the Administration which gives the agency its marching orders, can be legitimately faulted for doing little, if anything, about the cumulative revelations of massive abuses previously listed. At this time, nearly two years after Nixon left the White House, the situation remains unchanged.

II. A. 4.(a) THE VETERANS ADMINISTRATION

During the Nixon Administration, as the Watergate scandal began to unfold, evidence emerged linking Veterans' Administration employees and activities to apparent illegal operations relating to the Committee to Re-Elect the President (CREEP).

When he resigned, because of continual harassment by VA Administrator Johnson, the VA's Chief Medical Director disclosed that, in January of 1972, the Nixon-appointed Administrator of the Veterans' Administration had begun an all-out effort to "politicize" the Veterans' Administration. On or about January 2, according to the Chief Medical Director, Johnson summoned key staff members to his Conference Room and noted that 1972 was an election year. Johnson stated that, while the VA had until then operated as essentially a non-partisan agency, it was now expected to lend its full support to reelection efforts and from time to time key officials could expect to be involved in activities pertaining to the campaign.

It had always been an accepted fact that the Administrator, as a Presidential appointee, would engage in partisan activities during an election year. However, during the Nixon Administration such activities were carried far beyond any excusable limits. The VA Chief Medical Director said that the January 2, 1972 meeting with the Administrator was "without precedence in my Central Office experience spanning four Administrations, two Democratic and two Republican including President Nixon's."

In actuality, the "politicization" of the Veterans' Administration started shortly after the Nixon Administration came to power. For example, on October 15, 1969, the Executive Director of the North Carolina Republican Party wrote to the Administrator of Veterans' Affairs demanding that certain individuals be removed from the Fee Appraiser's list of the Veterans' Administration of Cumberland County in North Carolina. He stated that nearly one-sixth -- more than $100,000 in fees -- of the state's VA work was done in Cumberland County. Persons currently on the approved list were active Democrats and contributors to the Democratic Party. "It is absolutely imperative" the State Republican Party Director wrote, "that they be removed from the approved list and that our seven men (who were named in the letter) be substituted."

Just prior to the 1972 election it was revealed that a Special Assistant to the Administrator of Veterans' Affairs had collected political funds for a special dinner for the Committee to Reelect the President from VA employees. When confronted with the irrefutable evidence, including affidavits from various VA employees, the Special Assistant said he had sought contributions of $100 each from federal employees in the Veterans' Administration Central Office toward two $1000 tickets for the Administrator to attend the political dinner and that a drawing was held for the other ticket.

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* Submitted by Honorable Ray Roberts, Chairman of the Committee on Veterans' Affairs.

After the 1972 Presidential election, the VA, along with many other agencies of the federal government, became the dumping ground for many of Nixon's former Committee to Re-Elect the President workers. Nine key positions at the Veterans' Administration were filled by former campaign workers from the Committee for the Reelection of the President. One of the most important individuals appointed was a Grade 18 Executive Assistant to the Administrator who was sent to the Agency with the mission of finding as many jobs as possible for the Republican Party faithful in order to get a firmer political grip on the entire mechanism of the Veterans' Administration.

On April 15, 1974, Congress demanded a full-scale investigation by the Civil Service Commission of VA employment policies under the Nixon Administration because it was apparent that political considerations were major factors in employment and promotions.

The Civil Service Commission refused to investigate all of the job actions requested by Congress on the grounds that their limited staff prevented them from doing so. On May 9, 1974 they did agree to investigate personnel actions relating to 58 employees. On September 15, 1975, more than one year later, the Director of the Bureau of Personnel Management Evaluation of the Civil Service Commission reported that 25 of the 58 employees who were to be investigated were excluded from investigation because they had left the VA before the investigation was initiated in June of 1974. Almost all of these were former CREEP workers. Claiming that they reviewed 40 cases, the Bureau acknowledged that 12 cases required a more detailed investigation and that four cases were found involving "serious violations of personnel regulations."

As of April 1, 1976, no further report has been received on the 12 cases in which the Civil Service Commission indicated "that significant questions remained requiring more detailed investigations." In this Administration, foot-dragging in investigation of hiring abuses still prevails.

With the growing criticism of the Veterans' Administration in general, the President on March 31, 1974 made a special nationwide radio address on veterans' affairs. He finally acknowledged that there were serious problems in the Veterans' Administration Education and Medical Programs. He then put the fox in the chicken house and appointed the Administrator of Veterans' Affairs to make a self-investigation of his Agency and to report back to the President in eight weeks. He also directed the Administrator to conduct an investigation of Veterans' Hospitals and clinics and to report their status within 60 days.

In a nationwide radio address one week later on April 7, 1974, Congressman Olin E. Teague of Texas, having been designated by the Congress to respond to the President's March 31 radio address, outlined in detail the mismanagement of the Veterans' Administration which he had reported to the President in communications as early as 1969 and 1970.

The Congressional spokesman stated that the leadership of the Department of Medicine and Surgery had been "completely wrecked" by Administration policy and that, due to the continual harassment of the Chief Medical Director and his major assistants, their resignations had already been submitted or were imminent. Teague stated that in the over 20 years that he had served on the Veterans' Affairs Committee he had never seen the morale in the VA at a lower state and he pointed to the political manipulations of the Administrator as the root cause of most of the Agency's problems. He also called for the Administrator's resignation.

With the stigma of Watergate haunting the Nixon Administration, the White House could not afford a major scandal in yet another federal agency -- especially the Veterans' Administration which had operated in a most effective nonpartisan manner since the end of World War II.

Accordingly on or about April 23, 1974, the Administrator was advised that his resignation would be expected.

On September 4, 1974, Administrator Johnson departed the Agency.

Had it not been for the efforts of the Democratic-controlled Congress during the tenure of Richard Nixon as President, the Veterans' Administration would have become a totally ineffective federal agency -- unresponsive to the needs of America's 29 million veterans and their dependents and completely stripped of its ability to effectively operate its important programs of health, education, compensation, pension, and employment benefits.

II. A. 4.(b) THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Civil Service Commission investigation into illegal hiring practices in the Department of Housing and Urban Development is a flagrant example of bad administration during the Nixon Administration. Very simply, it was organized abuse of good government on a large scale.

The Commission report documents that the Department of Housing and Urban Develop (HUD) illegally hired and promoted about 400 people referred by the White House and Republican Congressional sources during the Nixon years and also screened career employees up for promotion on the basis of "responsiveness" and political loyalty to Nixon. Preferential treatment was given to individuals on the basis of political pull instead of merit.

What is striking about this investigation and others into government agencies is that it shows a premeditated, full-scale operation, rationalized to the ends of so-called good government.

The "blueprint" for the disaster in the federal agencies was the "Malek" Manual -- a "Federal Political Personnel Manual" which brutally detailed instructions on how to circumvent the Civil Service and remove Civil Service employees from their jobs so that Nixon Loyalists could be put in. Prepared by the White House Personnel Office under the direction of Fred Malek, the Manual was dedicated, presumably with a sneer, to the Civil Service Commission. Fred Malek was former Deputy Director of the Committee-To-Re-Elect-the-President (CREEP), head of the White House Personnel Office, and Deputy Director of the Office of Management and Budget (OMB). Malek is the key figure in the patronage rings that occurred under Nixon in such agencies as the General Services Administration (GSA), the Small Business Administration (SBA), and most recently, the Department of Health, Education and Welfare (HEW). The abuses were very widespread and are still being uncovered at this date.

The HUD investigation found much deeper politicization of the federal government than was revealed in the hiring scandals at the other agencies, such as the GSA. The HUD report revealed that the White House found jobs for candidates in critical slots in HUD agencies, such as the Federal Housing Administration, and in other offices that handle important land policies for expensive contracts. The GSA scandal, on the other hand, had involved only several hundred actions taken concerning relatively low paying positions where individuals were hired as political favors.

A chart (attached) entitled "Political Personnel Office," a portion of the Malek Manual, was found in HUD's files by the Select Committee on Presidential Campaign Activities of the Senate.

In hearings before the Post Office and Civil Service Committee, Stanley Armstrong, former Special Assistant to HUD Secretary James Lynn, said that seminars were actually conducted on the Malek Manual in the White House for top agency officials, at the invitation of the White House Personnel Office.

Virtually all the applications received and processed came from political sources. The regular personnel process for competitive positions was circumvented by the unit, which brought such applications directly to the attention of administrative and selecting officials in HUD. Most of the requests for jobs or promotions were for Nixon loyalists.

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* Documents Relating to Political Influence in Personnel Actions at the Department of Housing and Urban Development; Subcommittee on Manpower and Civil Service of the Committee on Post Office and Civil Service; (Committee Print No. 93-23, 92nd Congress, 2nd Session, December 12, 1974).

It is important to note that Congressional referral is not prohibited by the Civil Service Rules nor is prompt acknowledgement of such referrals for processing prohibited either. However, preferential treatment as a result of these political referrals is prohibited as a violation of Civil Service merit principles which promote fair and open competition.

The investigation found violations of Civil Service Rules 4.2 and 7.1.

Civil Service Rule 4.2 prohibits inquiries into the political affiliation of persons occupying or applying for positions in competitive service. Any disclosure of such a matter is required to be ignored and discrimination for or against employees, or applications for employment, in competitive service because of political affiliation is prohibited. Civil Service Rule 7.1 requires that personnel actions in the competitive service will be taken solely on the basis of merit and fitness and without regard to political affiliation.

The Civil Service investigation reviewed 400 of the 1300 files maintained by the special referral unit in HUD. Thirteen cases were selected for in-depth investigation. A review of the random sample showed that virtually all of the candidates were referrals from nominally or partisan Republican sources -- primarily the White House Personnel Office, Republican Senators and Congressmen, and national, state and county committees of the Republican Party.

Illegal political inquiries were made on applicants and political profiles or dossiers were developed on some applicants for competitive civil service positions in HUD. This was executed by check of voter registration records and by queries to local political party organizations, Republican Congressional staff, and local elected officials. In some cases, these checks were requested by highly placed HUD officials.

The large scale of this activity is reflected in 4,000 political affiliation checks that admittedly had been made by a single staff member of the Office of Legislative Affairs, at the request of members of the special referral unit staff or other HUD officials. Of 38 persons whose political affiliations were checked into by a member of the referral staff in July and August 1973, 28 were supposed to be career HUD employees.

The political profiles were prepared to indicate acceptability to the Nixon Administration of the individuals' political affiliations and attitudes. For example, such profiles were prepared on career employees of the Office of the Assistant Secretary for Housing Management and the Office of the Assistant Secretary for Equal Opportunity.

An in-depth investigation of the filling of six Civil Service positions for Area Insuring Office Directors produced clear evidence that political data and political support influenced selection in four of the six cases. Candidates lacking the desired political support and affiliation did not receive serious consideration.

While the special referral unit was the primary agent for such activities at HUD headquarters, outside Washington the action shifted to the office of the Deputy Under Secretary for Field Operations, who has managerial responsibility for the ten HUD regions and supervises ten Regional Administrators. The Special Assistant for Executive Recruitment admitted that political factors were considered in filling Area Office Director and Insuring Director positions. Letters and memoranda from the files of the Deputy Under Secretary for Field Operations provide extensive documentary evidence that political affiliation and sponsorship have been factors in selecting candidates for these positions.

The special referral system was a pre-selection process for political patronage. In some cases positions were altered to create new or special positions for the purpose of accommodating specially referred candidates. Job descriptions were rewritten and inaccurate position descriptions were deliberately used to support invalid selective factors and give advantage to the specially referred candidates.

Candidates referred from political sources were listed as "must" or "high priority" candidates on whom HUD operating and personnel officials were directed to place top priority in hiring. One major source of referrals was the White House Personnel Office.

Civil Service investigators found 45 White House referrals received by the special unit in HUD during 1973. Twenty-three of these had been assigned by the White House Personnel Office to the "must" category, and 22 to the "high priority" category. Five White House referrals were placed in competitive appointments and investigation showed that each referral involved violations of Civil Service Rules and Regulations and HUD merit staffing guidelines. The majority of the other referrals were also placed or in the process of being placed.

Another technique utilized to work around Civil Service Rules was the hiring freeze. Special exemptions from the nationwide federal hiring freeze were obtained from OMB, on a name basis, so that high priority candidates referred from political sources could be hired. Such actions were sometimes taken in the absence of specific existing vacancies or genuine recruiting needs.

In some cases, temporary appointments were designed for specially referred candidates in advantageous positions to compete for permanent appointments rather than being hired to meet temporary needs.

The implications of the political patronage system and its effect on the American people are grim. First of all, it wastes taxpayers' money. The public pays but gets nothing back if political hacks receive appointments at fancy salaries. Inefficiency flourishes and the potential for the abuse of power is alarming. An appointment based on politics subverts the merit system and fosters a bureaucracy which is less likely to resist illegality and more likely to assist an Administration that wants to corrupt the normal processes. Systems filled by people willing to follow political orders are created. The end comes to justify the means.

The Civil Service Commission Report concluded that the following individual cases are examples of where preferential treatment was extended to candidates considered through the special or political referral unit:

-- James Armstrong - Political sponsorship was the cause of the appointment. The entire Indiana Republican delegation signed an endorsement of Armstrong to the position of Director of HUD's Indianapolis Area Office. The appointment was made in violation of the official HUD Merit Staffing Policy, in that eligible HUD employees did not receive bona fide consideration for the vacancies to which these individuals were appointed. He was preselected for the position before the merit staffing panel was convened to evaluate the candidates. Armstrong was also strongly endorsed by the Republican National Committee as well as the Indiana Republican Party.

An excerpt from a "Briefing Paper on James E. Armstrong" where the issues of political affiliation and qualifications are strongly evident reads: "Politically, Mr. Armstrong is a strong Republican and he has the support of the Indiana GOP Congressional delegation. If someone else is selected, we could alienate them. However, Mr. Armstrong's qualifications are minimal to say the least. Should he be selected me might arrive at the 'Peter Principle.'"

-- Maxwell R. Calloway - Calloway was referred by the White House Personnel Operation to the HUD special referral unit as a "must" candidate. He was hired under a special exemption from the hiring freeze. This eliminated all potential outside competitors from real consideration for any position for which Calloway was to be considered. A position description was written around his qualifications, and was misrepresented as being a temporary position requiring frequent travel, to make his certification and appointment easier. HUD then used the temporary authorization to get Calloway on the payroll immediately. After he was appointed, he was reassigned so that he never performed the duties of the position to which he was certified and appointed. He was certified to work in the position of Program Review Analyst in the Atlanta Area Office. He was then reassigned to the position of special assistant to the Regional Administrator.

This case is a clear example of political support, a non-merit factor, resulting in preferential treatment. There was also no real special need for the 30-day emergency appointment which was used to circumvent competitive examining standards. HUD misrepresented the position as being temporary and requiring frequent travel in order to discourage other eligible candidates from considering the job.

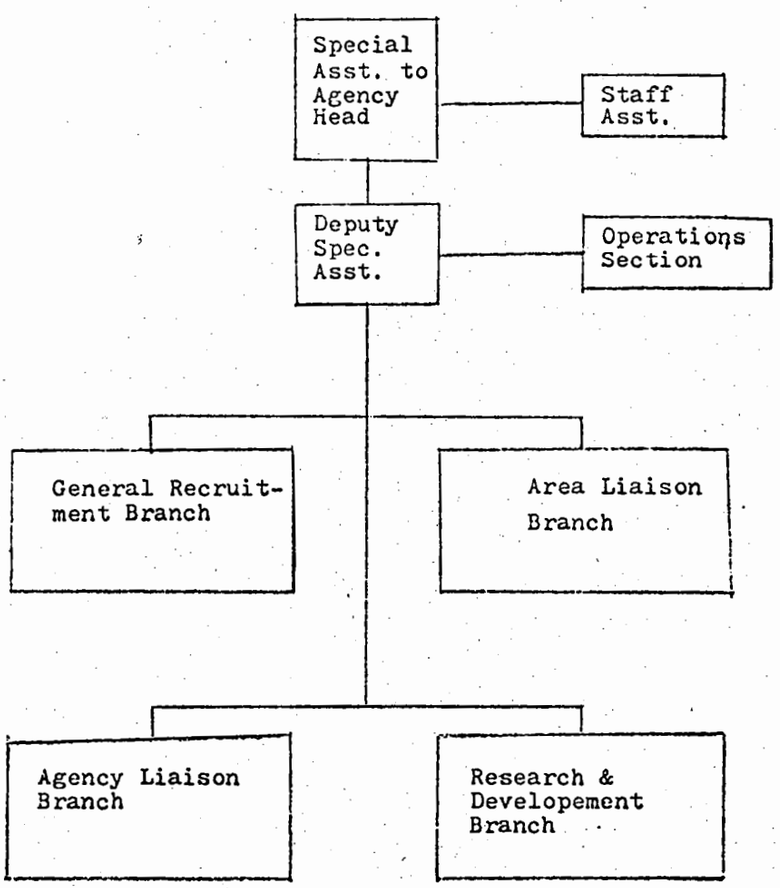
-- Wayne L. Cooper - Cooper was referred to HUD from the White House Personnel operation as a "must" candidate. A Senator and a Congressman also referred him. He received preferential treatment because of his political support, without consideration of or competition with other qualified candidates. The pre-selection of Cooper violated HUD's Merit Staffing Policy and his reinstatement without bona-fide competition through the Merit Promotion Program was illegal as well. OMB granted an exemption from the government-wide freeze specifically for the appointment of Cooper. He was not well qualified for the position he was appointed to by reinstatement. The position was Community Development Representative in the Denver Region. It was said his resume reflected "only a passing knowledge of urban renewal."

In a HUD letter about a recommendation Cooper had from a Republican Congressman, it was said that "it was very important to the Department (HUD) that the Congressman remain relatively happy with the handling of the special request."

-- Carmen Hoeppner - Ms. Hoeppner's application was referred from the White House Personnel Operation as a "must" candidate, which a HUD official said was for "political reasons." OMB notified HUD that an exemption to the Presidential hiring freeze would be granted for the appointment. She was given an emergency 30-day appointment and in the meantime she was rated ineligible for her position by a Civil Service Commission examiner. A re-evaluation of her qualifications was requested which resulted in an eligible rating and a permanent appointment. She did not perform the duties of Public Information Specialist, the position to which she was appointed. The special placement efforts in this case clearly constituted preferential treatment for the purpose of placing Hoeppner in a competitive position without true competition with other candidates. Preferential treatment reached the point of creating a special job for Hoeppner, located in her home town, and apparently set up merely to have a position to which she could be appointed. The non-merit factor of political support was evident. The fact that she did not perform the duties of a Public Informations Specialist indicates that the position established for her was not based on the needs of the government. The vacancy of her initial position was not posted and processed under the HUD Merit Promotion procedures. The appointment also violated HUD's own merit staffing policy, in that it denied HUD employees consideration for the position.

-- Harold Payne - Payne was referred to HUD by two Republican Congressmen , a Republican National Committeeman for Minnesota, and the White House Personnel Office. He was selected by the Assistant Secretary for Equal Opportunity "because of his obvious political affiliations." As a result, a fair evaluation of other candidates was overlooked because Payne was to be the only candidate. Payne was never interviewed by anyone at HUD. None of the managers in the chain of command were willing to accept the responsibility for the decision to hire Payne. The absence of interviews and the denials of responsibility would raise serious questions under any circumstances. Preferential treatment was clear in that there was no objective appraisal of Payne's qualifications and the needs of the government. Mr. Payne was then "pre-selected" and HUD's Merit Staffing Policies were grossly violated in this case. This preferential treatment was predicated on the non-merit factor of political support.

POLITICAL PERSONNEL OFFICE



NOTE: A FORMER INVESTIGATOR FOR THE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES SAID THIS FORM WAS FOUND IN FILES IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

8748

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Exhibit 12

October 25, 1973

Mr. David Dorsen
Assistant Chief Counsel
Select Committee on Presidential
Campaign Activities
Room G-308 - NSOB
Washington, D. C. 20541

Dear Mr. Dorsen:

I have been asked to provide your committee with a list of Departmental contacts we established in our plans for a "responsiveness" program. The names to the best of our recollection are as follows:

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GSA	Art Sampson
HEW	Dick Mastrangelo
HUD	Dick VanDusen
Interior	Bob Hitt
Justice	Dick Kleindienst
Labor	Larry Silberman
OEO	Phil Sanchez
SBA	Tom Kleppe
Treasury	Charls Walker

Please let me know if there is any other information you need.

Sincerely,

Frederic V. Malek

Frederic V. Malek
Deputy Director

FVM:jl

II. A. 4.(c) THE GENERAL SERVICES ADMINISTRATION

In the fall of 1975, a "political patronage system" in the General Services Administration was publicly exposed and became another link in a chain of widespread abuses which deeply angered Americans during the Nixon-Ford Administration.

This was only the beginning. Other investigations followed and Civil Service investigators found similar hiring scandals in other federal agencies such as the Department of Housing and Urban Development and the Small Business Administration, where the merit system was subverted in a full-scale organized effort. The patronage came in the form of a "special referral unit."

People were ordered fired or suspended in GSA by the Civil Service Commission, but not at top levels of the agency. The GSA scandal involved several hundred actions taken concerning low paying positions where individuals were hired as political favors.

The "blueprint" for this abuse came directly from the White House in the form of a manual, the so-called "Malek Manual," a Federal Political Personnel Manual written by Alan May who worked for the White House Personnel Office. May formerly worked for ACTION, from which he abruptly resigned after it was exposed in the press and Congress that the agency had been filled with partisan political appointees.

The "Malek Manual," ironically dedicated to the Civil Service Commission, minutely detailed ways of removing Civil Service employees from their jobs so that Nixon loyalists could be put in. The manual, dated 1972, is popularly called the "Malek Manual" because it was found in Fred Malek's Committee-To-Re-Elect the President campaign files. Malek headed the White House Personnel Office from October 1970 until July 1972 when he became Deputy Director of Nixon's Committee-To-Re-Elect the President. The day of the election he returned to his job as Special Assistant to the President, overseeing government-wide personnel activities, and remained there until February 1973, when he became Deputy Director of OMB.

Not since the "spoils system" of the last century has the national government seen such widespread political manipulation. In a patronage operation that went far beyond those of other Administrations, the will of the people to have a civil service system untainted by political patronage was ignored and the functioning of the federal government itself was deeply impaired.

The investigation by the Civil Service Commission of "political discrimination" in GSA for competitive positions concluded that:

> -- A "special referral unit" operated in GSA which provided "preferential consideration and treatment" to many candidates for job consideration. These practices violated merit system principles, policies, and requirements.

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* Documents Relating to Political Influence in Personnel Actions at the General Services Administration, House Document 93-22, Volumes I (October 7, 1974) and Volume II (October 18, 1974), submitted by the Committee on Post Office and Civil Service

-- "Improper or illegal" personnel actions were administered by GSA. The basis for this allegation can be found in specific case actions reviewed and in a pattern of preferential consideration given to applicants referred from certain sources.

-- Evidence indicated that "partisan political considerations" were taken into account in selections for competitive positions. However, the evidence was not conclusive enough to prove that "unlawful" political discrimination occurred. But the evidence does prove that GSA's handling of candidates referred from political sources "afforded them systematic preferential treatment in contravention of personnel laws and merit principles."

The investigation of Civil Service System abuses was initiated by allegations made by Arthur G. Palman, a Personnel Officer, and five other senior personnel officials in GSA. They charged that over the course of four years "political considerations" had been a factor in many of the appointments in GSA. They said that their Personnel Division was called upon to place or try to place many "Must," "Special Interest," or "Patronage" cases. In a meeting, Palman questioned the competence of James Hardgrove, GSA Personnel Director. Palman alleged that, at Hardgrove's direction, the Regional Personnel Office was being used as a "political patronage office." Palman also said that Hardgrove considered him "uncooperative" because he had refused to make certain questionable appointments.

In a letter, Palman alleged that "inordinate pressures had been exerted" on his Personnel Division "to take care of 'must' [patronage] cases.

"I am charging, " Palman wrote, "that verbal abuses and threats have been heaped on me and to a lesser extent my staff to coerce us into placing or trying to place 'must' cases. We have been required to use our personnel resourcefulness to make people qualified whose backgrounds were suspect and worse to assist in creating jobs which were not needed in order to place 'must' personnel."

The Commission found that, as a result of the political pressures exerted to place certain individuals, these applicants were treated differently from other applicants. For instance, in some cases, jobs were created especially for certain people; others were appointed on an emergency basis -- 700 hour appointments -- so that they could "get on the rolls quickly;" or even appointed during "freeze" situations when appointments are generally prohibited. In some cases, "no real consideration" was given to other qualified candidates, in complete violation of merit principles.

Investigation of twenty sample cases showed that "improper" preferential treatment was apparent in the hiring of more than half. Only four, or 20%, appeared to be "legal and proper." The records in some cases showed a "definite link between the appointments and the candidates' referral to the agency from a nominally political source." GSA officials were giving preferential treatment to these candidates through the "preferential referral system."

The point that stands out in the GSA scandals is that an employee actually initiated investigation of them. This apparently paved the way for other investigations by the Civil Service Commission of hiring practices in other agencies. But the nagging question still remains: Where were the Civil Service Commission and its investigators when the merit system was being subverted? Surely there must have been rumors.

The Commission report said that the actual incident that triggered Palman's request for the investigation was a telephone conversation with Hardgrove about establishing and filling a position in the Regional Office for Assistant Regional Personnel Officer. Palman said Hardgrove told him that he did not have "confidence" in him because of Palman's handling of "must" cases. Hardgrove denied the accusation but conceded that their relationship was "somewhat strained," the report said. Palman said in interviews that he had been "pushed around and humilated" over the past years and as a result started the investigation because he wanted "to be treated with some respect, not as a pawn." He told Commission investigators that they would probably find out that he did not raise his "feeble voice often enough over the past years."

One of the senior personnel officials who submitted an affidavit wrote in the closing statement a remark that was said to reflect the situation as viewed by Palman and his five staff members. Leon Cohen wrote:

> "What I would like to see result from this investigation is an abolition of this kind of pressure system of personnel referrals and a return to open competition principles of the Civil Service Merit System. Finally, I must express concern and hope that there will be no reprisals against any of us who signed the letter of June 11, 1973."

The "system" apparently began in 1969 with the inauguration of the Nixon Administration. However, Hardgrove claimed that there was always some routine used to monitor personnel matters of particular interest to top officials.

Palman stated that he started receiving special interest cases directly from Donald "Jack" LeMay, who headed up the "special unit," or indirectly through other individuals. They were called "must cases" and Palman said he believed the term originated in the Central office and meant that there was "strong political interest" in the case and that in these circumstances the personnel officers were to extend themselves. In one case, LeMay placed 15 calls to Palman about placing an individual. Rod Kreger, then Assistant Administrator and later Deputy Administrator of GSA, asked LeMay to set up a system for "responsive action" on applicants who had been referred to Robert Kunzig, then Administrator of GSA. Palman said he started receiving calls from LeMay soon after Kunzig had become Administrator in 1969. The personnel in this political referral system later changed and others were implicated.

A review by CSC investigators of more than 100 special interest personnel referrals that were receiving attention in 1974 found that some of the individuals receiving special attention were formerly employed by the Committee-To-Re-Elect the President. Referrals also included individuals from the 1973 Nixon Inaugural Committee, the Republican National Committee, various Republican Campaign Committees, national, state, and local, and individuals employed by Republican Members of Congress.

The special unit at GSA handled several hundred personnel referrals. Many were from the Pennsylvania Republican Congressional Delegation. Kunzig and his successor Sampson Arthur had a close relationship with the delegation.

It was alleged that some promotions and appointments required a prior political clearance by the White House. The report gave one example.

Investigators were told by Palman that in some cases vacancies were created for "the favored" and pressures were brought on the Regional Administrator and key personnel to retire, resign, transfer out, accept downgrades, or just disappear. This smacks the so called "Malek Manual" which minutely detailed ways of removing people who were not Nixon loyalists or "politically responsive." The manual was the blueprint for disaster in the federal agencies.

The following individual cases are a few examples of preferential treatment in hiring via the special referral unit.

-- TOM WINCE -- GSA officials went to extremes to appoint Wince, who formerly worked as a Driver for John Mitchell at the Committee to Re-Elect the President. Referred by the White House to GSA for a job at a salary level comparable to the one he received with the Committee ($8,5000 a year), GSA exempted Wince from the hiring freeze and gave him a Schedule C appointment as Confidential Assistant. He never performed the duties of that position and after one week in the job he was converted to a Federal Protective Officer Position under the authority of the Veteran Readjustment Appointments Executive Order. The appointment was illegal because it violated the stipulation that a Veteran Readjustment appointment may be effected only within a year after the veteran has left the Armed Services. More than a year had passed since Wince had left the Army when the appointment was made.

-- JAMES R. NESBIT -- Nesbit's application was referred to GSA by the late Republican Congressman John Saylor of Pennsylvania. Saylor wrote William Casselman, former Counsel to President Ford and then General Counsel of GSA. Saylor said he wanted "some immediate assistance to avoid another embarassing situation from this Republican Administration of which I am and have been asked to be a part." The report concluded that "all kinds of special efforts" were made to find Nesbit a career job. He had previously had two jobs and Palman said that LeMay, who ran the special unit, suggested that Nesbit might have qualifications for another job. Palman said that LeMay insisted that they visit Nesbit in Pennsylvania rather than having Nesbit come to Washington for an interview. When he was interviewed at his home, it was found that he did not qualify for positions in GSA other than a Federal Protective Officer, Guard, or Custodial Laborer. The matter was dropped and Nesbit was not appointed. But the fact remains that Nesbit received a "high degree of preferential treatment" from GSA in order to be "responsive" to Saylor. Merit principles were violated because "partisan political influence" was allowed to "seriously disrupt the personnel operation."

-- PETER SCHULTZ -- The son of high official George Schultz received a 700-hour appointment as a Custodial Laborer. It was evident from a statement by Palman that this special treatment stemmed from the fact that Peter was the son of George Schultz, former Secretary of Labor and Secretary of the Treasury. Schultz was promoted later as a Carpenter's Helper. It was concluded that Schultz was given special treatment by a fast, temporary appointment, that the Civil Service Register was inappropriately used, and that he was misassigned to Carpenter's Helper duties while employed as a Custodial Laborer.

-- J. RONALD SMITH -- The Smith application was referred to GSA by Senator Hugh Scott. GSA Administrator Kunzig responded to Senator Scott in a signed letter prepared by LeMay which closed with the statement -- "You may be assured that we will do everything possible to expedite processing his appointment." Smith was appointed at a premium pay rate, GS-11 step 10, as an Administrative Officer, a position that was created to provide him with a job in Pittsburgh. The only opening in Pittsburgh then was a GS-11 Buildings Manager, a position that Smith did not qualify for. While Smith was qualified for the position he was appointed to, he was given preferential treatment in the "special referral system" because of his partisan connection with Senator Scott.

8364

MALEK EXHIBIT NO. 11

THE WHITE HOUSE
Washington

CONFIDENTIAL

Memorandum for: Al Kaupinen
GSA

May 14, 1973

Subject : Referral of Stuart Weeks
(Name of Individual)

For a ☐ Full-time ☐ Part-time Position Summer

☐ In response to your vacancy notice of _____
(Date)

for the position of _____

This candidate deserves a:

☐ Must ☐ Courtesy

☒ High Priority ☐ Routine Referral

consideration for a position in your agency. A resume on the individual is attached.

☐ This candidate should be interviewed.

Please note your disposition on the carbon copy and return by _____

Remarks:

Options: Intern Program
Low level consultancy
Temporary need appointment

Bill

Bill Lamont

AGENCY ACTION:

This candidate

☐ Is under Active Consideration ☒ Was not selected ☐ Resume is being kept for further consideration

☐ Was selected, position: _____

We have to close this one; Weeks [illegible] was not
pleased [illegible] coming up as [illegible]

8748

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Exhibit 12

October 25, 1973

Mr. David Dorsen
Assistant Chief Counsel
Select Committee on Presidential
Campaign Activities
Room G-308 - NSOB
Washington, D. C. 20541

Dear Mr. Dorsen:

I have been asked to provide your committee with a list of Departmental contacts we established in our plans for a "responsiveness" program. The names to the best of our recollection are as follows:

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EEOC	Bill Oldaker
EPA	Bob Fri
GSA	Art Sampson
HEW	Dick Mastrangelo
HUD	Dick VanDusen
Interior	Bob Hitt
Justice	Dick Kleindienst
Labor	Larry Silberman
OEO	Phil Sanchez
SBA	Tom Kleppe
Treasury	Charls Walker

Please let me know if there is any other information you need.

Sincerely,

Frederic V. Malek

Frederic V. Malek
Deputy Director

FVM:jl

II. A. 4.(d) THE SMALL BUSINESS ADMINISTRATION

In a list of "flagrant violations" focusing on partisan political influence employed by the Nixon-Ford Administration, the Small Business Administration (SBA) joined the Department of Housing and Urban Development (HUD) and the General Services Administration (GSA) in a series of patronage rings which are still being uncovered in this election year.

Top officials of the SBA were illegally hired as a result of sponsorship by partisan political figures, political affiliations, and political clearances. Evidence in a Civil Service Commission report* showed that at least four District Directors received preferential treatment because of partisan affiliations.

The report said that while a complete review of the staffing of District Director positions was beyond the scope of the investigation, the specific cases that were investigated raised "disturbing questions about SBA's overall approach to filling these jobs."

The Commission report did not name the partisan political connections of top SBA officials involved in the illegal hiring practices, although names were indicated in the earlier Commission investigations into the patronage rings in the Department of Housing and Urban Development and the General Services Administration.

In addition to the four cases, evidence of violations of merit staffing was found in connection with staffing of other District Directors positions. The political affiliations of three candidates for the Los Angeles District Director position were identified on a listing of candidates sent to the selecting official. Clearances were obtained from both the Iowa Republican Congressional Delegation and the White House on a candidate before he was appointed to the District Director position in Des Moines, Iowa.

The process of illegal political hiring within the SBA originated in the Special Assistant to the Administrator. The report said there was no regular procedure in SBA to assure that merit principles were adhered to in the staffing of District Director Positions. "With respect to these key jobs," the report said, "SBA has permitted a personnel management vacuum to exist in which political interests are allowed to influence appointments in a style that approximates a patronage system."

The Office of the Special Assistant to the Administrator was where the wide range of personal contacts with political figures outside the agency occurred and was usually the first point of contact for those who referred candidates. Evidence showed that the Special Assistant, whose name the Civil Service Commission has deleted from its report, had records in his office that indicated that a large number of applications were referred by him to the personnel office for "priority handling and consideration." The record also showed he was directly involved in the choice of District Director and other key positions in the field, many of which selections seriously violated merit staffing principles.

In the findings of eight additional cases, a number of other improper or illegal personnel actions were taken by the agency as a result of efforts to provide preferential treatment in violation of merit principles and an Executive Order. The

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*Documents Relating to Political Influence in Personnel Actions at the Small Business Administration, July 1975, Subcommittee on Manpower and Civil Service of the Post Office and Civil Service Committee, 94th Congress, 1st Session.

evidence in the Civil Service Commission report shows that applicants referred by political sources either directly or through the SBA Central Office and those referred by high level SBA officials were treated in ways significantly different from most other applicants in that they have been:

-- Appointed to jobs created especially for them.

-- Appointed on Disaster appointments for the sole purpose of getting them on the rolls quickly or when the career conditional appointments could not be obtained.

-- Appointed to positions with no real consideration given to other qualified candidates either outside or within the agency.

After appointment, individual employees with political or other special connections were preselected for promotion, given special advantage in conversion to competitive appointments through experience gained while holding Disaster appointments, reassigned without consideration for agency needs and, in one case, given two awards solely in response to a Congressional inquiry.

A Comptroller General's report* said that alleged SBA recruitment practices were:

-- Recruiting by SBA officials of former associates from companies or agencies where the officials were previously employed, and forming cliques within SBA on this basis.

-- Recruiting outsiders without strong experience for management positions.

-- Misclassifying jobs to assure hiring favored persons.

-- Recruiting marginally qualified clerical employees.

-- Maintaining clerical positions at low grades, causing turnover.

-- Selections based on "paper qualification" rather than experience.

The Civil Service Commission performed extensive studies involving changes in incumbency of four District Directors. Results of two of the studies were:

-- Stanley D. Goldberg - In late 1968, Goldberg assumed that the change in Administration would mean a Republican District Director in Phoenix. The report said that he decided that checking with Republican State Party Chairman Rosenweig and the Senator was the way to proceed, and that without their support, application was useless. Even as he proceeded toward appointment, there was no vacancy in the District Director position. The incumbent District Director refused to resign in the face of political pressure and was ordered to transfer by SBA Central Office so Republican sponsored Goldberg could take his place. There was no evidence that any other candidates were seriously considered. The position was filled before it was vacant. Goldberg's political affiliation and political sponsorship were major factors in his appointment to District Director in Phoenix, in violation of Civil Service Rules 4.2 and 7.1.

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*Personnel Management in the Small Business Administration, Report on The Congress by the Comptroller General of the United States; FPCD-76-10, November 28, 1975.

-- Bert F. Teague - Teague, former Executive Director of the Republican State Committee, was sponsored by a U.S. Senator from New Hampshire whom the Commission report did not name and two Congressmen from New Hampshire as well. The Senator and the two Republican Congressmen from New Hampshire handpicked Teague and presented his credentials to SBA Administrator Kleppe. Kleppe went along with the arrangement, thereby allowing the agency to be used for "partisan political purposes." The Senator informed the District Director, who was fired in order to hire Teague, that he and two other Congressmen have "recommended a Republican to fill your position," the report said. While reassuring Benoit (the fired Director) of his personal friendship, the Senator cited the desire of the Republican State Committee and others for a Republican to head SBA in New Hampshire. There was no evidence that any other candidates were ever considered for the job. The position was effectively filled before it was vacant. Teague's political affiliation and political sponsorship were major factors in his appointment to District Director, in violation of Civil Service Rules 4.2 and 7.1.

8748

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II. A. 4.(e) THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

In 1972, Secretary of State Henry Kissinger's then future brother-in-law, David Maginnes, was given "preferential treatment" for a competitive civil service position in the Office of Education at the Department of Health, Education and Welfare (HEW) which "was widely recognized as a concession for the future brother-in-law of the Cabinet Officer," a sworn statement in a current Civil Service Commission report said.*

The report entitled, "Alleged Political Influence in Personnel Actions at the Department of Health, Education and Welfare," investigated serious allegations made by a former official of the Office of Education (OE), Robert Kane, concerning abusive hiring practices in OE. At the time of the Maginnes appointment, Kane was Acting Assistant Commissioner for Administration at OE. He also served as Director of Personnel for five months.

In the eight case writeups in the Civil Service Commission report, it was stated that two other HEW employees were given "preferential treatment" and listed as "must hires" because of political referrals from Charles Colson, former Nixon White House Aide, and Republican Senator Hugh Scott from Pennsylvania. Senator Scott was also implicated in another Commission investigation into civil service abuses in the General Services Administration.

In the Maginnes case, Kane told Commission investigators that he was informed by another OE official that there was a "must hire" that had to be processed.

"Maginnes' papers were processed under the terms and conditions applied to 'must hires'.... McCarthy told me he had a 'must hire' case that was hot. He told me that the case was Dave Maginnes and identified him as the future brother-in-law of Henry Kissinger.... In my judgement Maginnes was definitely a 'must hire' case from the beginning," Kane said in a sworn statement to the Commission.

On November 28, 1972, David Maginnes was hired as an Education Program Specialist at $20,000 a year. A year and a half later, his sister Nancy married Kissinger. (They were visibly dating in Washington when the appointment was made.)

Larry LaMoure, the official who was ordered to hire Maginnes, told the Commission that he told the Office of Education that he would not hire Maginnes unless he received adequate information on the applicant concerning "slot" and "grade ceiling points." He was told to process the application without the information. So LaMoure refused to hire Maginnes. He said he was later called and told that he had to hire Maginnes and that he would be hearing from a "higher authority" -- which is exactly what happened. Robert Wheeler, then Associate Commissioner of the Bureau of Elementary and Secondary Education (BESE), called LaMoure and ordered him to sign Maginnes' request form for appointment and to hire him.

LaMoure refused again. "I refused to do so...and was informed that I would do so or be removed from my position as being uncooperative," he said in sworn testimony.

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* A Report on Alleged Political Influence in Personnel Action at the Department of Health, Education and Welfare, July 1975; prepared by the U.S. Civil Service Commission, Bureau of Personnel Management Evaluation.

"I refused to request the appointment of Mr. Maginnes, since it would nullify the promotional possibilities for any staff member for a substantial period of time in the future, and secondly, I did not have the workload to justify the hiring of Mr. Maginnes. As a matter of fact, when he eventually joined the staff I had to put him in a 'make work' situation..." He requested to meet with the Division's clerical staff and explain to them why Mr. Maginnes had to be employed, which would result in their not being promoted, but Robert Wheeler refused to permit him to do so.

The Commission concluded that Maginnes was "in fact a 'must hire' and that he was given preferential treatment in his appointment to a competitive position." The actions taken on behalf of the future brother-in-law of Kissinger violated Executive Order 11222 because "it went beyond the usual competitive staffing procedures and amounted to preferential treatment."

Kane said he didn't know where the original referral of Maginnes' name came from. "I do know, however, that special efforts were made to place him as borne out of the fact that he was finally placed in OE," Kane said.

In another case, implicating Charles Colson in illegal hiring procedures, Mary LeTendre, who was also politically classified as a "must hire," was said to have been referred directly by Colson to the Department. "According to Ruth Holloway, LeTendre's supervisor, 'Charles Colson, White House (aide), made the original referral to someone in the Department," the Commission report said.

This allegation was substantiated in part in a memo which stated that "Ms. LeTendre was referred to Dick Mastrangelo with a strong recommendation that she be brought before the board."

The Commission concluded that LeTendre was given "preferential treatment" in her appointment to a competitive position for several reasons:

-- LeTendre was given a temporary, 30-day Special Needs appointment as an Education Program Specialist and later an extension converting her to a career-conditional appointment. A violation occurred because there was no "legitimate special need for her appointment."

-- "To get her on board" her appointment was an exception to a Department-imposed freeze on accessions above GS-5. The freeze was circumvented when the personnel officer said that LeTendre was offered the job before the freeze. There was no documentation to verify this assertion, which the report said "raised suspicion as to the truthfulness of Mr. Amoruso's (the personnel officer) statement." Other factors aroused suspicion also. Six days after the freeze was imposed in OE, a memo from LeTendre's husband, who worked on the White House Personnel staff, was sent to the Deputy Personnel Officer. LeTendre's husband transmitted her form and said that she would arrive in Washington the next Friday. OE violated departmental policy because evidence indicated that no "bonafide job offer" had been made to LeTendre before the freeze.

-- LeTendre's appointed position was not announced as required by the OE Promotion and Placement Plan. The Personnel Office was not able to submit records indicating that LeTendre was selected in harmony with OE's merit promotion plan. The vacancy was not posted and as a result other HEW employees were excluded from consideration.

"Special placement efforts" resulting in "preferential treatment" in the case referred from Republican Senator Hugh Scott also violated an Executive Order, as did the cases of David Maginnes and Mary LeTendre.

Theodore A. Midile, a Franciscan priest, was referred to the Chief of the Office of Special Projects (OSP) in HEW from the office of Hugh Scott, who expressed a "strong interest" in the case. Mastrangelo, the OSP Chief, said it was described as a "humanitarian case."

Mastrangelo received many calls about Midile and as a result sent the application to a high official for serious consideration because Midile came "strongly recommended by Senator Scott."

The Senator's office persistently followed up on the progress of the application to the extent that calls were placed to the Social and Rehabilitation Service (SRS) personnel office.

Midile's qualification did not fit the requirements of most positions in SRS, so he was sent to the Community Services Administration. After much pressure from Scott's office, Midile was placed in a 30-day Special Needs appointment, which was unwarranted. He was appointed as a Community Service Advisor temporarily until he was converted to a career conditional appointment.

Robert Kane, the former Office of Education official who brought the original allegations, stated that most referrals received in OE were from the Office of Special Projects. He described the hiring operation in OE as a "political 'must hire' system."

The Office of Special Projects was essentially a referral system for competitive and noncompetitive positions, the report said. Alan May, OSP's first Chief in 1969, handled noncompetitive "political" referrals but Commission investigators found that political profiles were kept on applications in the Talent Bank for competitive positions also. This was determined to be violation of Civil Service Merit Rule 4.2.

"Thus a situation evolved where an office which began as a unit which referred applications for noncompetitive or "political" jobs acquired a considerable degree of influence over applications for competitive positions," it was said.

Commission investigators interviewed all Nixon and Ford OSP chiefs up to the present time with the exception of Alan May, who left in 1970. In 1972 May was working in the White House Personnel Office for the notorious Fred Malek, the evil genius behind the organized, widespread subversion of the Civil Service Merit system.

May wrote the so called "Malek Manual" which, in the grossest detail, outlined ways of deviously circumventing the Civil Service Merit system to the political benefit of the Nixon Administration. The emphasis was on how to remove people who were not Nixon loyalists from competitive civil service jobs which were supposed to be based on merit and not political loyalty.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Exhibit 12

October 25, 1973

Mr. David Dorsen
Assistant Chief Counsel
Select Committee on Presidential
Campaign Activities
Room G-308 - NSOB
Washington, D. C. 20541

Dear Mr. Dorsen:

I have been asked to provide your committee with a list of Departmental contacts we established in our plans for a "responsiveness" program. The names to the best of our recollection are as follows:

ACTION	Joe Blatchford
Agriculture	Phil Campbell
Commerce	Jim Lynn
DOT	Jim Beggs
EEOC	Bill Oldaker
EPA	Bob Fri
GSA	Art Sampson
HEW	Dick Mastrangelo
HUD	Dick VanDusen
Interior	Bob Hitt
Justice	Dick Kleindienst
Labor	Larry Silberman
OEO	Phil Sanchez
SBA	Tom Kleppe
Treasury	Charls Walker

Please let me know if there is any other information you need.

Sincerely,

Frederic V. Malek

Frederic V. Malek
Deputy Director

FVM:jl

II. INCOMPETETENT, CORRUPT, AND WASTEFUL ADMINISTRATION

B. EXAMPLES OF BAD POLICY, MISMANAGEMENT, AND INEFFICIENT AND WASTEFUL ADMINISTRATION UNDER THE NIXON-FORD REGIME

II. B. 1. MALADMINISTRATION IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

When the Republican Administration took over responsibility for the federal executive branch in 1969, they brought with them a philosophy that made government virtually unworkable. A very good example of this philosophy can be found in what the Republican Administration has done to the Department of Housing and Urban Development (HUD). They destroyed a reasonably effective Department and, in its place, erected a bureaucratic monstrosity which appears to be able to do little and to do even that badly.

A lot of new jobs were available to be filled at HUD by Republican political loyalists. An illegal clearance unit operated in the office of the Secretary of HUD to assure that only those politically useful or responsive to the Republican President were appointed. This politicization was investigated, verified and condemned by the Civil Service Commission -- but only after the politicization of the Department had caused many top quality career personnel to leave.

The new Section 235 and 236 housing programs were just becoming operational in 1969; but due to the breakdown of morale and erosion of standards, scandal became rampant as unscrupulous developers ripped off the poor with well placed bribes among HUD officials. Investigations of these scandals have led to 500 convictions, with more still pending before the courts.

Across the nation, the HUD programs have been plagued by speculation, scandal and mismanagement, leaving HUD to cope with more than a quarter million units of abandoned decaying housing.

This could have occurred only in the atmosphere of immorality which pervaded the entire Republican Administration.

So far HUD lost over $2.16 billion of the taxpayers' dollars as a result of Republican mismanagement and outright ciminal behavior. Two FHA mortgage funds are deep in the red. Defaults are continuing at a rapid pace. Meanwhile, in Philadelphia, Atlanta, Detroit and elsewhere, thousands of HUD homes sit empty, blighting the very neighborhoods they were supposed to help stabilize. In Detroit alone, HUD now owns more than 10,000 abandoned homes and vacant lots -- fitting tribute to the bankrupt philosophy of government which underlay the entire Republican approach to government.

The Section 8 housing program was proposed by the Administration to replace all other forms of assistance for lower income housing. The measure was signed by the President in August 1974 and authorized 400,000 units of housing by June 30, 1975. Unbelievedly, it took HUD eight months just to prepare the regulations. In November 1975 there were only 600 housing units occupied under the Section 8 program according to the Under Secretary of HUD -- a long, long way from the promised 4000,000 units. As of the end of February, 1976, 17 months after enactment, there were only 2,600 new or substantially rehabilitated units started. The Section 8 program was the Administration's own and the record shows that they are not capable of carrying out even their own programs. Meanwhile, the costs to the taxpayers of bad administration and criminal conduct in the Republican Administration mount and mount.

II. B. 2. DOCUMENTATION OF WASTE OF BILLIONS OF DOLLARS BY THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Department of Housing and Urban Development has wasted tens of millions of dollars and deprived thousands of families of the opportunity to become homeowners since 1971 because of its failure to respond to recommendations for corrective action dealing with management and policy deficiencies according to a current Government Operations Committee report.*

The report examines specific cases where deficiencies in program concept and implementation were recognized by HUD "but nothing was done" to correct them. In other cases, the Committe found, managers should have been able to recognize the problems but didn't. HUD ignored recommendations from Department officials, from the General Accounting Office and from Congressional Committees -- recommendations that would have curtailed waste and corrected maladministration before program management became extremely poor.

HUD's lack of responsiveness to proposed changes resulted in what the report describes as "cumbersome and wasteful operation." Many of the "inefficient" practices were "tolerated" for years.

HUD officials were aware of the problems long before they were exposed in the press and investigated by the Congress and General Accounting Office. "Yet in examining many of the evaluations of areas such as mortgage servicing, property management, sales and project management, reports that are two, three and four years old read as though they were written yesterday," the report states.

"For too long, the Department has tolerated inefficiency, conditions conducive to corruption, and exploitation of its programs. Had the danger signals been heeded, great sums of money could have been saved, and the scope of HUD's present problems could have been substantially reduced."

While the report does not determine precisely how much money was lost because of HUD's failure to take corrective action, the report does specifically list over $30 million in losses. However, it is estimated that, overall, the losses were much greater.

Generally, the report evaluates HUD's responsiveness in the area of housing management which supervises servicing of HUD-insured mortgages, the sale of homes acquired as a result of abandonment or foreclosure, and the management and sale of multi-family projects that have been assigned to HUD or foreclosed.

The inadequacies in mortgage servicing are particularly bad. In the early stages of the investigation, the Manpower and Housing Subcommittee of the Government Operations Committee found that mortgage servicers were not following HUD guidelines calling for forebearance from foreclosure and for adequate preservation of HUD insured homes. HUD field officers were aware of these problems and managers could have averted many of the foreclosures being processed by their officers by proper servicing.

HUD managers were aware of many cases where mortgage companies or savings and loan institutions were not protecting homes as well as they could have and other cases where HUD was paying for services that were never performed. For example, abandoned buildings were never cleaned up or boarded up even though HUD paid for the service.

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* HUD's Responsiveness to Previous Recommendations For Correction Action, House Report No. 94-968, Nineteenth Report By The Committee On Government Operations, March 29, 1976

"Despite the publicity given to HUD's shortcomings," the report said, "and the fact that many of its failings are highly visible -- boarded up and vandalized houses cannot be hidden by legal arguments or fancy bookkeeping -- the Department has exhibited an amazing reluctance to change procedures that obviously were not working."

Efforts by HUD employees to rectify the situation were ineffective. In fact, their "protests, suggestions, and recommendations" concerning the shortcomings in mortgage servicing "too often had fallen on deaf ears" or, amazingly, "even resulted in reprimands."

In June 1972, the Government Operations Committee had issued a report on "Defaults on FHA-Insured Home Mortgages" detailing problems in HUD administration. The Committee's observations then were still being echoed in hearings three years later, in 1975. The report said that low income people who wanted to buy homes desperately needed counseling and advice. Throughout the 1975 hearings witnesses also stressed the need for counseling these poor people. HUD did not provide general support to voluntary counseling agencies, although they did give limited support on default counseling on Section 235 loans by paying fees to selected counseling agencies. Failure to provide counseling had disastrous results. Records on defaults in the Chicago Area Office, for example, showed that two programs for which HUD never funded counseling had a "substantial percentage" of defaults.

The 1975 hearings also revealed that the Chicago Area Office was "severely understaffed by the Departments' own guidelines" and because of this employees were unable to perform mortgagee reviews and other operations essential to reducing losses to the insurance funds. Remarkably, instead of building up its personnel after the hearings, HUD cut its personnel strength somewhat. Inadequate staffing also resulted in many houses being left vacant and vandalized, contributing to the crime rate and general decay in neighborhoods HUD was supposed to be improving.

HUD was aware of all of this in 1971.

Losses under these HUD programs far exceeded what the necessary staff would have cost HUD and, while the Department might not have been able to anticipate all the problems, there is no reason the Administration could not have acted more aggressively to correct the deficiencies by 1975, the report concluded.

The Committee found other evidence as well of inefficient, incompetent, and wasteful administration in HUD. The report documented that:

-- HUD lost literally hundreds of millions of dollars because it could not re-sell foreclosed and abandoned houses, which had deteriorated because they were left vacant and unprotected by companies that were supposed to see that the homes were boarded up and preserved. HUD refused to exercise its authority for many years to insure that the mortgage companies were doing their job. This failure to oversee properly HUD owned properties led directly to the intensifying of blight in neighborhoods HUD was supposed to be upgrading.

-- The General Accounting Office found that HUD overpaid $15.4 million to 60,000 homeowners who reported higher incomes to the Internal Revenue Service than they reported to lenders who certified their income and computed subsidy payments. Over 13,000 of these families had incomes that were so high that they were actually ineligible for any subsidy. On the other hand, over 8,000 homeowners were deprived of $2 million in housing aid because they reported lower incomes to the IRS than to lenders. HUD would not have squandered the $15.4 million if it had used its authority to check the incomes of the families involved in the subsidized mortgage programs, which require participants to give 20 percent of their incomes toward payments. HUD had the capability to spot check certified income against tax returns but never used it. If they had, the $15.4 million in overpayments could have been reduced, opening the door for other families eligible for subsidized housing.

-- HUD lost another $10 million because of inadequate mortgagee income recertification procedures. There was essentially no monitoring of mortgagees to insure that they were earning the fees paid for them. While HUD instructed its field officers to exercise surveillance over this matter, the central office did not provide needed additional staff or necessary guidelines. These instructions only came after GAO began a review of mortgage servicers' recertification of incomes in February of 1974.

-- HUD paid mortgage companies a $3.50 a month per mortgage handling fee for "quality servicing" that GAO found the Department was not getting. HUD ignored three GAO reports and an internal HUD study which recommended lowering the fee. As a result of inaction by HUD, GAO estimated that in six months period, the Department paid an additional $2 million in handling fees that could have been saved if the recommendations had been followed. And, until last year, HUD continued to pay the $3.50 fee despite independent reports that concluded the Department was overpaying the mortgage companies at a rate of $4 million a year.

-- HUD lost millions of dollars because of inefficient bookkeeping, which badly flawed its property tax system. GAO found that HUD's tax data records contained substantial errors; HUD paid taxes on property it no longer owned; HUD did not pay taxes it owed; HUD had paid its taxes late, thereby incurring unnecessary late penalties and interest charges; HUD made duplicate payments on some properties; and HUD has not received credit from local tax authorities for delinquent taxes paid to property owners at the time of sale.

II. B. 3. MISMANAGEMENT OF THE SMALL BUSINESS ADMINISTRATION

The Small Business Administration (SBA) engaged in numerous loan transactions in which loan proceeds were approved for questionable purposes. These practices were costly and raised some grave doubts as to the competency of the management of SBA in carrying out the mandate of the loan program.

According to a General Accounting Office study, loans were approved that merely transferred the risk of obtaining repayment from banks and creditors to the SBA. In other words, the SBA engaged in highly improper actions which helped bail out banks holding risky loans.

The SBA was also accused of refinancing loans which should not have been approved because there was little hope of any repayment, because of the borrowers' sharply deteriored credit position. This means that SBA was taking on risks not called for by the law and was following a practice which could have jeopardized SBA's financial integrity. In most instances there was little chance of recovering these loans because of the borrowers' repayment ability.

On the other hand, the General Accounting Office (GAO) also found many instances where loans were made to borrowers with apparent ability to secure financing without an SBA guarantee. Loans could have been obtained through normal credit channels and there was no justification whatever for the use of SBA funds. In effect, loans were approved by the Administration for wealthy borrowers who were never intended under the law to receive SBA assistance.

The GAO recommended that participating banks should be required to maintain the same level of exposure they had on any prior loans being paid with SBA loan proceeds. This would eliminate any possible bank bailouts. SBA should also insure that loans are not made to wealthy individuals who have financial resources which could be used in lieu of part or all of an SBA loan. These borrowers could have obtained financing on the open market by pledging their assets as collateral for a private loan.

The GAO study also demonstrated that SBA did not always analyze the prospective borrowers' financial conditions adequately -- or verify the adequacy of the collateral pledged. As a result loans were approved which were not of sound value and were not sufficiently secured to assure repayment. This is a striking example of poor management.

The law requires that it be demonstrated that the borrower has a reasonable chance of being successful and is operating a viable business. Such maladministration could be avoided, according to GAO if head loan specialists more thoroughly analyzed borrowers' current and projected business prospects. As a consequence of inadequate analysis, borrowers were subjected to hardships that could have been avoided had the SBA analyzed thoroughly information submitted by the borrower and required supporting documentation. While the merits of a loan application cannot be judged solely by collateral, sounder appraisals would better protect the government's interest.

The GAO study also found that the SBA serves neither the borrowers' nor the government's interest by providing only limited loan servicing and management assistance. The consequences are substantial SBA losses and a higher rate of borrower failure than would have accurred if the SBA had provided more intensive servicing and management assistance.

Because of servicing and management deficiences SBA did not safeguard its loans and GAO found that as a consequence there were numerous instances of

-- Failure to verify that loan proceeds were used for authorized purposes.

-- Inadequate procedures for detecting deliquent loans and reasons for delinquency.

-- No knowledge of the problems and progress of borrowers.

-- Inadequate management assistance to help borrowers overcome business problems.

In other words, there has been widespread mismanagement of the SBA under the Nixon-Ford regime and -- despite massive evidence of need to improve SBA program management -- little is being done by the current Administration to put an end to deficient management practices.

II. B. 4. THE NIXON-FORD ADMINISTRATION'S FAILURE TO CORRECT FRAUD AND PROGRAM ABUSE IN THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Investigations have established beyond doubt that fraud and abuse are causing enormous losses in the Department of Health, Education and Welfare (HEW).* HEW is currently responsible for about 300 separate programs involving total expenditures in excess of $118 billion annually -- more than one-third of the entire federal budget.

HEW officials responsible for prevention and detection of fraud and abuse have little reliable information concerning the extent of losses from such abuse. There is no central source of data concerning fraud or abuse nor has any meaningful attempt to evaluate its extent been made.

HEW's tiny investigative unit is handling cases involving fraud totaling $20 million. Suspected fraud cases reported in the Social Security and public assistance programs total more than 40,000 each year. Since there were heavy concentrations of fraud and abuse cases reported by some states and few reported by others, there is strong presumption that a great deal of fraud and abuse is not being detected or reported.

Personnel of most HEW fraud and abuse units lack independence; and they are subject to potential conflicts of interest and pressure because they report to officials who are directly responsible for managing the programs under investigation and who have a vested interest in making the programs appear successful.

Under current organizational arrangements, there is little assurance that the Secretary will be kept informed of serious fraud and abuse problems, or that action necessary to correct such defects will be taken.

Resources devoted by HEW to prevention and detection of fraud and abuse under this Republican Administration are ridiculously inadequate. Although HEW has more than 129,000 full-time employees, its Office of Investigations and Security has only ten investigators.

There are serious deficiencies in procedures used by HEW to prevent and detect abuses. Until recently, HEW had not even advised its employees that they had an obligation to call to the attention of appropriate officials possible fraud and abuse. Moreover, there is no department-wide policy for, or centralized supervision of, the referral of possible cases of fraud or abuse.

There are instances in which it has taken as long as five years or more for HEW to take corrective action after deficiencies have become known.

Examples of fraud and abuse problems in the Medicare program include "..... billing for unnecessary medical services by doctors and hospitals; kickbacks from drugstores; excess charges for treatment; overpayments to hospitals; unlicensed personnel dispensing medication; nursing homes using untrained, unlicensed staff; overdrugging of patients; hidden concentration of ownership in the nursing home industry, which crosses state lines; and other alleged financial irregularities dealing with questionable leasing arrangements of nursing homes and inflated values through sale and resale of properties." Similar abuses persist under the Medicaid program.

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* Department of Health, Education and Welfare (Prevention and Detection of Fraud and Program Abuse," Tenth Report by the Committee on Government Operations, U.S. House of Representatives (House Report No. 94-786).

To sum up, the organizational structure of the HEW fraud and abuse units can best be defined as fragmented and confused. No single unit has the overall responsibility and authority to provide effective leadership. Fraud and abuse units apparently have been established on the basis of individual decisions by program managers rather than as part of any overall plan to meet the Department's most pressing needs. Until there is a thorough-going revamping of the entire HEW system for fraud and abuse control, untold millions of tax dollars will continue to go down the drain.

II. B. 5. FAILURE OF REPUBLICAN ADMINISTRATION TO DEAL WITH NURSING HOME ABUSE

> "The inevitable conclusion is that, at best, the quality of life in boarding homes is marginal; at worst, it is a cruel and intolerable exploitation of helpless human beings...."
>
> (Excerpt from March 1976 report of Senate Special Committee on Aging)*

During the Nixon-Ford era of scandal and widespread desecration of Americans' values, nursing and boarding homes have become a haven for abuse. The New York nursing home scandals that seized the headlines last August were only a mirror for the outrageously inhumane conditions in other nursing homes around the country.

Behind the walls of rundown facilities, old people are easy to forget. They do not make much noise but it has been said that their reticence should not be translated as resignation to inhumanity.

According to a recent Senate report which examines the "growing trend to dump thousands of former mental patients in nursing homes, and more recently, into boarding homes," the abuse is serious. Yet the Nixon-Ford Administration has taken no meaningful steps to reverse this trend.

The Administration's widely-publicized "nursing home reform" has had virtually no effect since it was announced in 1971. Actions in 1974 still fall far short of a serious effort to regulate the industry, the report states.

Consider the facts.

-- Nursing Homes are riddled with inadequacies and poorly equipped with necessary services for the large numbers of former aged mental patients they receive. For the most part, psychiatric services are unavailable. The homes are oblivious to rehabilitation of patients. Understaffing and poor training of employees are problems. State hospitals rarely follow up to see that patients are appropriately placed. Recreation services are scarce and there is a "heavy and unwise" use of tranquilizers to manage patients. Mingling the mentally ill with the normal has had detrimental effects on those without mental problems.

-- Current programs (Medicare and Medicaid and Community Mental Health Centers) designed to help mentally ill older people are ineffective and poorly administered.

-- Some 2½ million older Americans are going without adequate mental health services.

-- Experts have concluded that, as bad as state mental institutions are, the mentally ill are actually better off in the "snakepits" than in the nursing homes.

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* Nursing Home Care in the United States: Failure in Public Policy, Supporting Paper No. 7. March 1976 Subcommittee on Long Term Care of the Special Committee on Aging, U.S. Senate.

-- Some patients are kept in state mental institutions merely because they do not have any place else to go. Simultaneously, thousands of people who desperately need the intensive services offered at a state hospital are discharged into smaller community based facilities such as nursing homes.

-- The for-profit boarding home industry was created when the Supplemental Security Income program began. Boarding homes are privately owned by profiteering operators and, with few exceptions, they are not required to meet any federal or state standards.

-- Boarding homes have no nursing care and conditions are usually abominable. As a result, boarding homes are even less capable than the maladministered nursing homes to meet the needs of ex-mental patients.

-- Many states are beginning to feel the effects of the for-profit boarding home industry as a mass dumping ground for the mentally ill elderly. Reports of poor care, no care, poor food, and despicable conditions are on the upswing. "Psychiatric ghettos" have been created in the slums of major U.S. cities where discharged mental patients are dumped.

A question of serious controversy concerns profits of nursing homes operators. The Senate Subcommittee found evidence in a survey that 106 publicly held corporations controlled 18% of the industry's beds and accounted for 1/3 of the industry's $3.2 billion in revenue (as of 1972). In the first three years of the Nixon-Ford Administration, these corporations grew 122.6% in total assets, 149.5% in gross revenues, and 116% in average net income. A joint study by the General Accounting Office and the Subcommittee on Long Term Care, "suggests significant increases in total assets, revenues, and profits" for operators since the Republicans entered office.

The Subcommittee on Long Term Care examined these grim facts in detail in in-depth analyses in two states, New York and Illinois. The emphasis was on the effects of transferring mental patients from state hospitals into boarding homes.

The litany of uncovered abuses is outrageous.

Significant evidence, much of it shocking, of abysmally poor care and profiteering was uncovered in the New York investigation. The report said the highly abusive and inhumane conditions were a product of operators cutting corners in order to maximize profits. The Supplemental Security Income program (SSI) pays $386 per patient monthly in New York. Whatever funds are not spent on patients become the profits of the operators. Naturally, care is skimpy; the elderly get very little back; and the operators find "care" for the elderly a very good investment.

For example, in one instance, a New York operator made $185,000 in profits housing 180 former mental patients one year. One of his cost cutting techniques was spending 58 cents per patient daily for food.

Negligence leading to death and injury is not uncommon. One of the more extreme examples of neglect in an adult care home concerned William Maltzman, who allegedly died of malnutrition in Hi-Tor Manor in New York. Other less extreme but serious examples of negligence in Domiciliary Care Facilities occurred when patients were allowed to wander away and were then struck by cars or froze in the snow.

Highly unsanitary conditions were observed in some New York boarding homes. Kitchens and bathrooms were filthy. The homes smelled of urine. In one home, the food supplies were very poor. The refrigerator had only 20 pounds of "very dark" hamburger to feed more than 100 patients. Potato peelings, and other vegetable scraps were saved for soup. One basement kitchen's windows were open, allowing rats and mice to enter easily.

A significant problem is lack of control of drugs, exacerbated by the grim absence of licensed nurses. Drugs are administered by unlicensed aides who cannot identify adverse reactions and side effects generated by large amounts of several drugs taken over a prolonged period of time. The report said 20% to 40% of nursing home drugs are administered incorrectly. Oversedation is a persistent problem. This abuse is indicated in various investigations, including a grand jury report into the death of one New York man.

Fire hazards in homes have sparked much controversy because few homes can meet fire standards. Mental patients were involved in recent fires in Utah, Illinois, Wisconsin, the District of Columbia and California.

In 1973 there were 6,400 nursing home fires (17.5 each day of the year). The fires caused $3.6 million in damages and it was estimated that 500 persons died in single death fires. Fifty-one people died in multiple death fires.

Physicians are rarely found in nursing homes, resulting in poor medical care and, of course, nursing care is often non-existent.

The report said, however, that the most serious concern is the "lack of human dignity" in nursing homes. Patients were assaulted by a lack of privacy; they were treated as objects; verbal abuses were imposed on them; and many operators showed a blatant lack of concern for their needs.

Where has the Nixon-Ford Administration been while these outrageous abuses have been taking place? Where are the President's proposals for dealing with these massive problems? The simple answer is that this area -- like so many others -- is simply ignored by the President and his advisors.

Some other interesting facts in the Subcommittee report:

-- In June 1975, the Illinois Legislative Investigating Commission released a report which charged that five deaths that occurred at a for-profit nursing home in Rockford, Illinois could have been avoided. "Negligence" on the part of the nursing staff was alleged to be the major factor in the death.

-- In October 1975, the Commission conducted hearings on 14 patient deaths in another nursing home. Testimony at the hearings charged that 13 of the deaths were pneumonia related and indicated inadequate care.

-- A case example of unlicensed personnel occurred in Illinois where an investigator sought employment as a nursing home janitor. He was immediately hired as a nurse instead of a janitor. His references were never checked and he had no prior nursing experience whatsoever. Yet he distributed drugs to the patients and had keys to the medication and narcotics cabinet.

-- The report said that, in the nursing home field, "kickbacks are widespread." Pharmacists are forced to pay a certain percentage of the price of nursing home prescription drugs back to the operators as the price of doing business with the homes.

-- Abuse is encouraged because bad administration of the reimbursement systems under federal and state programs which allow the nursing home to act as the "middle man" between the pharmacy and the source of payment (Medicare or Medicaid).

-- The kickbacks came in the form of cash, cars, boats, vacations, and other gifts. In some cases, a pharmacist is forced to "rent" space in the nursing home, give free supplies, or employ nursing home employees. Sixty percent of 4,400 pharmacists surveyed in California said they had been approached for kickbacks; failure to agree to kickback proposals was estimated to have costs honest pharmacists $10 million in lost accounts.

-- Other illegal practices went on also. Billing for nonexistent prescriptions, supplying outdated drugs and drugs of questionable value, billing for refills not dispensed, supplying generic drugs while billing for brand names, and supplying stolen drugs are some striking examples documented in the report.

The Ford Administration's response to these terrible abuses and conditions of the helpless elderly is, of course, resolute silence.

II.B. 6. INEPT ADMINISTRATION OF FEDERAL HEALTH PROGRAMS

The Federal Government is the largest purchaser of personal health services. Medicare and Medicaid, administered by the Department of Health, Education and Welfare (HEW), are expected to cost $30.6 billion in fiscal year 1977, a 20% increase over 1976.

Health Services

Administration of the Medicaid program has been woefully inept. Costs have skyrocketed, and the quality of care provided has not been monitored in accord with the intent of Congress. Consumers of health care have not received adequate protection and taxpayers have had to pay far more for services than necessary.

Hearings have demonstrated conclusively that HEW is not containing costs, is not insuring quality care, and has not sufficient data to judge its program's merits. The result of this maladministration by HEW is costing the taxpayers well over $1 billion annually and is causing several thousand unnecessary deaths a year.

Unnecessary Surgery

HEW has failed to collect the most rudimentary information necessary to monitor significant portions of the Medicaid program and still does not require the states to furnish data on the volume or types of surgery performed.

The Social Security Act requires the Secretary of HEW to monitor state methods and procedures under Medicaid. This directive is unambiguous and mandatory. The Secretary is legally bound to implement this requirement but it has not been implemented. If the Secretary were to do so, millions of taxpayers' dollars would be saved through curtailment of unnecessary operations.

Since September 1973 the Secretary has been obligated to undertake validation surveys to establish that cost controls and quality procedures for Medicaid are in effect. He has failed to comply with this obligation.

The Subcommittee on Oversight of the House Interstate andForeign Commerce Committee estimates that 2,380,000 unnecessary surgical procedures were performed in 1974 alone, at a cost to the American public of $3.92 billion.

Unnecessary surgeries, the Subcommittee reported, led to 11,900 deaths last year. Medicaid support was involved in an estimated 1700 deaths.

Food and Drug Administration (FDA)

FDA is required by law to allow on the market only those items that are safe and efficacious and to disallow those that are not. The General

Accounting Office has criticized FDA for permitting numerous drugs that have been deemed ineffective to be sold on the market and for allowing drugs deemed unsafe to continue to be sold. Following are 3 examples:

1) Red Dye No. 2

The General Accounting Office (CAO) has investigated FDA failure either to establish the safety of Red Dye No. 2 (a color additive) or to take action to prevent its use in food, drugs and cosmetics. In July, 1972 the FDA issued a proposal to limit human exposure to the additive, yet 3 years later, in September, 1975, FDA had still not made a final determination on Red No. 2's safety or restricted its use. "Permitting its continued use for an extended period while questions concerning its safety remain unsolved results in unnecessary risks to the public health", GAO reported.

2) Cardiac Pacemakers

The GAO investigated the FDA's handling of defective cardiac pacemakers. It found that when General Electric began recalling implantable standby pacemakers -- 574 of model A2072 -- because of abnormally high pacing rates, the FDA did not make a thorough study of the problem, but instead accepted GE's explanation that it was the result of a unique electronic phenomenon. Subsequent pacemaker recalls by other manufacturers, however, indicated the problem was not unique, but quite widespread. The GAO charged in its report that the FDA did not fully carry out the requirements of its recall procedures, which are intended to minimize risks to the consumer. Furthermore, FDA's legal counsel was not consulted regarding the legal requirements for enforcement of the mishandling and adulteration provisions of the Food, Drug and Cosmetics Act.

3) Cancer-Causing Drugs in Food-Producing Animals

The GAO report on FDA's regulation of nitrofurans--drugs which are used in animal feed to increase resistance to disease and which studies indicate may cause cancer in human being--states that as of February 1, 1976, four years after the FDA first proposed withdrawal of approval of the use of these drugs, the FDA has not yet held a hearing or published a final order concerning the safety of nitrofurans in food-producing animals. The GAO concluded that continued use of these drugs "may create an imminent hazard to the public health."

II. B. 7. ABUSES IN VETERANS ADMINISTRATION MEDICAL CARE

Four months after Richard Nixon became President of the United States, his Administration laid seige to the Veterans' Administration (VA) medical program.

In April, 1969, barely three months after assuming control of the Executive Branch of our government, the Nixon Administration attempted to cut $41 million for hospital construction and personnel from President Johnson's budget. Over 4,000 additional medical positions provided in the Johnson budget would have been eliminated under the Nixon scheme.

The long-range objective of the Nixon attack was to vastly curtail operations of the VA's medical system by imposing unrealistic funding and staffing restrictions on the VA's Department of Medicine and Surgery (DM&S). These actions came at one of the most critical times in the history of DM&S -- the so-called "winding down" of the Vietnam War, when young wounded and sick veterans were being discharged in vast numbers from the military for care by the Veterans' Administration.

The medical program of the VA was already operating on a "bare bones" budget because of the war in Southeast Asia; but Nixon had promised to end that war during his campaign for the Presidency, and it was inconceivable to those knowledgeable in veterans' affairs that his Administration would attempt to break faith with America's sick and disabled veterans at such a critical time.

In one of his first public statements concerning veterans Nixon stated, "As our American troops return from Vietnam in increasing numbers, one of the most crucial questions facing the nation is what they return to. We owe these men a debt of gratitude for their service, but we also owe them something more. We owe them an extra measure of help in making the difficult transition back to civilian life."

The Nixon Administration's performance in assisting the sick and wounded disabled veterans hardly matched its rhetoric. In reality, the VA medical system was facing a grave crisis because it was being compelled to attempt to operate a first-class medical care program for America's sick and disabled veterans on a second-class budget and with inadequate and arbitrary personnel limitations.

A comprehensive survey of all VA Hospitals disclosed that admissions were up from the previous year by almost 19,000; that outpatient treatments or outpatient visits had increased by over 383,000; that patients receiving new prosthetic appliances had increased by over 28,000; and that prescriptions filled had increased by more than 1.2 million. The survey revealed that 28,000 additional hospital personnel were needed to bring the VA Hospital system staffing ratio up to a minimal acceptable staffing ratio of 2:1 for each patient in a general medical hospital and one employee for each patient in a psychiatric hospital.

When Nixon submitted his next budget, the rhetoric continued but performance was lacking. In a public statement in early 1970 Nixon said, "This Administration is committed to providing quality medical care for every eligible veteran." That was the rhetoric.

But in submitting the 1971 budget in January of 1970, Administration reduced the Agency's request for funds by $78 million more than had been requested by the Administrator of the Veterans' Administration whom Nixon himself had appointed. When the budget was considered in the House of Representatives, $25 million was added and when the budget reached the Senate, efforts were made to add $174 million for medical care.

In responding to a question concerning the $174 million, the Administrator of the VA denied the need for additional funding. When asked, "Are you saying categorically that if we gave you the $174 million the Senator from California (Cranston) asked for, you could not spend it," the Administrator of Veterans' Affairs, apparently acting on orders from the Office of Management and Budget said, "Yes, sir, I am."

As hearings proceeded in the Senate on the VA budget, it became increasingly clear that care in VA medical facilities was continuing to deteriorate because of staffing and funding deficiencies. Another survey was made by the House Veterans' Affairs Committee to determine the critical shortage category.

The survey revealed the following shortages:

(1)	Dental care for returning Vietnam veterans	$ 20,409,707
(2)	Community Nursing Care Program	7,524,798
(3)	Purchase of New Equipment	11,644,159
(4)	Purchase of Replacement Equipment	14,667,774
(5)	Nonrecurring Maintenance & Repair	35,526,747
(6)	Recurring Maintenance & Repair	1,982,412
(7)	Recruitable Medical Personnel	83,495,450
(8)	Other categories (i.e. fees for medical consultants, contract medical consultants, contract hospitalization, outpatient fee medical, state home program, etc.)	5,259,253
TOTAL 1971 VA HOSPITAL BUDGET DEFICIENCY		$180,510,300

But the Republican Administration contined to vigorously oppose any increase in the Veterans' Administration budget and mounted a massive effort among Republican Congressmen on the Appropriations Committee and in other key Congressional posts to maintain the budget at the $1.7 billion request level. In the end, Congress appropriated $155 million beyond the Administration's request to shore up the sagging medical services being rendered to America's sick and disabled veterans.

The Administration proved as unresponsive about providing care in VA facilities as it was unconcerned about adequate funding. Efforts to improve care in VA medical facilities continued to fall on deaf ears. In fiscal year 1972, the Administration asked for a medical care appropriation of slightly over $2 billion; however, because of continued Congressional pressure, an amended budget was submitted to the Appropriations Committee raising the request to $2.1 billion.

In the meantime many Vietnam veterans began to complain to their Congressmen and the news media about the lack of care in VA Hospitals. The Columbia Broadcasting System carried on 30-minute TV special on surveys they made of various hospitals.

Acting despite mounting pressures from the White House, the Congress appropriated $2.3 billion for VA medical care during fiscal year 1972 in P.L. 92-78.

While the Administration dug in its heels in an attempt to resist improving Veterans' care, there was a steady increase in the waiting list at Veterans' Hospitals. The waiting list had doubled since January, 1973, even though Congress had appropriated $64 million to assign sufficient personnel ceilings to take care of the workload.

Once again, the Administrator of the VA denied the waiting lists were of any significance.

An opinion was sought by Congress from the Comptroller General as to whether the Nixon Administration was complying with the law in failing to allot the $64 million and to raise personnel ceilings to the Veterans' Administration to take care of its workload.

On April 3, 1973, the Comptroller General rendered his decision which stated in part, "In our opinion, the Veterans' Administration has not complied with the proviso in question... that of providing funds to take care of an average daily patient load of 85,000 beneficiaries as provided in P.L. 92-383."

Despite pleas from Congress, substantiated by outside opinions, the Nixon Administration failed to correct the deficiencies by lifting or by enlarging the VA personnel ceiling and providing more funds for the VA, completely disregarding the obvious need for additional staffing.

Administration Attempts to Cut Disabled Veterans' Compensation

President Ford's Budget for Fiscal Year 1977 brings home once again the long history of attacks on hard-won veterans' benefits. One must recall the past attacks on veterans' programs of all kinds to appreciate the full gravity of these latest Administration proposals.

The Budget as presented would require a $1.8 billion decrease from the outlay level of 1976. This decrease represents a lowering of current benefit levels -- a proposal at direct odds with the demonstrated need for program increases to keep pace with cost-of-living escalation since benefit rates were last established.

One of the more recent attacks on veterans' programs came with the announcement early in February in 1973 of a shocking Administration plan to rewrite the Schedule for rating disabilities. This proposal would have caused a devastating reduction in service-connected disability compensation payments for many of the two million plus service-connected veterans then being paid.

The Administrator of Veterans' Affairs is charged by law with the reponsibility of adopting and applying such a Rating Schedule. He is charged as well with adjusting the Schedule from time to time on the basis of experience.

The current Schedule, although amended many times through the years, was adopted under the provisions of Public Law 458, 79th Congress, enacted June 27, 1946.

The February 1973 proposals would have substantially downgraded many serious combat disabilities and injuries and would have resulted in large reductions in disabilities compensation payments to hundreds of thousands of seriously disabled war veterans.

The President's Budget contemplated, we were told, a $160 million yearly savings by reducing disabled veterans' compensation. The changes would have most seriously affected the younger Vietnam veterans suffering from combat disability. Some ten years earlier, the Congress had frozen the rates for any veteran who had held his disability rating for twenty years. That meant that most World War II veterans and many veterans of the Korean Conflict were protected and would not have been affected by the reductions. On the other hand, a young veteran returning from Vietnam with a combat disability would not have been protected in his compensation for an identical disability but would, under the proposed schedule, have received substantially less.

Here are some examples of the changes the Veterans' Administration proposals would have made:

Disability	Current Rating	Proposed VA Reduction	Loss in Compensation
Amputation at forearm	80%	40%	$190 per month
Amputation 5 fingers	70%	40%	$146 per month
Leg amputation at hip	90%	40%	$230 per month
Amputation at mid thigh	60%	30%	$138 per month
Amputation of foot	40%	30%	$ 36 per month

It should be emphasized that the examples above do not reflect all that the veteran would lose. Veterans rated 50% disability or above now receive a dependency allowance. A married veteran with two children receives an extra dependence allowance. This allowance for a married veteran with two children varies from $85 to $43, depending on the degree of disability above 50%. In those cases where the disability rating for an injury is being lowered below the 50% level, and that seems to be the case in many of the proposed changes, the veteran will not only suffer a loss in his service-connected compensation rating, but he will lose his dependency allowance.

The impact on the 100% service-connected disabled veteran can be even greater. A reduction in his disability of as much as 10% would remove him from the 100% category and in addition to lowering his monthly compensation, he would lose PX and commissary privileges, special medical benefits for himself, and his wife and children, and they would no longer be eligible to obtain an education under the War Orphans' Scholarship Program. This scholarship is worth up to $9,720 for a wife and each child.

The Congress was furnished no information justifying the Administration's proposed changes. It is incredible that at a time when the nation was trying to bring a war to a conclusion and bring our Prisoners of War home that the VA would propose to reduce disability compensation for war veterans, particularly for Vietnam Era veterans. There seems no way to justify to a veteran or Prisoner of War of Vietnam that his leg or his arm is worth less than the rates being paid, and which would have continued to be paid, to older veterans, who enjoy a protected rate.

The Veterans' Affairs Committee proceeded to assemble information about these proposed changes and, since the reductions were unfair and unwise, the Administration was made aware that, if necessary, the Congress would resort to legislation, perhaps freezing the rating schedule, to stop the President's ill-advised proposals. As a result, the proposed changes were withdrawn.

President Ford, then Minority Leader in the Congress, attempted to brand the Committee on Veterans' Affairs' analysis as "completely inaccurate." To his embarrassment, he later found that he was mistaken.

II. B. 8. POOR MANAGEMENT IN THE LAW ENFORCEMENT ASSISTANCE ADMINISTRATION

The Law Enforcement Assistance Administration (LEAA) was established in 1968 as part of President Nixon's Omnibus Crime Control and Safe Streets Act to provide federal funds to help state and local governments to strengthen and improve law enforcement and criminal justice.

Today, eight years and $4.4 billion later, the increase in crime in America continues unchecked. Crime rates are still soaring; juvenile delinquency is epidemic; citizens' safety is in ever-greater jeopardy; the criminal justice system has not reduced the criminal case backlog and delay; the correctional system cannot adequately house or rehabilitate criminals; and the Administration's highly touted law-and-order campaign is a total fiasco.

The Judiciary Committee, after hearing 45 witnesses during ten days of hearings, found no evidence of any coherent policy of crime reduction or prevention in the eight years of LEAA's existence. Instead, the high turnover of top management -- seven Attorneys General and five LEAA Administrators in eight years -- has effectively precluded any continuity in planning for criminal justice reform.

Similar enormous turnover in State Planning Agency management -- authorized to conduct comprehensive planning for federal dollars to reduce crime -- has resulted in similar chaos. In one five-month period new executive directors were appointed in more than half (26) of the states, and one state, Florida, has had fifteen executive directors.

The LEAA research arm has spent millions studying the problem of crime. Little attempt has been made to tie the results of this research to the funding policies of LEAA. Proven failures have been refunded in some jurisdictions, while successful programs in others have not been refunded.

Typical of the quality of projects funded by LEAA are such research endeavors as these:

- -- comfortable shoes for patrolmen;
- -- around-the-corner viewing devices for disarming bombs (found unusable);
- -- computerized patrol cars at $40,000 each;
- -- a wrist watch serving as a vital-signs monitor to enable patrolmen to make informed decisions on their health before reacting to a crime situation.

Police-oriented industries have reaped vast profits from the sale of hardware to LEAA-funded law enforcement agencies. Heavily disproportionate spending on armaments and equipment for local police forces and underfunding for courts and corrections have left the whole system in a worse state of imbalance than before.

From the public standpoint, one of the worst failures of LEAA has been in civil rights. Not once has the LEAA on its own suspended federal funds to any recipient found to have engaged in discriminatory practices in violation of federal civil rights legislation. LEAA is blind to injustice.

To sum up: the Law Enforcement Assistance Administration under the Nixon-Ford regime has proven to have virtually no effect on crime reduction or prevention during its entire eight-year lifetime.

II. B. 9. FEDERAL GOVERNMENT MISMANAGEMENT -- A SAMPLING OF ADMINISTRATION ERRORS

Law Enforcement Assistance Administration (LEAA) - Mismanagement of Funds

LEAA expenditures have for many years been criticized on two grounds: one, mismanagement of funds; and the other, lack of evaluation of and ineffectiveness of the programs.

The General Accounting Office (GAO) found large amounts (up to 30%) of funds were spent on projects and programs that exceeded Congressional intent and had little to do with criminal justice. LEAA has since made little progress in controlling this problem.

In March, 1974, GAO found that because LEAA lacks any standard criteria for project evaluation it is impossible to "determine reliably whether some of the projects it finances are helping to reduce or prevent crime."

By January, 1975, Administration handling of LEAA was an obvious failure, evidenced by a 16% increase in national crime rates despite expenditure of $3.6 billion. One Senator stated:

> "LEAA has shown an appalling lack of priorities, of accountability, and of results. It has concentrated on police programs and neglected other aspects of the criminal justice system; has devoted disproportionate resources to hardware at the expense of manpower training and recruiting; has funded ongoing programs (using 54% of all monies) in defiance of its mandate to develop new programs; has financed unproductive research and conferences; and has failed to properly analyze the effectiveness of its operations."

The Senator suggested examination of the block-grant structure of this program and a "drastic" budget cut, with remaining funds earmarked.

Other critics of the program have included the Senate Judiciary Subcommittee on Criminal Laws and Procedures, the Lawyers Committee for Civil Rights under Law, the Committee for Economic Development, the National Urban Coalition and former Attorney General Saxbe.

Foreign Military Sales - Illegal Activities, Promotional Abuses

Recent hearings by Senate Committees reveal significant abuses and illegal activities in the promotion and sales of military equipment to foreign clients.

The Defense Department has failed to enforce Executive Order 11222 which requires each federal agency to adopt a code of ethical standards for its employees. It conducted only partial investigations of 40 known violations of the Order.

The Pentagon lacks any coherent policy, regulatory control or oversight of private corporations engaged in foreign sales of military equipment and arms. It has no administrative procedures governing the resale of expensive military hardware to third countries at low prices.

Sales of equipment for U.S. military inventories have left our own armed forces less than fully equipped.

Politicization of the top military and civilian staff of the Pentagon has led to a breakdown in overall administration during the past eight years.

National Grain Inspection System

Grain exports are a highly important part of the U.S. balance-to-trade position. The 1974 grain crop subject to inspection under federal law was valued at $33 billion, the 1975 brop at $12.5 billion.

GAO has found that the Agriculture Department has failed miserably in its supervision, as required by law, of the nationwide system of inspection, grading, weighing and storing grain, a system operated by more than 100 state and private agencies and trade associations.

The inspection system has operated without effective controls, procedures or lines of authority. Prior to November 1974, for example, storage inspectors were not even required to pass tests of competency.

Though the USDA licenses grain inspectors, the inspectors work for State Agriculture departments, trade groups or private inspection companies. GAO discovered numerous cases of Agriculture Department employees receiving bribes from grain companies.

The Department's ineffective supervision of the national inspection system led to extensive criminal abuses such as intentional misgrading of grain, short weighing and use of improperly inspected carriers. The grain inspection scandal that erupted at Gulf Ports in 1974 resulted in world-wide erosion of confidence in U.S. grain shipments.

A House Agriculture Committee report criticized the Department's handling of the scandal as ranging from "neglect to specific instances of attempted cover-up." The Department prevented one of its investigators from reporting grain inspection abuses to the FBI or from pursuing his own inquiry. It denied formal requests by its Special Investigator for a Grain Division technician, for additional investigators, for an audit of grain inspection agencies, and for help in checking an alleged system of "bonuses" paid inspectors by New Orleans grain companies.

Regional Action Planning Commissions

The Appalachian Regional Commission created in 1965 and the seven additional regional commissions established by 1972 were intended to combat economic underdevelopment on a regional basis, working in concert with state and local agencies to provide federal funds through various grants and loans.

Studies of the Commissions show they have been largely ineffective, suffered from poor administration and in many cases duplicated similar federal programs

The Commerce Department and the OMB jointly reported in February, 1974, that the commissions "have had a very limited influence on the allocation of resources in their regions to create jobs.... Although many of the commissions have developed broad plans for dealing with unemployment problems in their regions, they have had little success in directing resources to help implement those plans."

The Brookings Institution in 1974 reported:

-- It is impossible to assess the overall goal and impact of this program because the commissions have issued an excessive number of assistance and demonstration project grants, planning assistance grants, public works grants, and hundreds of other small-type forms of assistance;

Large amounts of the money allocated to such projects went to consulting firms in prosperous urban areas, while little went to actual residents;

There has been significant conflict between the federal co-chairmen based in Washington, D.C. and the executive directors sitting in the regional headquarters;

Regional commission proposals often are not checked out with the state governors in each region, giving rise to complaints from state officials who found the commissions "sometimes imposed projects on the states;"

Community Services Administration (CSA)

CSA carries on the work formerly performed by the Office of Economic Opportunity (the War on Poverty), spending over $300 million in grants annually on nearly 890 local community action programs.

The Government Operations Committee of the House reported in January, 1976, the following management deficiencies:

-- Position descriptions of employees showing duties no longer performed;

-- Organization alignment unrelated to the agency's current mission;

-- Perpetuation of outdated personnel ceilings, over-graded employees and markedly unequal distribution of work among employees;

-- Long delay in Presidential submission of nominations for Deputy Director and two Assistant Directors;

-- Federal funds arriving so late at community agencies that they have had to borrow money at short-term commercial rates while awaiting federal funds.

Solid Waste - Environmental Protection Agency

The problem of solid waste disposal has reached major proportions in America. Failure to deal adequately with this problem leads to dumping, destruction of land, and health hazards such as unsafe drinking water. Recent figures indicate total waste generated annually to be 2.8 billion tons, dry weight, 135 million tons being post-consumer waste. The cost of disposing of all such waste is in the range of $4 to 6$ billion annually.

By 1980, the energy potentially recoverable from the Standard Metropolitan Statistical Area waste stream is projected to be more than 512,000 barrels per day of oil equivalent, over one half of the desired goal requested by President Ford in his Energy address to Congress on January, 1975.

It is incongruous that an Administration that constantly expresses a desire to cut back on our consumption of foreign oil should neglect to utilize such an ubiquitous source of energy savings -- solid waste.

The Environmental Protection Agency (EPA), charged with regulation of the solid waste area, refuses to request or support any legislation dealing with the solid waste problem, and has so testified before the Congress.

Other nations, such as Japan, are moving swiftly to recover metals, paper and other scarce resources, and to use solid waste both as a direct fuel or as a means of generating combustible gases. The United States increasingly dependent on imports of oil and petroproducts, and various essential raw materials, must move to reverse this Republican policy of of innaction on handling of solid waste.

Department of Transportation

The failure of the Department of Transportation (DOT) to plan and coordinate an $80 billion a year industry clearly can be called "non-feasance" at best. The glaring lack of a National Transportation Policy, even though expressly required by the legislation originally creating the DOT, is symptomatic of the malaise and innaction of DOT.

These facts, coupled with the tremendous expansion of the number of personnel at DOT leads one to believe that DOT is used primarily for political patronage rather than for the public interest and transportation planning. The Office of the Secretary has increased its number of permanent positions from 436 in 1967 to 2,005, an increase of 460%.

Workmen's Compensation

The Nixon-Ford Administration has failed to act on the recommendations of the National Commission on Workmen's Compensation which were presented in 1972, after two years of study. The Commission found that state workmen's compensation laws were inadequate in many respects, and recommended federal standards to cover all employees suffering from work-related injuries and diseases. Nothing has been done to meet these needs.

Workers' Pensions

The Department of Labor and the Internal Revenue Service have failed to develop regulations to implement the vesting, eligibility and funding requirements of the Employee Retirement Income Security Act enacted almost two years ago in September, 1974. Participants in pension plans are paying the costs of this bureaucratic lethargy and ineptitude.

The Administration has also refused to simplify the enormously expensive and wholly unnecessary record-keeping and reporting systems to accomodate small businesses and small pension plans. As a result many plans have been terminated and the workers covered by them have lost this income protection.

Occupational Health and Safety Act of 1970

The Nixon-Ford Administration has refused to hire enough inspectors or to train adequately those who were hired. They have also adopted unimaginative, rigid and inconsistent regulations on top of extremely lax enforcement. Millions of American workers therefore continue to be doomed to shortened life-span and debilitating diseases caused by hazardous substances and unsafe and unhealthful working conditions.

Migrant Workers

The Nixon Administration, in dismantling the Office of Economic Opportunity (the poverty program), spun off the migrant worker program to the Department of Labor where "manpower specialists" have sabotaged its provisions for day care for children, education, health services, improved housing and sanitation, etc.

The Department of Labor was cited by the U.S. District Court of the District of Columbia for failure to enforce the Farm Labor Contractor Registration Act, which Congress intended to control the actions of unscrupulous crew leaders who recruit and transport farm workers. Thereupon the Department set out to register virtually everyone involved in the process, including foremen exempted by Congress, farm workers who transport their own families, and anyone who furnishes job information to farm laborers. As a result, growers have been alienated, job information sources are drying up and the Department is so bogged down in paperwork that the intended target, the crew leader, goes untouched.

II. B. 10. MANAGEMENT DEFICIENCIES IN THE COMMUNITY SERVICES ADMINISTRATION

Administrative Failure - The Voiceless Poor

The Community Services Administration (CSA) was established in January 1975 to take the place of the Office of Economic Opportunity which was dismantled by President Nixon. With a payroll of $20 million, the CSA has responsibility over $300 million in grants to some 900 local Community Action Agencies. The reformed agency faced the challenge of realigning its staff and remaining functions in order to carry out its mission of helping the poor to help themselves.

After twelve months, the CSA still had not reorganized.* It was perpetuating outdated personnel ceilings, overgraded employees and markedly unequal distribution of work among its staff. Employee performance and morale suffered accordingly.

Because of President Ford's refusal to decide whether to transfer CSA to the Department of Health, Education and Welfare (HEW), as authorized by law, and because of CSA's failure to reorganize itself and upgrade its performance, the CSA's role as advocate for the poor within the federal government has broken down.

As a result of these failures, other federal agencies are not inclined to cooperate with the CSA. It virtually has no official participation in the various interagency task forces and policy bodies that make decisions affecting the poor.

Although the Civil Service Commission ordered a government-wide review of all Schedule C positions (political or policy making appointees) in December 1974, CSA did not use this opportunity to identify and correct improprieties in its Schedule C positions. The agency's Director personally certified erroneous job descriptions. Thus, the Administration allowed CSA to continue its irregular personnel methods.

On four occasions the Director placed highly-placed Schedule C employees on Intergovernmental Personnel assignments outside the agency which were of little or no benefit to the CSA program. These assignments were 100% federally financed. Two employees, one of whom vowed he would never return to CSA, were assigned to activities in their hometowns. One other simply stopped reporting for work while continuing to receive his pay.

On at lease two occasions the Director himself certified, under penalty of law, that employees' duties included functions that were no longer performed by the agency.

Five Schedule C advisers were assigned to the Associate Director of Program Review for over a year, despite the fact that no one was filling that position.

The Director sent his Schedule C Executive Assistant on an Intergovernmental Personnel assignment and then made plans to request an additional Schedule C employee to replace him.

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* "Management Deficiencies in the Community Services Administration," Ninth Report by the Committee on Government Operations, U.S. House of Representatives, January 26, 1976 (House Report No. 94-785).

On two occasions non-career employees were converted to career positions and then immediately left the agency for two-year outside assignments.

These abuses were flagrant and were widely visible, which undoubtedly added to their detrimental effect on staff morale.

The Deputy Director and Assistant Director of Operations (the second and third most important positions in the agency) went unfilled while the Director traveled extensively away from headquarters, raising the question of who, if anyone, was in charge.

The Director issued a blanket waiver of pre-employment background clearances. In at least one case this permitted an employee to submit false information about his qualifications and thus receive a much higher salary than justifiable.

All these managerial abuses and failures, coupled with neglect on the part of the Ford White House, lead only to the conclusion that the Administration couldn't have cared less what happened to the "voice of the poor" in Washington and simply allowed the Community Services Administration to wallow in mismanagement and feckless behavior until it could no longer perform even the modest functions bequeathed to it after Nixon's strangulation of the Office of Economic Opportunity and the Administration's surrender in the war on poverty.

II. B. 11. HIGH LEVEL CORRUPTION IN THE NIXON-FORD ADMINISTRATION

Corruption and bad policy have been rampant in the Nixon-Ford Justice Department:

-- Democrats in Congress have painstakingly compiled voluminous documentation of conditions and needed reforms in our prisons, juvenile institutions and rehabilitation systems, especially at the state and local level, but the Administration's only response has been to recommend the construction of more federal penitentiaries, and to call for harsher sentences.

-- Democrats in Congress have urged the Administration to take the necessary steps to persuade foreign countries to reduce the growth of opium poppies and to curtail illicit international drug trafficking, but the Administration, despite lip service to the idea, has failed to take or support the necessary steps. The former administrator of this program is currently serving a prison sentence for political corruption and tempering with witnesses. Legislation was introduced and passed giving the President authority to cut off foreign aid to those countries refusing to cooperate with our antidrug activities, but the Administration has ignored it.

-- Never has an Administration in our history talked a more forceful "law and order" line; yet never have we been cursed with such a corrupt and criminal Administration. The Vice President of the United States, three Cabinet officers -- including two consecutive Attorneys General -- and virtually the entire upper echelon of the White House staff have stood convicted as criminals before the bar of justice.

-- The President himself was driven from office in disgrace under the obvious threat of impeachment and conviction. Mr. Ford can hardly escape responsibility for the corruption of his predecessor, for it was he who granted Mr. Nixon a "full, free and absolute pardon" for all his crimes before the process of justice had begun to work. How can we justify meting out harsher sentences to ordinary street criminals, when perhaps our most important accused criminal lives in lavish comfort on a government pension and plays roving ambassador abroad?

-- At the behest of the Treasury Department and its investment banker friends, the Administration has reversed itself, and withdrawn support for the crucial injunction provisions of premerger notification legislation being considered in the Senate.

-- The Administration has gone on record in opposition to legislation that would authorize increased antitrust enforcement budgets for the Federal Trade Commission and the Department of Justice.

-- The most blatant instance of criminal maladministration by the Nixon-Ford Administrations was the International Telephone and Telegraph Corporation case, in which President Nixon himself ordered that the antitrust case be dropped, contrary to the well-reasoned recommendations of the Antitrust Division of Justice. This was done in return for political contributions from ITT. It was the failure of an Attorney General-designate to testify fully about this incident before the Senate Judiciary Committee that resulted ultimately in his pleading guilty.

II. B. 12. DELAYS AND ILLEGAL IMPOUNDMENTS IN THE CLEAN WATER PROGRAM

The clean water program -- the bold initiative of the last Congress, by which it was sought urgently to put in motion a massive clean-up of the nation's streams -- has lagged and faltered for the past 15 months.

Cut to less than half its intended size by a series of arbitrary executive impoundments, the program has been further emasculated by an almost unbelievable proliferation of administrative redtape.

Incredible though it may seem, the Administration has managed to construct a fantastic maze of baffling guidelines, burgeoning regulations, bewildering paperwork, and ever-changing directives which have brought what was an ongoing program to a virtual halt.

These "bureaucratic impoundments" have choked off the flow of funds even more drastically than the overt Presidential impoundments.

During calendar 1973 -- a year in which Congress had foreseen the expenditure of some $5 billion in a crash program to help the communities of this nation build badly needed waste treatment plants under the 1972 law -- only $17.3 million was actually spent.

Much more than this was obligated, of course, on paper. But that is how much was expended in the calendar year -- $17.3 million.

Since last August 1, the grant program has slowed to a trickle. During the five months ending on December 31, a period in which the program should have been moving rapidly into high gear, only $33 million worth of projects were approved for the entire nation.

And this figure does not represent expenditures. It merely represents the pitifully small amount of work that was permitted to begin.

During that five-month period, a total of some 33 entire states, with an enormous backlog of unmet needs, received no construction grants at all. Not one penny.

These are among the facts unearthed in three days of hearings conducted by the House Public Works Subcommittee on Investigations and Review.

Testifying at those hearings were Mr. John R. Quarles, Jr., Deputy Administrator of the Environmental Protection Agency, and the State water pollution program administrators for New York, Pennsylvania, Texas and Georgia.

Enormous Backlog of Needs

These four states alone have a current backlog of 752 necessary projects in as many separate communities, ready to go with local matching funds approved and construction plans drafted, awaiting only federal approval to start work on slightly more than $2 billion worth of needed waste treatment facilities. That approval has not been forthcoming.

The nationwide backlog clearly must be measured in the thousands -- literally thousands of communities with local money in hand and anxious to get started. Most of them have been awaiting federal clearance for months. They have been repeatedly delayed, repeatedly required to rewrite their applications in ever more voluminous detail.

Meanwhile, Nothing happens. The backlog grows. Our nation's waters get filthier, our streams more clogged with pollution.

Walter A. Lyon, director of the Bureau of Water Quality Management for the State of Pennsylvania, showed the committee a stack of written reports 13 inches thick which one community in his state had been required by EPA to amass in support of one grant application.

And one Texas city serving some 800,000 people conscientiously rewrote its thick application no less than nine times over the past two years, still apparently not having satisfied the administrative paperwork requirements in sufficient fullness to qualify for a matching federal construction grant to start the building of a badly needed facility.

On the opening day of the House Committee hearings, it was announced that the Blue Plains treatment plant, in the Washington area, would begin dumping 290 million gallons of raw sewage daily directly into the Potomac River. This tragedy was temprarily postponed by a court order and some emergency sludge storage beds. The crisis could have been avoided entirely if money had been forthcoming to expand and modernize that critically overloaded facility and build others.

Almost everywhere, the story is the same. Local money is raised. Applications are written and returned, rewritten and returned again. States expend monumental energies and precious manpower in the preparation of needs studies and priority lists, and these are returned for redrafting, ad nauseum. Meanwhile, the federal funds are withheld, and the work does not go forward.

The Environmental Protection Agency itself has identified a minimum of $61 billion in existing waste treatment needs. But it does not release the money to meet the needs, and nothing happens -- in spite of the fact that all commumities are under deadlines to achieve major cleanup goals by July 1, 1977, and subject to court action if they fail to comply.

More than one-third of these identified national needs could have been fulfilled if the authorizations contained in the 1972 act had been released and expended. But they have not been released, and they have not been expended.

Deputy Administrator Quarles acknowledged to the committee that there now is absolutely no way in ehich the ambitious goal of the 1972 law can possibly be met.

This is perhaps the classic example of the way in which the boldest plans, the fondest dreams, and the clearest intent of Congress have been frustrated by bureaucratic footdragging.

II. B. 13. POOR PROGRAM ADMINISTRATION IN HIGHWAY SAFETY AND COMMERCIAL AVIATION

National Highway Traffic Safety Administration - Evolution of FMVSS 121-Air Brake Standard

In 1966 the Congress directed the National Highway Traffic Safety Administration to issue needed motor vehicle standards. Five years later the Administration finally mandated a very stringent stopping distance requirement for all on-highway air-braked vehicles. The original effective date has been moved from January 1973 to 1975 for most vehicles.

The process of establishing these standards involved forty different notices from the Administration, sixteen separate amendments to the standard, and actual stopping distances in the regulation and standard have been relaxed from 245 to 258 to 277 to 293 feet. The Administration developed no in-house technical competency and relied on merely reviewing their own proposals and the reactions they received from industry and outside experts.

This process caused a sharp reduction in truck purchases, a depressed truck manufacturing industry, more unemployment, and less, not more, safety on the nation's highways. Vast amounts of money and effort have been invested by industry only to be faced with ever-changing demands from the Administration. Costly engineering developments and testing programs have been started, stopped, renewed and then abandoned. Unproven equipment has been put into mass-production only to have the standard amended again.

The Congress and the new Democratic Administration must see to it that standard-setting and regulation-making agencies of the federal government follow a more realistic course in the establishment of future rules, standards and regulations.

Commercial Aviation

The Federal Aviation Administration (FAA) has, in recent years, suffered from "benign neglect." Much of the slowness to act, and general lethargy in pursuing statutory responsibilities, results from the simple failure of the Nixon-Ford Administrations to fill policy-making vacancies. In October of 1975 an Associate Administrator of FAA admitted that some 14 high-level, policy-making vacancies had gone unfilled in the agency for periods of up to one year. Incredibly, one such vacancy was that of the Administrator of the entire Agency.

In the Case of the Civil Aeronautics Board (CAB) which is charged with the economic health of commercial aviation, delays have often been so lengthy in the authorization of new fares, routes, etc. as to make the original requests meaningless. Three cases now pending at the CAB are over four years old. Several route cases have taken more than a decade to settle.

II. B. 14. MALADMINISTRATION OF LAWS AND PROGRAMS RELATING TO TAX LAW ENFORCEMENT, SOCIAL SECURITY, PENSIONS, AND WELFARE

Tax Law Non-Enforcement

Because of bureaucratic bickering and foot-dragging, the Department of the Treasury has failed to collect hundreds of millions of dollars in gambling taxes. Because of a lack of cooperation between the Bureau of Alcohol, Tabacco, and Firearms, the Internal Revenue Service (IRS), and main Treasury, the nation's gambling tax laws have not been enforced during the past year. This means that gamblers, many of whom are among the most dangerous organized crime figures, have escaped taxation and that the taxpayers will have to make up the difference.

When one considers the actions of the Treasury Department during the past year -- the failure to cooperate with the Department of Justice in organized crime drives and now this revelation about the failure to enforce the gambling tax laws against organized gambling rings -- one finds that there has been a complete collapse in law enforcement efforts.

Public Law 93-499, 93rd Congress, effective December 1, 1974, which amended the wagering tax laws contained in the IRS Code, provides that commercial gamblers must (1) annually purchase a $500 tax stamp, and (2) pay a wagering excise tax of two percent on gross wagers. Congress provided careful safeguards to protect the privacy of those individuals who pay the tax. Such data may be used by the federal government only in connection with the administration or enforcement of the IRS taxes.

Federal officials maintain that illegal gambling is the main source of funds for organized crime. When Congress enacted this new law effective for calendar year 1975, it was intended to give the government a powerful weapon to combat organized crime. However, the Treasury Department has created chaos by dividing enforcement responsibilities between two of its subsidiary agencies.

In announcing the responsibilities of the Bureau of Alcohol, Tobacco and Firearms (ATF) under the newly enacted statute, Director Rex D. Davis, on January 9, 1975, stated:

> Revenues to the U.S. Government under the Wagering Law could be substantial. ATF officials have estimated that revenues owed to the government from the $500 special tax stamps and the two percent excise tax could be as much as $385 million a year.

Reality has been far different from Mr. Davis' optimistic projections. According to his testimony before Congress, gambling is a $67 billion a year business. That's big business.

For the first nine months of 1975, the Treasury Department found only about 1100 gamblers to tax. The collections under the gambling tax laws during that period amounted to less than $4 million dollars. That is a tax rate of only .00006 on a $67 billion industry.

Congress has not been advised of any problem with enforcing the new statute. Treasury Secretary Simon did not ask Congress for additional appropriations necessary to enforce the new law. In a hearing before the Appropriations Subcommittee on March 13, 1975, he asked Congress for an appropriation for the fiscal year 1976 of $101.3 million. He stated, at page 13, "Virtually all of the increase... represents funds necessary merely to maintain the presently authorized operating level." No funds were requested to enforce the wagering tax law.

The Director of ATF stated, "Not only is this a potential source of large revenues for the government, it is most surely a criminal activity carrying with it the most dangerous enforcement requirement." Yet he was not prepared to request an appropriation with which to enforce the law.

In his January 9, 1975 statement, Director Davis stated that enforcement of the new law had been delegated to the ATF. That is not accurate. According to Treasury Order 221-3, dated December 24, 1974, only criminal enforcement authority was given to the Bureau. The penalities for criminal violation are fines up to $10,000 and/or imprisonment up to five years. The job of assessing and collecting the two percent excise tax and the registration fee, as well as income tax, was left with the IRS.

The failure of the Bureau to enforce the criminal provisions of the tax code relating to gamblers does not excuse the IRS from its failure to enforce the civil provisions (26 U.S.C. 4401-4414).

Every day state and local authorities arrest and convict gamblers. The Federal Bureau of Investigation (FBI) is assigned the responsibility of investigating violations under Section 1952 (interstate transportation in aid of racketeering) and Section 1955 (interstate gambling business) of Title 18 of the United States Code. Last year the Department of Justice obtained more than 900 convictions in cases investigated by the FBI under Sections 1952 and 1955.

Virtually all of these convicted gamblers owe additional income tax, and many of them would owe gambling excise taxes. When a conviction is obtained under the interstate gambling statutes, the Department of Justice turns these cases over to the IRS for civil assessment and collection of the tax due from these gamblers. State and local authorities often advise the IRS of gambling convictions.

The IRS refuses to accept these cases and denies that it has any responsibility for assessment of the tax. The IRS maintains that the ATF has that responsibility. When the Justice Department or local authorities take the cases to ATF, Justice is told that ATF has no authority for any auditing personnel capable of making the assessments.

When Director Davis was called to obtain clarification of who is responsible for enforcing civil penalities, Mr. Davis insisted that it was "a secret." The following absurd conversation ensued:

> QUESTION: Is it your position that the U.S. Congress is not entitled to know which of two Treasury agencies is responsible for civil enforcement of the gambling tax laws?
>
> MR. DAVIS: That's right.

This bureaucratic wrangling must stop. In Chicago, the IRS has refused to open an audit on an illegal gambling operation earning one million dollars a month in untaxed wages. In Cleveland the IRS has refused to open an audit to assess taxes owed by a twice-convicted Youngstown gambler. After his first conviction, this same gambler paid $100,000 in gambling taxes. The Youngstown gambler was convicted again last February the IRS refused to assess and collect taxes from him this time.

The Internal Revenue Commissioner has testified that he believes that the IRS should have a minimal role in criminal law enforcement because of its extensive contacts with the general public. On the other hand, it is important for the general to perceive that all citizens pay their fair share of taxes.

Resistance to our voluntary tax system is more likely to occur if citizens perceive that the IRS is giving a free pass to the white-collar ciminal. The IRS cannot simply stop collecting taxes from gamblers, extorters and bribers.

If no special enforcement effort is made against the cleverest tax evaders, then the result will be selective enforcement against the poor, the middle class and the weak. If we are to give meaning to our democratic principles, we must take steps to insure that those in high places and white-collar criminals pay their fair share of taxes and obey the laws of the land.

The last group we want to exempt from taxation is the criminal element. The Supreme Court states in Marchetti, "that the unlawfulness of an activity does not prevent its taxation."

Congress has enacted a law to tax gamblers. Gambling income is the life-blood of organized crime. The upshot of the Treasury Department bungling has been the de facto repeal of the gambling tax laws. The American people -- and especially the millions of honest taxpayers -- don't want those laws repealed.

Impact of Bad Economic Policies

More money is being paid out of the Social Security Trust Funds than is being paid in. Under the current law, deficits are anticipated for at least the next six years. Between fiscal year 1976 and fiscal year 1981 the Trust Funds will decline by $16.2 billion.

To repair the damage to the reserves and to ensure that there is never any question about the payment of benefits, the President has just proposed that the Social Security tax rate be increased .6%, to a total combined employer-employee tax rate of 12.3%. This is an addition to an already programmed increase in the Social Security tax base from $15,300 on January 1, 1976 to $16,5000 on January 1, 1977.

What has caused this temporary deficit situation and the need to increase Social Security taxes? The main reason is clearly the recession, high unemployment, and the refusal of the Ford Administration to adopt economic policies designed to end the recession as soon as possible.

At 5% unemployment, the Social Security Trust Funds would obtain an additional $44.2 billion between fiscal year 1975 and 1981 instead of being depleted by $16.2 billion. The Administration's economic mistakes will cut the Trust Funds more than $60 billion of six years.

If the Administration were to commit itself to a full employment budget, there would be no problem with the Social Security Trust Funds at this time. Indeed, the Trust Funds would actually build reserves to deal with the long-range financing problems which face the finds in the 21st Century.

The Social Security tax increase proposed by President Ford is actually a penalty tax on excessive unemployment tolerated and condoned by his Administration.

Mismanagement in Reducing Health Care Costs

Health care costs are continuing to rise at an astronomical rate -- an increase of 300% in the last decade. Because inflation in the health field is running at close to 14% annually, health costs this year are expected to reach $135 billion.

Since 1972 the Public Health Service and the Social Security Administration have had the authority to alleviate this health care cost crisis but have failed to do so. Under Public Law 92-603, Congress authorized the Secretary of HEW to conduct cost-saving experiments in Medicare reimbursement including prospective budgeting for hospitals, reimbursement for physician assistants, and purchase versus prolonged rental of durable medical equipment. In 1973, the Secretary of HEW divided responsibility for the experiments, assigning overall coordination responsibilities to the Public Health Service and implementation duties to the Social Security Administration. Because there was no clear delineation of who was responsible for what, these experimental programs have suffered from a serious lack of coordination.

Petty, bureaucratic "turf disputes" within the Administration have caused unnecessary delays in experimentation which has cost the American taxpayer tens of millions of dollars. For example, the Ambulatory Surgery Project has been delayed periodically awaiting "sign off" by the Assistant Secretary of Health; the Clinical Psychology experiment has been delayed for almost four years because of squabbling between the Health Resources Administration and the Office of Research and Statistics.

In the face of mounting pressures for national health insurance we must develop and articulate a national health strategy based on rational planning and sound management. Medicare experiments and research studies could offer a valuable opportunity to learn how to control costs and improve the quality of health care. But first, the Secretary of Health, Education and Welfare must clarify research responsibilities within his Department and get on with conducting the experiments.

For example, in February, 1976 the General Accounting Office estimated that had the Secretary of HEW implemented nationally new reimbursement procedures for durable medical equipment, $10 million annually could have been saved. The Administration's bureaucratic delays must come to an end, and the Secretary of HEW must proceed promptly with the implementation of these experiments and demonstration projects and provide Congress with detailed recommendations on cost-saving methods as soon as possible.

Social Security (SS)

While calling themselves efficient business-like managers, Republican administrators, during the Nixon-Ford years, deformed well-run federal agencies, such as the Social Security Administration (SSA), into mismanaged, wasteful bureaucracies.

One billion dollars has been wasted, through inadequate staff and computer support, in the federalized administration of aid to the aged, blind and disabled (SSI). In its first two years SSI, in the words of the Administrator himself, has been marred by "incompetence." Not only have there been huge benefit overpayments and payments to ineligible individuals, but large numbers of eligible persons -- aged, blind and disabled -- have either not yet received benefits due them or have been improperly denied their rightful benefits.

Millions of dollars, Congressional investigators report, may have been improperly drained off the SS Trust Fund to finance non-trust fund welfare programs.

Runaway costs in administering the SS Disability program have doubled in a period of five years, owing to lack of adequate federal supervision and unrealistic limits on staff and training.

The SSA's computer systems have fallen into disarray. Millions of dollars were lost on wasted equipment and computer time. This Nixon-Ford waste may force taxpayers to pay additional millions to redesign computer systems so that benefit checks arrive in time and in correct amounts.

Aid to Families with Dependent Children (AFDC)

Highly touted Nixon-Ford attempts to reduce welfare fraud and error have been found by the General Accounting Office (GAO) auditors "only marginally effective," while savings claimed through reduced errors have been overstated at least by 100%.

Pensions

The promise of protection for 35 million American workers' private pension plans provided in the Pension Reform Act of 1974 has been destroyed by President Ford's failure to establish high-level, coordinated administration. This failure had led to duplication of forms, unnecessary paperwork, and added administrative costs of plans with resultant reduction in funds for benefit payments. There is no assurance the nation's half-million pension plans will be adequately examined -- Internal Revenue Service (IRS) will have only 12 minutes to examine each pension plan as required by the new law.

Enforcement of Tax Laws against Criminals

Despite the Nixon-Ford Administration's supposedly tough stance on law-and-order, the IRS in recent years has been brought to an almost dead halt in prosecuting organized crime and white-collar tax-cheats. Ranking Treasury Department officials suspended the biggest tax-fraud investigation in history, involving billions of dollars in secret accounts in Bahamian banks deposited by prominent attorneys for their wealthy clients.

Congressional investigators have discovered cases where the IRS had information that would have helped convict murderers in local criminal trials, but did not pass it on to state and local law enforcement officials.

In President Ford's 1976 State of the Union message he boasted of adding 500 Treasury Firearms personnel to fight crime. He did not report that 373 IRS criminal tax investigators would at the same time be eliminated.

The Administration has failed to collect hundreds of millions in gambling taxes -- large from organized crime figures -- because of bureaucratic squabbling in the Treasury Department. Instead of the $400 million estimated in 1975 to be collectible from gambling, only about $4 million was actually collected. The criminals went uncaught and untaxed.

Medicare's Kidney Disease Protection Program

Since July 1, 1973, Medicare coverage has been in effect for patients suffering permanent kidney failure. Final regulations have not yet been issued by the Department of Health, Education and Welfare (HEW) and this program, as a result, has turned into a huge windfall for physicians and manufacturers of kidney disease dialysis machines.

Orginally, HEW paid physicians $12 per dialysis treatment in hospitals or clinics, but doctor pressure brought an increase to between $160 to $240 per month for supervision of dialysis. Home treatment costs less, but SS has done nothing to encourage home dialysis. It is estimated that if 50% of all patients were treated at home (instead of 30% as at present), there would be annual savings running between $160 and $360 million.

SS has also approved payments of enormous sums for rental of dialysis equipment; it has not stopped proliferation of enormously expensive treatment facilities; it has failed to place any limit on the number of patients a physician can claim he is treating.

Computer Mismanagement

The SSA has been keeping four of the very largest late-model computers with $22 million in crates in a warehouse for a year and a half. Reasons given are: no available space, necessary electrical equipment not on hand, questions about whether there are any jobs for the computers to do; this, in the face of the SS Commissioner's request for $700 million in new computer equipment and facilities.

HEW has failed to develop an accurate system of informing the states of the names, addresses and status of income maintenance beneficiaries. Because of this failure, the states have made tens of millions of dollars in errors in Medicaid, Food Stamps and local welfare determinations.

Even today, over two years after Social and Rehabilitation Service operation of its computers, tapes supplied to the states are sometimes so damaged or inaccurate as to be totally useless.

Lack of Coordination with the States in Welfare Administration

The Nixon-Ford Administrations have destroyed the traditional cooperative effort between the federal government and the states in welfare payments. States have been denied millions in payments for beneficiaries because of SSI errors which have not been corrected.

Delays in determining HEW obligations to the states for services states provided to individuals to reduce their dependency on welfare, drugs alcoholism, etc., (claims dating back to before October, 1975, in amounts up to $3.2 billion) are in effect a form of impoundment by which HEW "balances its budget" at the expense of the states and of the low-income people served by these programs.

Senior IRS Officers Forced Out on Dubious Grounds

Three senior IRS officials were forced into early retirement by the Nixon-Ford IRS chief, apparently because of their insistence that IRS law enforcement efforts against organized crime in Florida were proper -- a contention supported by the House Oversight Subcommittee hearings.

One of the officials wrote that Commissioner Alexander's actions were a "conscious effort to emasculate intelligence and investigative activities, or in the kindest possible light, they represented the most inept management I have ever observed in IRS."

These discharges have discouraged any initiatives to pursue organized crime cases and seriously injured the independence of remaining ranking civil servants -- another example of the politicization of IRS consonant with the objectives revealed in the Nixon White House tapes about making IRS "more responsive" after the 1972 election.

II. B. 15. CONFUSION IN THE BANK REGULATORY AGENCIES

Regulatory Confusion

The three-headed structure which today comprises America's bank regulatory system is a jurisdictional tangle which boggles the mind.

This inefficient system of regulation, which originated 113 years ago, has so diffused responsibilities between the Federal Reserve System, Comptroller of the Currency and the Federal Deposit Insurance Corporation and become so complex that nothing less than a complete reorganization to a more rational system will begin to solve the problem. The Brookings Institution, the Hoover Commission and the Hunt Committee all have proposed extensive alterations. Indeed even those in the Administration who now have regulatory responsibility have admitted that the current system leads to laxity and chaos.

Administrative Failure

Perhaps the most vivid illustration of what is wrong with the current system is the continuing failure of the Federal regulators who are charged with the soundness of the nation's financial system to prevent bank failures.

Within the past 10 years over 50 banks have failed. This record is a disgrace and reflects badly on those in the Administration charged with the soundness of our financial system.

A few examples of bank failures because of inadequate concern on the part of the regulators includethe United States National Bank, where the regulators failed to put a stop to fraudulent practices, and the Franklin National case, in which the Comptroller of the Currency followed a disastrous course and the bank would certainly hage gone under if it had not been bailed out following a long period of regulatory laxity.

The present irrational regulatory system also allows the banks to play the regulators off against each other. What a bank cannot get from the Federal Reserve, it has often obtained from the Comptroller of the Currency.

The competing regulations have allowed the most lenient regulator to force his co-regulators to join him out of fear of losing their clients through real, meaningful enforcement of standards.

Recently, for the first time the newspapers opened to public view the list of problem banks kept by the regulators; lists that make clear that the regulators in the current Administration purposely failed to disclose important information which the public had a right to know regarding the weakened financial conditions of a number of major banks.

Bank capital ratios began to deteriorate in 1973; but it was not until late 1974 and 1975 that go slow signals were flashed by the regulators.

The Federal Reserve failed to check the pell-mell rush by banks to climb aboard the Real Estate Investment Trust (REIT) bandwagon in the late 1960's and early 1970's. When the bubble burst, the Federal Reserve let it be known that they wanted the banks to bail out the REITS. The result was a sharp rise in poor quality bank loans far in excess of what the banks would have accepted on their own.

The duplicative bank regulatory agencies impose an unnecessary cost burden on the taxpayer. The cost of bank supervision, according to the General Accounting Office has risen more than 50 percent in the past five years. A consolidation of agency functions would save many millions of dollars.

Consolidations of the bank regulatory agencies represents the only constructive alternative to the regulatory mess.

II. B. 16. ROT IN THE REGULATORY AGENCIES

Quality and Selection of Regulators is Poor

Many of the regulatory commissioners and administrators as well as senior staff have been appointed because of their political connections to the Administration, without consideration as to merit or actual agency needs. In many cases, individuals were previously employed by the industry they are now regulating -- with probable intent to return to the industry at a later date. This leads directly to conflicts of interest and decisions which may not be in harmony with the public interest.

A study conducted by the House Commerce Subcommittee on Oversight and Investigations regarding nine regulatory agencies (Interstate Commerce Commission, Federal Communications Commission, Federal Power Commission, Securities and Exchange Commission, Federal Trade Commission, Consumer Product Safety Commission, Environmental Protection Agency, Food and Drug Administration, and the National Highway Traffic Safety Administration) found that:

-- "During the past 15 years, fewer than 10 percent of the 120 persons appointed as commissioners or administrators of the nine agencies had, prior to their appointments, demonstrated a significant sensitivity to the interests of consumers, either as public officials or in private sector activities. Only the newly created Consumer Product Safety Commission has had a majority of its commissioners sensitive to consumer interests, and four of the nine agencies have not had such appointees during the entire 15-year period."

-- "For the same 15-year period.....nearly 30 percent came from the regulated industry.... This percentage has not been constant during these 15 years, however. Recently it appears to have been increasing dramatically. Of the 45 persons appointed in the last five years, 24 -- more than half -- came from the regulated industry."

Excessive Delays

Many regulatory agencies have been inadequately funded to do their job due to lack of commitment by the current Republican Administration to effective regulation.

-- For example, the Federal Power Commission, which regulates two multi-billion dollar industries -- natural gas and electric power -- has a current budget of less than $37 million. The Federal Trade Commission, which has anti-trust and consumer protection responsibility for broad sectors of the economy, has a current budget of less than $46 million and fewer than 600 attorneys. When these resources are compared to those of just one defendant in a major FTC anti-trust case (Exxon, with assets of over $25 billion), it is clear that the resources devoted to regulatory agencies are miniscule.

Some cases have taken ten, 15 or even 20 years to resolve because of extremely cumbersome agency procedure. These procedural roadblocks to regulation often allow industry to gain maximum advantage from delays and provide incentives to seek further delays.

-- In a study of drawn-out agency proceedings conducted by the House Commerce Committee on Oversight and Investigations last summer, it was found, for example, that, at the Interstate Commerce Commission, there were three pending cases which began before 1970. At the Federal Communications Commission, there was one pending case which began in 1950 and seven more which were filed during the 1950's. In total, at the FCC, there were 28 matters still pending which began before 1970.

Inadequate Citizen Participation

Citizen input is not currently represented adequately on the regulatory agencies. It must be considered by the agencies more thoroughly if they are to regulate fairly. The ordinary citizen has little input into the regulatory process which vitally effects his or her life. Information regarding issues to be decided should be more widely disseminated by the regulatory agencies and presented to the public in a clear and understandable manner. The process for receiving public input should be uncomplicated and made known to interested citizens. Agencies must listen to citizen comments and involve them in the regulatory process.

More Effective Enforcement Authority

Regulatory agencies must have adequate authority to enforce the mandates they have been given. The regulatory agencies must also have enough control over their own litigation to insure that their point of view is presented adequately and forcefully.

-- For example, the Food and Drug Administration does not have subpoena authority and this hampers its ability to examine company records. The Republican-run Justice Department has continuously resisted the turning over of control of litigation to the agencies by arguing that there must be only one voice for the United States in the Federal Courts. The FTC, under the Magnuson-Moss Warranty-FTC Improvement Act, opened the door for the Commission to handle most of its own litigation. This cut down substantially on the amount of time needed to enforce subpoenas and there is no indication that it has caused any inconsistencies in the government's positions in Court.

Regulation Contrary to the Intent of Congress

There has been a lack of accountability to Congress by the independent regulatory agencies and the regulatory divisions of the executive departments. In some cases, regulation has not been in keeping with the intent of Congress, which delegates the agencies' authority and gives them their mandates as to their regulatory mission. Those agencies should be accountable to Congress to insure effectiveness. The White House and the Office of Management and Budget have hamstrung these agencies in carrying out their responsibilities by recommending inadequate staffing and budgeting and by exerting improper influence upon their deliberations.

II. B. 17. MISCONDUCT AND MALADMINISTRATION AT THE EQUAL EMPLOYMENT OPPORTUNITIES COMMISSION

Fraud, sordid and shocking instances of misconduct, misappropriation of funds, chaotic fiscal accounting, and a scandalous backlog of records have been the charges leveled against the Equal Employment Opportunities Commission (EEOC) by the General Accounting Office (GAO) and

A recently completed GAO report found that the EEOC lost essential control over obligations of its 1974 appropriation, and Congressional probers reported finding the agency's financial records to be chaotic. The GAO review of EEOC'S financial management, begun in February 1975 and completed in August, was hampered considerably by the extremely poor condition of the records, itself documentation of lack of control. The GAO report contains a series of photographs showing financial records stuffed in boxes and strewn about the floor of an office.

The GAO also studied three EEOC procurement contracts and found that they were unjustified. In one case, the GAO said EEOC paid for office furniture at a price much higher than justifiable -- 57% more than the price on the supplier's invoice.

The GAO also found that the government incurred additional rental costs of almost $500,000 because the Commission failed, through poor planning, to move its headquarters offices to a new location at the time agreed to.

In addition confidential internal audits were conducted in 32 field offices turning up such sordid and shocking instances of alleged employee misconduct as Commission officials conducting outside business on government time, private organizations actually headquartered in EEOC offices, and reports by female personnel of coercion by their bosses to engage in sexual games.

Lowell Perry, Chairman of the EEOC recently resigned presumably because of financial considerations but knowledgeable observers contend that Perry, whose term would have expired in two years, quit because he did not get the cooperation he expected from the White House and his subordinates to make significant change. A major recommendation of the internal auditors was that top, local and regional officials be dismissed, but the Ford Administration has taken no action.

Meanwhile, an FBI official confirmed that the Bureau is conducting an investigation of fraud against the government.

Senate and House subcommittees are preparing to hold full-scale investigations of mismanagement and wrongdoings which have continued under this Administration without remedial action.

II. B. 18. MISREPRESENTATION OF FACTS ON INDIAN HEALTH

The Indian Affairs Subcommittee of the House Interior Committee spent a full year, from February 1975, to February, 1976, studying, holding hearings and meeting in mark-up sessions on a bill providing significant improvements in services and facilities in Federal Indian health programs (H.R. 2525).

In spite of repeated requests, from September 1975 until February 3, 1976, when the full Committee was scheduled to consider the bill, the Department of Health, Education and Welfare (HEW) resisted submitting a report of its views on the bill. The report finally arrived, months overdue, original and one copy, three hours before the Committee met, scarcely allowing time for Members and staff to read it.

Revealing as this episode is of the Administration's shabby tactics, the report itself when examined was found to be loaded with slipshod arithmetic, manipulated figures and wholesale misrepresentation of facts.

-- The Administration's report implies that earlier legislation, Public Law 93-638, will by itself improve Indian health conditions. This law merely facilitates contracting by Indian tribes for Indian health services. Since 26 of the 51 hospitals now operated by the Indian Health Service (IHS) currently fail to meet accreditation standards of the Joint Commission on Acreditation of Hospitals, the Department apparently will encourage tribes to contract for responsibility for operating facilities which fail to meet minimum acceptable standards.

-- The report further states "A staff of 8,000 full-time dedicated federal employees assures that the Indians' health needs are met." In fact, however, at least one half of the IHS hospitals fail even to meet accreditation standards -- many, if not most -- because of inadequate staffing. In 1975 the following staff shortages existed in Indian hospitals: physicians 169, registered nurses 400, other nurses 172, and pharmacists 162.

-- "Central to the Indian health tragedy," states the Committee report on H.R. 2525, "is the manpower shortage among physicians and related health personnel -- probably the most pressing and serious problem facing the IHS. At present, there is one physicians for every 988 Indians,as against a national average of slightly under 600 persons per physician. This shortage is complicated by the highly dispersed and remote locations of many Indian tribes, vast distances between settled areas on reservations, and the lack of adequate roads and emergency transportation and communications systems."

-- Testimony at the hearing brought out tragic examples of staff shortages. "Millions of dollars were spent in the construction of Lawton (Okla.) Indian hospital.... The facility, in fact, includes a pediatric wing -- however, the pediatric wing has never opened..., not because the health needs of Indian children are being met otherwise, nor because Indian parents refuse to bring their children to the hospital. The reason.... is because there are not enough nurses in the IHS."

-- The report alleges that "Spending for IHS activities has grown from $113 million in Fiscal Year 1969 to $338 million for FY 1976, an increase over 175% in six years." This would presumably represent an increase in dollars of $225 million over six years. The supposed 175% increase, when adjusted for the swiftly mounting rate of inflation for those same years, is not much of an actual increase at all. In fact, the budget request for health services for 1977, for example, is $27.8 million above 1976, merely the amount needed to offset inflation and maintain the program at the 1976 spending level.

-- The report states that in 1976 IHS spent over $640 per Indian and Alaska native for health care and related activities. The Acting Administrator of the Health Services Administration, Dr. Robert Van Hoek, testified at the hearings that the $640 figure was based on total IHS appropriations for FY 1976, of which $363 was spent for facility construction, hospitals, medical and sanitation facilities. When the "President's request -- budget -- is similarly reduced," he testified, "the figure for direct care becomes $477 per capita for the Indian health program versus an estimate $562 per capita for the nation."

-- The Department report ends by stating that between 1955 and 1973 death rates for Indian infants declined 69%, for tuberculosis, rates declines by 89%, for gastritis and related disease by 86%, and for influenza and pneumonia by 54%. In view of the state of Indian health in 1955, when IHS was created, it would have been criminal if such improvement had not taken place. But, the red point is that the death rates in the population in general from these causes have declined even more dramatically and the Indians are still far behind. The incidence of tuberculosis for Indians and Alaska native is currently 7.3 times higher than the rates for all U.S. citizens. The infant mortality rate among Indians is much higher than the national average, while the Indian birth rate continues at twice that of other Americans. While every other American has a life expectancy of nearly 71 years, the Indian and Alaska native can expect to live on to age 65. The suicide rate among Indians and Alaska native is twice that of the total U.S. population. The prevalence of disease among Indians cannot help but have a significant adverse effect on the social and cultural fiber of their communities, contributing to general societal disintegration, and the attendant problems of mental illness, alcoholism, accidents, homicide and suicide.

-- The House Interior Committee learned that, as a result of a personal decision by the President, who read about conditions at St. Elizabeth's Hospital, a mental institution in Washington, D. C., FY 1977 funding for that hospital was increased from $66 million to $133 million. This amount, however justifiable for this important single institution, is almost half that being requested to support 51 IHS hospitals, numerous IHS health centers and stations, the sanitation needs for hundreds of Indian communities, and the health requirements of 5000,000 Indians and Alaska natives.

-- Of existing IHS facilities, some 38 hospitals, 66 health centers and 240 other health stations are at least 20 years old. Many are old one-story wooden buildings with inadequate electricity, ventilation, insulation and fire protection systems, and of such insufficient size as to actually themselves jeopardize the health and safety of their occupants.

-- To meet the needs of some 500,000 Indians, IHS and contract facilities provide some 3,700 beds, compared with the national average of one hospital bed per 125 persons, Indians are served by one bed per 135 persons, a shortage of more than 200 beds under existing standards of service and demand.

Hew strongly objected to enactment of H.R. 2525 on the grounds that it already had authority to do everything for Indian health that needed to be done, and vigorously opposed a provision in the bill for "outreach" to Indians living in urban centers because they have access to Medicare and Medicaid. Finally, HEW denounced the bill as "unwarranted and highly inflationary." So much for the Ford Administration's concern for the health problems of Indians who, despite the Administration's lack of interest, remain one of the most underprivileged groups in American society.

II. B. 19. SCHEMES TO EVADE CONGRESSIONAL INTENT IN HIGHER EDUCATION PROGRAMS

More than 2½ million students benefit from federally-assisted student aid programs in thousands of participating post-secondary institutions. The Higher Education Act of 1972 authorized a coordinated and balanced program of assistance to students and institutions, both of which were struggling with rapidly increasing costs.

In spite of the Nixon-Ford Administration's apparent agreement with this carefully designed financing scheme, they have in each subsequent year submitted budget requests which on their face violate the law. Repeated attempts to by-pass the Congressional goal of certainty and stability in student aid programs have resulted in widespread confusion on campuses and among students' families.

Also, the Nixon-Ford Administrations have delayed inexcusably in promulgating needed regulations. For example, it took three years for regulations to be published implementing the prohibition of discrimination on the basis of sex, as provided in Title IX of the 1972 Act.

On the other hand, during this same period the Administration rushed into print regulations governing student assistance programs which had neither basis in law nor support in the Congress or the educational community. In the face of strong and widespread opposition to these regulations, the Office of Education ultimately withdrew them, but meanwhile the stable program of financing postsecondary education was adversely affected.

Poor administration of the Insured Loan program continues to endanger this largest effort at student assistance. Failures range from outright fraud in regional offices to inexcusable delays in payment of claims to banks and other private lending institutions that participate in the program on a voluntary basis.

II. B. 20. THE REPUBLICANS, ANTI-TRUST, AND BIG BUSINESS

Antitrust enforcement is a major article of public faith with the Ford Administration and the Republican Party. Yet the record in this field in the Nixon-Ford years is a sorry failure, replete with coziness between big business and government.

Where were the Republican antitrust enforcers when, for example, former Attorney General John Mitchell approved a merger which, in clear violation of the antitrust laws, and in clear violation of the Department of Justice's own merger guidelines, created the third largest steel company in the country? It is worth noting that the chief executives of both companies gave substantial sums to the Nixon campaign.

In 1972 the Department of Justice was busy prosecuting the merger between ITT, Hartford Insurance Company and the Grinnell Company. The Department filed an appeal to the Supreme Court. While Mr. Griswold was preparing his argument, the Department suddenly backed down, citing a memorandum predicting all sorts of economic horrors if ITT was forced to get rid of its acquisitions. The memorandum had been written by a consultant for ITT. And ITT at the same time offered the Republican Party $200,000 for its San Diego Convention.

The further back we go on the Republican record, the more things look the same as they do today. In 1952 the Department of Justice filed a criminal case charging the major oil companies with price-fixing and other antitrust violations in connection with their Middle East operations. The case was suddenly dropped by the new Eisenhower Administration for "national security" reasons, and the Department gave a "business review letter" which granted a cartel of oil-producers carte blanche to violate the antitrust laws. Twenty-four years later, Congress is investigating, and the Federal Trade Commission (FTC) is trying to litigate (without much success), some of those same issues. Meanwhile, Mr. Ford declares that well-managed oil companies are the solution, opposes any divestiture, and notes they are not having as good a year as they did during the embargo.

Today, the Washington coziness continues. Mr. Ford forced Antitrust Chief Tom Kauper to reverse his Division's position supporting legislation giving the states increased antitrust enforcement power -- after Mr. Ford had a conversation with Board Chairman of Sears Roebuck.

And the Administration reversed its position on a tough merger enforcement bill at the behest of the investment banking community, which makes a lot of money putting mergers together.

Why does the International Trade Commission propose to limit steel and auto imports? Is it because those industries, notorious for antitrust violations, don't like competition -- but do like high prices? Of course the FTC is "investigating" GM's monopoly, but like most "investigations," so far, nothing has come up. When asked why, the usual bureaucratic explanation is lack of money and staff. Yet both the FTC and the Department of Justice opposed S.1136, which would have tripled antitrust enforcement budgets.

Over at the Interstate Commerce Commission (ICC), things aren't much better. Recently that agency approved a merger between two large trucking firms. But it has consistently made it difficult if not impossible for new truckers to compete with the entrenched powers. In fact, it's so bad that a lot of people are suggesting the ICC be abolished.

Things are just as cozy at the Civil Aeronautics Board (CAB). The skies are indeed friendly -- if you are one of the big lines; but there hasn't been a major new entrant into the airline business since the CAB was created. And while the aircraft manufacturers are busy paying out bribes, the FTC declines to investigate, telling the Senate it would be duplicative.

II. B. 21. ATTEMPTS TO DISMANTLE AGRICULTURE CONSERVATION PROGRAMS

The Agricultural Conservation Program (ACP), by which farmers share the costs of such beneficial practices as water conservation, strip-cropping, tree planting and soil improvement, has been keystone of the farm program for 40 years. It is rooted in the Soil Conservation and Domestic Allotment Act of 1936 and has been used widely to build up great national resources of land and water.

One feature of this program is its democracy. Committees of farmer-elected committeemen work up the requirements for practices most essential in their localities, after which the Department of Agriculture reviews the practices and allocates funds appropriated by Congress for that purpose.

During the Eisenhower-Benson Administration, the program was constantly threatened, but Congress stood fast and kept the administrators from dismantling both it and the farmer committee system.

During the Congressional elections of 1974, the Ford-Butz Administration announced that the Agricultural Conservation Program (ACP) would be continued. But the day after Christmas -- and just a few weeks after the election -- the Administration announced cancellation of the program, which they had given the fancy new name of Rural Environmental Assistance Program, or REAP.

Congress stepped in to force the Administration to continue the program, but last year the Administration refused outright to carry on the program as ordered. Congress had appropriated $175,000,000 for fiscal year 1976, but the Administration impounded $90,000,000 and restricted the farmer committees in selecting conservation needs -- even though farmers match the funds.

The Administration had impounded ACP funds before, refusing to put them into the program; but Congress forced them to go ahead with the program. Also, a federal court has thrown out such impoundments of funds.

In spite of repeated rebuffs by Congress, the Ford-Butz Administration has now again proposed legislation which would ruin this conservation program. It would reduce funds by about half and take away from the farmer committees the decision as to best practices -- putting that authority in Washington.

And this disastrous Administration policy initiative comes at a time when thousands of farmers are fighting drouth and wind erosion in an effort for all-out production of food.

II. B. 22. NEGLECT OF THE ENVIRONMENT--NIXON-FORD POLICY OF STRIP MINING

Strip-mining - Fabricated Statistics

In its resistance to strip-mining legislation, involving two Presidential vetoes, the Ford Administration has been guilty of fabricating statistics to support its misleading economic assumptions. The veto messages asserted that strip-mining laws would cause the "loss" of 36,000 jobs in the coal industry, a frightening specter at a time of ten million unemployed and underemployed. It turns out that the so-called "loss" was largely hypothetical -- jobs which might not be created in the future if the coal industry were subjected to the most rigorous possible enforcement of the bill's environmental requirements -- not jobs now in existence. Moreover, these rigorous standards of environmental quality that were applied by veto supporters in determining so-called "losses" of jobs were not actually in the proposed legislation.

The Deputy Assistant Secretary of the Interior, according to one member of an interagency group studying disputed job and tonnage estimates, had "just about pulled the job loss figure (36,000) out of the air." Further, the Interior Department's geologists have been forbidden to give Members of Congress technical information without first clearing it with the politically-appointed Deputy Secretary.

The first veto of strip-mining legislation (H.R. 25 in the 94th Congress) was based on the flat prediction of the Bureau of Mines that enactment would result in a loss of production between 46 to 162 million tons of coal, which in turn would cost the loss of thousands of jobs and drive up the cost of coal. According to Frank Zarb, Administrator of the Federal Energy Administration, if the loss of production predictions were inaccurate the other projections would also be called into question. The validity of the dire predictions, then, turned of the validity of the lost production estimates.

After scrutiny by the House Committee on Interior and Insular Affairs, the facts are now clear that the production losses were mostly fabrications and could not be justified.

The bulk of the projected losses (143 million tons of the 166 million tons upper limit) was attributed to the bill's effect on small mines (52 million tons), mines on steep slopes (25 million tons) and operations on alluvial valley floors (66 million tons) in the first full year of operation. The fact that a significant percentage of small mines in Appalachia are on steep slopes and thus these figures represent double counting was never explained by the Administration.

II. B. 23. ADMINISTRATION RECALCITRANCE IN FOREIGN AFFAIRS

Examples of Madadministration within the Jurisdiction of the International Relations Committee

The past seven years have seen the Congress assume an increasingly important and vigorous role in the formulation of American foreign policy, in keeping with the responsibilities in foreign affairs mandated in the Congress by the Constitution. This resurgence, however, consistently has been met with resistence and opposition from the White House, Department of State and other foreign affairs-related organs of government.

Some examples of this recalcitrant attitude which has resulted in maladministration are:

-- Failure to consult adequately with the Congress on major foreign policy decisions. In such instances as the Cambodia invasion, the Vietnam evacuations, the Mayaguez incident, Congress has been told only after the essential decisions have been made and the operation is under way.

-- Secrecy from Congress in dealings with other nations. In 1972 Congress passed a law requiring that all executive agreements be submitted to the Congress within 60 days after they had been concluded. Although President Nixon signed the bill, the Executive Branch, according to recent GAO testimony, has systematically and deliberately withheld certain agreements from the Congress.

-- Use of executive agreements. Again and again the Congress has asked that important international agreements be submitted either for approval by the Senate or by majority vote of both bodies. Consistently the Executive Branch has sought to circumvent the Congress by concluding executive agreements.

-- Although the Secretary of State repeatedly affirms his desire to work with the Congress, his actions have belied his words in such situations as the fall of Indochina, the Sinai Accords, Angola and the Cyprus crisis.

II. B. 24. MISMANAGEMENT IN HEALTH, ENERGY AND ENVIRONMENT PROGRAMS

Department of Health, Education and Welfare (HEW) - Failure to Implement Utilization Review (Cost and Control) Provisions of the Social Security Act

Results of HEW's failure to follow the legislative intent of certain provisions of the Social Security Act could be disastrous. Failure to execute the utilization control provision of the Social Security Act (SSA) which was intended to protect recipients of care from "unnecessary and poor quality services" might result in disabling injuries or unnecessary deaths. The provisions are also intended to curb unwarranted expenditures by the states.

The following allegations were made in respect to the Department's failure to execute the mandatory utilization control provisions of the Medicaid law. The evidence was based on findings by HEW, General Accounting Office (GAO), and the Oversight Subcommittee of the House Commerce Committee.

-- HEW has not complied with the statutory requirements of Section 1903 (g) of the SSA, which became effective July 1, 1973. Mandatory reductions are called for if states are found not in compliance with the statutory requirements.

-- HEW has acknowledged that many states have not met requirements in the statute and regulations.

-- As a result, the Comptroller General of the United States is authorized to hold personally accountable certain federal officers, for making payments prohibited by law or which did not represent a legal obligation. It was alleged that the payments made by HEW contrary to Section 1903 (g) are serious enough for the Comptroller General to invoke that authority.

In testimony from Secretary of HEW, David Matthews, it became clear that Matthews failed to execute the provisions of the SSA.

In his testimony, Matthews admitted that the same states "have not complied with the law." Another HEW official testified that the mandatory reductions were not enforced for the states that did not comply with the statute and regulations. In essence then, Matthews did not perform his statutory function which required HEW to reduce the federal share paid to states that do not have a satisfactory showing.

Failure of the Federal Power Commission (FPC) to Enforce the Natural Gas Act*

Following illustrations and examples of decisions and administration not in the public interest pursued by the Federal Power Commission (FPC) during the Nixon-Ford Administration reveal how the public interest has been disregarded:

-- Natural Gas Reserve estimates prepared by the U.S. Geological Survey for a major portion of the Gulf of Mexico were 37.4% higher than those reported by the American Gas Association and relied upon by the FPC in setting rates.

See additional material:

* (1)Mobil Oil Corporation: Failure to Deliver Natural Gas to the Interstate Market, Report by the Subcommittee on Oversight and Investigations of the Interstate and Foreign Commerce Committee, Feb., 1976

(2)Questions and Answers about the Nature and Causes of the Natural Gas Shortage, prepared by the staff of the Subcommittee on Oversight and Investigations of the Interstate and Foreign Commerce Committee, February 1976.

(3)Preliminary Staff Report Concerning Delays in Natural Gas Production by Cities Service Oil Company prepared by sraff of Interstate and Foreign Commerce Committee.

-- Mobil Oil Company intentionally withheld Gulf of Mexico gas from the Interstate Market from the Grand Isle 95 Field -- a major potential source of natural gas which could have significantly reduced last winter's projected shortfall. Mobil wanted to dedicate the gas pursuant to a ten year contract rather than the normal 20 year contract.

-- More than half the gas wells in the Gulf of Mexico are producing at less than their maximum rate of production. Out of sample of 133 natural gas wells in the Federal Outer Continental Shelf, 68 wells -- more than half the sample -- were producing at less than 80% of MPR; some were as low as 12.2% of MPR; the average of these wells was 58.9% of MPR. The study had to be undertaken by Congress; it was not suggested or completed by the FPC.

-- A report concerning delay by Cities Service in the production of natural gas from Block A-76 in the Gulf of Mexico found that delaying a major work over into the winter months caused substantial disruption of delivery of gas needed by Transco and that the delay was caused by the actions of Cities Service in failing to commence the work in July, during the summer months.

-- The Operators (Exxon, Quintana Petroleum Corporation, Getty Oil Company, and Tenneco) of two major Louisianna gas fields -- Bastian Bay and Garden City -- had failed to undertake sufficient drilling to maintain natural gas production.

Excessive Delay in Environmental Protection Agency (EPA) Programs

GAO recently highlighted EPA's failure to reach a conclusion on whether to order a recall of 2.3 million vehicles with engines found in EPA tests to be exceeding applicable emissions standards. In a vehicle testing program, seven engine classes totalling 2.3 million engines were alleged to violate emission standards.

Depsite requests the identity of the affected engines being considered for recall by EPA was not initially made known. Only after prodding did EPA disclose the makes and models of the engines.

The delay in reaching a decision on a recall which has gone on since July 1975 was described as "extraordinary."

II. B. 25. FEDERAL GOVERNMENT MISMANAGEMENT--A SECOND SAMPLING OF ADMINISTRATION ERRORS

The Nixon-Ford Administration has failed to govern properly, has wasted the taxpayers' money and has permitted government agencies and programs to deteriorate.

The Nixon-Ford Administration was supposed to be a model of efficient government. The best brains and administrative and managerial techniques were to be brought from the private sector to get the bureaucracy really moving and producing. The record, however, of how the Nixon-Ford Administration actually governed is a veritable catalogue of administrative horrors, programs destroyed or reorganized out of existence, hundreds of millions of taxpayers' dollars squandered, high government officials taking advantage of their positions to live plushly at the taxpayers' expense, the people's being constantly deceived, and leadership and inspiration completely lacking.

The following random examples of administrative foul-ups and fiscal stupidity are fully documented, having been brought to the attention of the Congress directly and to the notice of the American people through the media. Taken singly some of these examples of bad administration may not loom so large. However, when you see the sheer numbers of incidents involved, there is established clearly a pattern of incompetence and waste which is unmistakable -- a pattern which should be brought to the attention of the American people as the time draws near when we shall select the next President of the United States.

1. The U.S. Army Corps of Engineers attempted to commit $6 to $10 billion to build a series of "new" locks and dams on the Mississippi River under a little known 1909 law designed merely for the maintenance, repair, or replacement of "existing" structures. This backdoor effort was clearly contrary to the language and the spirit of the statute.

2. The White House has dramatically increased funding for "consultants" from an initial $250,000 in fiscal year 1968 to a whopping $3,850,000 in fiscal year 1976. This is an increase of $1.6 million since Mr. Ford became President when the total was $2,250,000. In fiscal year 1975, without any legislative authorization, travel funds for the White House staff (not the President) were increased from $40,000 to $100,000.

3. The Selective Service System awarded a $98,029 contract to study the All-Volunteer Army concept in a number of foreign countries two years after the All-Volunteer Army had been put into effect in the U.S.

4. The National Aeronautics and Space Administration has spent almost $500,000 in the last seven years to determine under what conditions rats, monkeys and humans bite and clench their jaws. The results of this research are astounding: "Dr. Hutchinson told NASA that people get angry when they feel cheated and tend to clench their jaws and even scream and kick. We learned that Dr. Hutchinson's monkeys became angry when they were shocked and would try to get away from the shock. In addition, we are informed that drunk monkeys do not usually react as quickly or as often as sober monkeys and that hungry monkeys get angry more quickly than well-fed monkeys."

5. The National Institute on Drug Abuse (NIDA) is spending more than $1 million of the taxpayers' money to probe marijuana effects on sexual arousal, hypnosis, facial expressions of Americans, marijuana use among the Zulus, and the use of Qat by the people in the Arabian Peninsula. With the level of drug addiction doubling in only the last three to four years, the funding by NIDA of these so-called scientific studies constitutes an appalling disregard of any reasonable system of priorities.

6. The Navy spent $191,000 in tax funds and squandered 347,000 gallons of fuel for 64 aircraft to fly 1,334 Navy officers to the Hilton Hotel in Las Vegas for a reunion of a private, non-governmental organization during the height of the energy crisis. The flights were authorized by the Chief of Naval Operations and justified as "space required" travel. However, none of these officiers carried the required documentation for "space required" travel, and none was involved in a temporary or permanent change of station as required by regulation. The designation was a subterfuge.

7. The Air Force operates a $66 million fleet of 23 plush jets solely to transport top government officials at a cost to the taxpayers of over $6 million a year. The stupidity of this massive airlift is that in almost every case, commercial flights were available to the same destination. Commercial flights would not only save the government millions of dollars, and millions of gallons of fuel, but it would also help the depressed U.S. airlines.

8. Frank Zarb, the Administrator of the Federal Energy Administration, spent $25,000 and used almost 19,000 gallons of fuel in the first ten months of 1975, jetting about the country in chartered aircraft urging businessmen and civic groups to economize on energy and fuel. This wanton wastrel of energy, fuel and taxpayers' money has used chartered Air Force and private aircraft on 13 trips to places such as New Orleans; Jackson, Mississippi; Little Rock, Arkansas; and New York City. On seven of the 13 trips Mr. Zarb's basic purpose was to convince local business or civic groups of the need to conserve fuel. In half or more of the total cases, Mr. Zarb flew in a plush, four-engine Air Force jet which burned enough fuel in an hour to supply the average American driver with enough gasoline to drive for an entire year.

9. The Federal Aviation Administration (FAA) has wasted over $10,000 of the taxpayers' money to study the effect of sonic boom on the nesting and brood rearing behaviour of the eastern wild turkey -- with most of the research being done after the FAA had banned sonic boom over the United States.

10. The National Endowment for the Humanities and the Speech Communication Association squandered $2 million of the taxpayers' money on overhead costs for the Bicentannial Youth Debates while the substance of the program was starved for funds. The net effect was that the bureaucrats took good care of themselves, while the student participants were left out in the cold.

11. The National Aeronautics and Space Administration has requested $2.8 million to construct an addition to the existing Lunar Receiving Laboratory at the Johnson Space Center to house 100 pounds of Moon rocks. The fiscal irony of NASA's request is that it is not needed. In 1971, after spending $8.7 million to house the Moon rocks, NASA Curator, Dr. Michael Duke, indicated that the existing building would be, "....the permanent facility for storage, handling and doing detailed studies of the rocks.

12. The Army has spent about $200 million to purchase 14,000 of the 1¼ ton Gamma Goat truck -- that works out to $14,285 per truck. These trucks are supposed to be amphibious, but they sink.

13. The Navy, at the behest of the White House, spent $537,000 to fix up the Vice President's official, temporary residence. The Congress had authorized only $15,000 to do the job. The funds were spent on furniture, drapes, carpets, china, crystal and silverware -- things which one would think the Rockefellers should already have plenty on hand.

14. The National Institute on Alcohol Abuse and Alcoholism is spending $102,000 to study the effects of alcohol on aggressive behaviour in a species of sunfish. One experiment will measure the effects of gin compared to tequila in a fighting test. The Institute seems to be interested in testing what it really means to "be stewed to the gills." The same researcher is also receiving an additional $90,000 for an attempt to turn rats into alcoholics by making them neurotic. The rats are placed in insoluble situations or given unpredictable rewards and shocks.

15. The Office of Education mismanaged a "management-improvement" contract to such a degree that the North American Rockwell Corporation was able to bilk the American taxpayer out of $2.1 million. Two and one half years after the termination of the contract, the Office of Education still has not fully investigated the situation, has not received any funds from Rockwell, and does not have an effective computer system to check the work of its contractors.

16. It has taken the Consumer Product Safety Commission nearly three years, a staff of over 800 bureaucrats and millions of dollars to come up with its first product safety standard required under its basic legislation -- the Consumer Product Safety Act. Out of the tens of thousands of consumer products that we use every day, the Commission chose of all things, swimming pool slides for its first safety standard.

17. The National Endowment for the Humanities is giving grants to well-heeled doctors, lawyers and school administrators to attend tuition-free, vacation-like, month-long sessions at some of the choicest university watering holes in the country. This boon doggle will cost the American taxpayer at least $750,000 this year. The purpose of the seminars, according to the Endowment, is "to broaden and sharpen their humanistic perspectives."

18. A listing of major cost acquisitions by the federal government indicates that, through sheer mismanagement on a colossal scale, the American taxpayer will have to pay out an additional $148 billion by the time the acquisitions are completed. Initial estimates for major acquisitions were $231 billion; the cost is now put at $404 billion -- an incredible increase brought about by incredible mismanagement. The biggest offender is the Department of Defense -- over $60 billion of the total.

19. There is an apparent inability within the federal government to make any clear policy decisions in the telecommunications area. A prime reason for this inability is the fact that the Office of Telecommunications Policy within the Executive Office of the President has been leaderless for over 18 months. Because of this lack of activity on the part of the White House -- some would describe it as a total lack of interest -- the telecommunications industry seems to have been laboring under a severe handicap in communicating with the government. First the OTP was used to express the political philosophy of the White House -- a classic example of confusing communications with propaganda.

20. Under Section 15 of the Noise Control Act, the Environmental Protection Agency (EPA) is required to purchase low noise emission equipment for use by the federal government. EPA has neither promulgated regulations for purchasing such equipment nor has it purchased any such equipment since the origin of the Act in 1972.

21. The Department of the Army contracted to have the ceiling of the National War College repaired. The original price was $65,000. This, however, escalated to nearly $2 million. This was caused by an amazing lack of discipline in the administration of the contract. There was no competition for the contractor, payments were based on inadequate submissions, the company was not bonded as is normally required and warning signals of various kinds were ignored by the Army.

22. The Department of the Army illegally entered into a contract to purchase nine computer systems from IBM. The Congress reviewed the contract and ordered the Army to purchase these systems under a bidding competition. Had we not done this, it would have cost the taxpayers an additional $15 million dollars to procure these computers solely from IBM.

23. The General Services Administration bailed out Rockwell International by buying, for $20 million in property owned by the Air Force, a "white elephant" of a building that Rockwell couldn't use and couldn't sell. GSA evaded the law in this case and did not tell the whole truth to the Congress when an inquiry was initiated by the Congress.

24. The Federal Aviation Administration signed a contract with Philco-Ford to procure an Electronic Voice Switching System. The FAA, rejecting the advice of its own general counsel's office, and that of the DOT's Office of Installations and Logistics, solicited a request for procurement which combines both the procurement of the prototype and production models together. Since the prototype was to be procured on a "cost-plus" basis, this presented the opportunity that the successful bidder would use the "cost" basis in the prototype phase to finance the research needed to perfect the production models. The contractee delayed negotiating sub-contracts, canceled out the vital computerized central switching system, failed to develop acceptable designs to meet FAA's specifications and fell three years behind the delivery schedule. Cost escalations pushed the final estimated cost to $105 million, far in excess of the prices bid on the original offer. The Congress forced the FAA to cancel the contracts and thus saved the taxpayers from $50 to $100 million.

II. B. 26. THE SILENT THREAT -- COMPUTERS VS. PRIVACY UNDER NIXON-FORD

The federal government obtains billions of dollars worth of computers, and related software and services annually. Ostensibly coordinated by the General Services Administration, this procurement effort has grown by quantum jumps in recent years. As this acquisition process has accelerated, a number of actual and potential evils have come to light, both in the acquisition process itself and in how the computers are then utilized by the Administration. Such abuses fall into two major categories: lack of competitiveness in the federal procurements and threats to individual privacy.

A word is in order about the abuse of the actual procurement process. Usually an agency must delineate its automated data processing (ADP) needs on paper and present those needs to the appropriate authorizing committees of the House and Senate. Once those authorities have agreed that a legitimate ADP need exists, and their conditional approval is given, the agency may then proceed to present their case to the Appropriations Committees on both sides of the Hill. Simultaneously, the agency must seek and obtain approval for their acquisition from the Office of Management and Budget and the Office of Telecommunications Policy. Once all these tickets have been properly punched, an agency may proceed to agitate the vendor community, informing them that they intend to procure a certain type of ADP system for a certain number of millions of dollars. This is the way it is to work.

Under the Nixon-Ford Administration, regrettably, often agencies will not inform the Congress, much less ask for and receive permission to go ahead with a major procurement. Most of the major procurements run into the high millions of dollars. Several even reach towards the $1 billion mark. Often the vendor community is agitated for no reason, and finds out that there is no Congressional permission to buy equipment. Also, often an agency will approach the General Services Administration and seek what is known as a "hunting license." This is the form of a delegation of procurement authority, allowing the agency to search out a deal for the system, despite a lack of Congressional approval. Then, the agency attempts to present the Congress with a fait accompli, seeking to gain approval after the fact from Congress.

Furthermore, some of these procurements allegedly are "wired" as they are known in the trade. In other words, the proposal is slanted in favor of one company, often alleged to be IBM, because it is the giant of the ADP industry. IBM, it should be noted, does not, alone among ADP purveyors to government, offer the federal government a discount.

It is vital to bear in mind the fact that ADP systems come complete with hardware and software, which often turns out to be telecommunications equipment. This means that the vast amounts of data can be communicated elsewhere by phone or similar means. So what the computers gobble up and store can be passed along. The Congress, aware of the potential danger such capacity poses, long ago forbade the creation of a hookup among many federal government computers, because this could create that most dangerous of entities, a national data bank. Senator Ervin waged unrelenting ware against any and all attempts to create such a system. This leads us in turn to FEDNET, which was a Nixon Administration proposal to create a vast ADP system throughout the government and hook it up via a telecommunications network. Congress revealed the existence of this plan, called it to public and Congressional attention, and with the aid of the Appropriations Committees in House and Senate, killed the plan and had language written into the appropriations bills forbidding such a procurement. The ADP commissioner of the General Services Administration was eased out of government because of his work on FEDNET. Then Vice President Ford, as head of the Executive branch Privacy Committee, pledged to prevent privacy abuses; but since assuming the Presidency has paid little attention to the issue, which crosses party and ideological lines with impunity.

Since the revealing of FEDNET, Congress had used the General Accouting Office as a watchdog to audit all new proposed ADP systems within the federal government which agencies propose to procure. This has included the ADP systems sought by the three federal agencies which store and collect the most data about Americans, i.e., the Social Security Administration, the Veterans' Administration, and the Internal Revenue Service. All three seek vast new systems. None of the three had adequately justified the acquisition of its system. None has satisfied or sought and received appropriate authorizing and appropriations authority from the Congress for its proposed procurements. All three agencies have been the scene of notable foulup of data collection and service to the public. This includes the alleged inefficiencies at the Veterans' Administration and the Social Security Administration, and the Watergate role of the Internal Revenue Service.

The privacy issue is significant also because the efficiency of ADP systems is growing rapidly. Federal computers are able to gather, store and transmit ever growing chunks of data on people. Further, the Administration is seeking, demanding and usually getting ever more information on people's private lives, finances, etc. The recent Supreme Court decision on bank privacy and consumer records is ominous in itself. The Census Bureau is gathering vast quanities of data from a hundred different censuses it takes between the Decennial Census. We know little about what is being done with this information or who has access to it. This in turn leads to the question of preventing unauthorized persons from gaining access to data banks. It is fair to say that there is no way presently known by which data can be held secure from sophisticated attempts to gain access to computers and their data banks. IBM, acting at the urgent request of many of its prime commercial customers, has committed between $40 and $50 million to such a quest for the past year or more, and thus far has not come up with good answers. Therefore, it is ridiculous for federal agencies seeking huge new ADP systems to claim that their data will be secure. Nothing could be further from the actual state of affairs. This is where the situation rests today, and the current Administration has shown little interest in working toward limiting abuses of federal data collection activities.

II. B. 27. NEGLECT AND ABUSE OF THE ELDERLY

Employment of Older Workers - No Labor Department Programs

The Comprehensive Employment and Training Act of 1973 in Title IIIA identifies "older workers" as a specific target group for services under the Act. The Department of Labor, however, has no programs being operated specifically for the benefit of older workers.

Age of Retirement - Labor Department Failure to Report

The Age Discrimination in Employment Act directs the Secretary of Labor to study and report on the question of mandatory retirement at age 65 as against a system of voluntary retirement. To date this report has never been made.

Older Workers and the Department of Labor - No Special Attention

For many years the Labor Department had an Assistant or a Special Assistant for Older Workers in the Office of the Secretary and, later, in the Manpower Administration. The Nixon Administration abolished these positions, vital in keeping older workers' problems actively before the Department, and the Ford Administration has not reinstituted them.

Nutrition - Funds Unspent

The Administration has so delayed full implementation of the Title VII nutritional program for the elderly that millions of dollars are available but unspent, thus effectively denying thousands of meals for hungry, needy older citizens.

Transportation - No Labor Department Recommendations

In 1973, Congress directed the Administration on Aging to "conduct a comprehensive study and survey of the transportation problems of older Americans with emphasis upon solutions that are practicable and can be implemented in timely fashion," to be completed by January 1, 1975. The study was completed in April 1975, but to date no recommendations and no plan of implementation have been sent to the Congress.

In 1974, $35 million was authorized for transportation projects under the Older Americans Act. The Administration has never requested appropriation of funds for this purpose.

Social Services - Funds Frozen Since 1972

In 1972, the maximum level of funding for social services at the federal level was frozen at $2.5 billion. Since then 28% increase in the consumer price index has caused a decrease in services for the elderly, at the same time that the number of eligible older persons has expanded. The Administration strongly resists any increase in the ceiling.

II. B. 28. SPECIAL OVERSIGHT ISSUES IN ENERGY PRODUCTION AND REGULATION

Special Oversight Issues

Pursuant to its oversight responsibilities, the Congress has been analyzing the activities and programs of the Nuclear Regulatory Commission and the Energy Research and Development Agency. These two agencies were established by the Energy Reorganization Act to take the lead in developing nuclear and non-nuclear power, to assure that, in haste to meet America's present energy needs, potential options for the future are not excluded.

The Congress delineated the principles and goals of the Energy Research and Development Agency in the Federal Non-Nuclear Research and Development Act of 1974, P.L. 93-577. Unfortunately, the performance of the agency under the current Administration has been disappointing.

Outlining a comprehensive federal non-nuclear policy, the Federal Non-Nuclear Energy Research and Development Act called for the development of technologies using renewable or inexhaustible sources of energy. The Research and Development Agency(ERDA) has not responded adequately.

ERDA's entire non-national security budget request for fiscal year 1977 rose by 39% -- exactly the proportion by which the historically underfunded solar program budget was increased. Thus ERDA has demonstrated an inability to redirect its efforts toward more promising solar power alternatives despite strong Congressional support for such a move.

Both the Office of Technology Assessment analysis of the fiscal year 1976 ERDA budget and the Council on Environmental Quality's Report on 1975 Public Hearings criticize the Agency's national plan for energy research for not focusing on the question of net energy. In P.L. 93-577 the Congress specifically mandated ERDA consider net energy costs. Yet many of ERDA's programs involve high technology, capital intensive projects that require great amounts of energy, and water, ignoring the net energy that would be gained.

The law also requires an investigation of America's transportation system to study the full range of alternatives to the internal combustion engine and systems of efficient public transportation. But the proposed fiscal year 1977 budget would provide only $500,000 for non-highway transportation programs, clearly an insufficient amount. When 25% of America's energy demand is for transportation, and the transportation section is the single largest consumer of petroleum, clearly greater emphasis must be given to developing mass transit and alternative types of transportation. The programs envisioned by ERDA for its solar, geothermal, conservation, and transportation -- in fact, all the alternatives proposed to high technology, capital-intensive -- have been underfunded or ignored.

That the Nuclear Regulatory Commission (NRC) does not fulfill the functions assigned it by the Congress is exemplified by its inability to formulate a position on nuclear safety and security. Despite recurrent pressures from the Congress, the NRC has no established criteria for judging what constitutes a hazard to public safety. The recent resignation of a mid-level manager who felt his concerns over safety questions were ignored demostrated the limited amount of internal discussion of safety and security matters.

The NRC has also been unresponsive to Congressional inquiries. The Chairman of the Subcommittee on Energy and the Environment of the House Committee on Interior and Insular Affairs requested information from the NRC on five occasions between January 9 and February 17, 1976. As of March 15, none of these requests had been answered. Information relevant to these inquiries on vital issues such as the accounting of uranium and the exportation of enriched uranium should have been available to the Commission and it is inexcusable that such Congressional inquiries remain unanswered.

The recent disclosure that the NRC's Chairman, William Anders, will not be reappointed is representative of the continuing state of flux and disorganization in the Commission.

Corrective measures should begin with selection by the Administration of a genuinely qualified Chairman, a substantial increase in openness of Commission activities, scrupulous adherence to civil service hiring procedures, consolidation of staff in one location, and development of a clear statement of regulatory goals and objectives.

APPENDIX III

VETOES - NIXON-FORD ABUSES

III. VETOES

Nixon-Ford Abuses

In the past 7½ years Richard Nixon and Gerald Ford have vetoed 86 public bills enacted by majorities -- often large majorities -- of both Houses of Congress.

Thirty of these bills were killed by use of the "pocket veto", when Congress was out of session and hence had no opportunity to overturn the President's actions, however arbitrary.

On 38 occasions Congress tried to override the Presidential vetoes, but succeeded in only 13 of the attempts, usually because White House pressure was able to sway just enough Members to hold the override vote two or three below the required two-thirds of those present and voting.

While the President's veto power derives from the Constitution, the choice of what to veto is a strong indicator of a President's basic political bias. The major vetoes of both Nixon and Ford were designed to thwart the popular will, as expressed by the majority in each House, with respect to human needs: veto after veto struck down both substantive laws and appropriations to fund them, in the fields of health, job expansion, education, minimum wages for low-paid workers, housing, environmental protection, veterans benefits and small business.

Never did Nixon or Ford veto money for military spending, however excessive of real defense needs, or subsidies for floundering corporations, or loop-holes for special interests, or tax breaks for the wealthy.

The veto record of President Ford has been egregiously bad. In less than two years since he was appointed President, he has vetoed 49 bills. His timid and unimaginative approach to the major economic and social problems facing the Nation in the throes of the most severe recession in recent times resulted in vetoes which frustrated the Congressional majority's attempt to reduce unemployment and bring about recovery.

In addition, as the following tabulation clearly indicates, his vetoes gutted new legislation and reduced needed funds for such

essential programs as day-care centers, aid to State and local governments, construction of sewage treatment plants, improved educational facilities and efforts to expand energy production without undue price increases to the consumer.

The Constitution requires only a simple majority, not two-thirds, of both Houses to pass legislation. When a President, especially a non-elected President such as Gerald Ford, abuses the veto power to impose his prejudices upon the popular majority, he stands guilty of bad faith, mocking the will of the people, and disrupting the democratic process.

PRESIDENT FORD - VETOES - 1975-1976

THE ECONOMY

(1) JOBS

H. R. 5247 PUBLIC WORKS EMPLOYMENT ACT OF 1975

Vetoed February 14, 1976 - House overrode - Senate sustained

Designed to combat unemployment. Provided approximately $6.36 billion he authorized to be spent in next several years for various public works projects including:

$2.5 billion in continuation of job opportunities

1.4 billion - construction of public-owned sewage treatment facilities

1.6 billion - counter cyclical revenue sharing aid.

Would create 600,000 - 800,000 new jobs.

President claimed it would not reduce unemployment substantially and cost would be intolerably high.

(2) JOBS

H. R. 9803 - DAY CARE CENTER ACT

Vetoed April 4, 1976 - House overrode - Senate sustained.

Bill was introduced to provide additional funds and to postpone application of certain standards until July 1, 1976 to give centers sufficient time to meet established standards.

(3) JOBS

H. R. 4481 EMERGENCY EMPLOYMENT APPRECIATION ACT

Vetoed May 28, 1975 - House failed to override.

This bill would provide $5.3 billion for emergency jobs. The objective was to create an estimated 1 million full and part-time jobs and 840,000 summer jobs for youths. This bill also contained funds for the purchase of 21,000 new government vehicles.

President Ford vetoed because it was more than he planned to spend -- too much stimulus too late.

H. R. 5555 REVENUE ADJUSTMENT ACT OF 1976

Vetoed December 17, 1975 - House failed to override

Intent of this bill was to extend for 6 months the provisions of the Tax Reducation Act of 1975 which provided for decrease in the amount of personal and corporate taxes.

The President vetoed because it did not contain a spending ceiling which reflected a decrease in expenditures equal to the decrease in tax revenues - it was inflationary. House Democratic leadership argued it was a necessary stimulant for the economy. Ceilings would wait until the President submitted a 1977 budget.

H.R. 5900 COMMON-SITE PICKETING ACT

Vetoed January 2, 1976. Returned - House referred to Committee on Education and Labor.

There were two principle elements in the bill:

1. Amend the National Labor Relations Act fo allow picketing and strikes against all employers at a single construction site. The legislative would have overturned a 1951 Supreme Court ruling that such action was an illegal boycott.
2. Establish a Construction Industry Collective Bargaining Committee within the Department of Labor.

After earlier supporting the measure the President vetoed it because the various parties to the dispute over the impact of the bill now disagreed.

IV. GOVERNMENT & HUMAN NEEDS

HOUSING

H. R. 4485 Emergency Housing Act of 1975

Vetoed 6/24/75 - House failed to override.

This bill $1.2 billion in housing assistance through various provisions including interest subsidy or incentive payment to defray down payment cost. It also provided unemployed home owners federal loans up to 24 months to mortgage payments.

President vetoed because it set subsidies that were excessively deep and costly and inflationary.

HEALTH

H. R. 17085 - NURSE TRAINING

Vetoed January 4, 1975 - Pocket veto provided $25 million for grants, loan guarantees and interest subsidies, capitation grants, financial distress grants, special projects, traineeships for nurses, etc. Vetoed on grounds of cost.

(2) HEALTH

S. 66 - SPECIAL HEALTH REVENUE SHARING ACT OF 1975

Vetoed July 26, 1975 - Overriden - PL 94-63.

This legislation amended health laws to revise and extend health revenue sharing programs, family planning programs, community health centers, National Health Service Corps programs and assistance to nurse training.

The Presidential veto was based on the argument that the bill would authorize excessive appropriations levels.

(3) HEALTH

H. R. 9068 - DEPARTMENT OF LABOR, HEALTH, EDUCATION AND WELFARE APPROPRIATION FOR 1976

Vetoed December 19, 1975 - Overriden - Public Law 94-105

Bill provided appropriations of $4.5 billions. The amount was nearly $1 billion above Administration's request. The bulk of the increase was in various healthprograms.

President vetoed because the bill represented excessive spending and would increae Federal employment by 8,000.

EDUCATION

H. R. 4222 - NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACT AMENDMENTS

Vetoed October 3, 1975 - Overriden - Public Law 94-105

This Act increased the number of families above the poverty level whose children were eligible for school lunch subsidies.

President Ford said the authorization went far beyond efforts to feed needy children and greatly exceeded his budget proposals and would add to inflation pressures.

EDUCATION

H. R. 5901 - EDUCATION DIVISION AND RELATED AGENCIES APPROPRIATIONS FOR 1976

Vetoed July 25, 1975 - Overriden - Public Law 94-94

Bill provides $7.9 billion for various educational programs. This was $1.5 billion more than requested by the Administration.

The President vetoed because the total increased the budget deficit and locked in required expenditures for future years.

VI. NATURAL RESOURCES AND ENVIRONMENTAL QUALITY

(1) ENERGY

H. R. 4035 - PETROLEUM PRICE INCREASE LIMITATION ACT OF 1975

Vetoed July 21, 1975 - No attempt to override.

This bill would have continued controller prices at the then existing rate for old oil and would have rolled back the price of new oil from the existing uncontrolled prices. The President's veto was based on his belief that continuing controls would eventually result in less incentive to increased domestic production. Prior to invoking the veto the President had sent to Congress a proposal for decontrolling the price of oil over a 30-month period.

(2) ENERGY

H. R. SUSPENSION OF PRESIDENTIAL AUTHORITY TO INCREASE TARIFFS ON PETROLEUM PRODUCTS

Vetoed March 4, 1975 - No attempt to override.

The purpose of this bill was to suspend for 90 days the authority to increase tariffs or to take any other import adjustment action with respect to petroleum or products derived therefrom because companies needed more time to develop an energy program. President argued that increased import fees were necessary.

(3) ENERGY

S. 1849 - EMERGENCY PETROLEUM ALLOCATION EXTENSION ACT OF 1975

Vetoed September 9, 1975 - Senate attempt to overide failed.

This bill provided for the extension of price controls (Emergency Petroleum Act of 1973) for petroleum and products which were due to expire August 31, 1975.

President vetoed because in his view it held price of domestic oil to uneconomic levels.

1. AGRICULTURE

S. 3943 - AGRICULTURE CONSERVATION

Vetoed January 4, 1975 - Pocket veto

Extended time for using funds appropriated to carry out Rural Environmental Assistance and Rural Environmental Conservation programs.

2. S. 4206 - ADJUSTMENTS IN PRICE SUPPORTS

Vetoed January 4, 1975 - Pocket veto.

Required the support price of manufactured milk be established at not less than 85% of the parity price.

3. H.R. 2933 - IMPROVEMENTS IN FILBERTS

Vetoed January 4, 1975 - Pocket Veto.

Provided that if a domestic marketing order establishes certain grade and quality standards for filbert products, imports of the same commodity must meet equivalent standards.

4. AGRICULTURE

Resoltuion 121. ADJUSTMENTS IN THE SUPPORT PRICE OF MILK

Vetoed May 1, 1975. House failed to override.

This joint resolution provides for quarterly adjustments in the support price of milk at 85 percent of parity The President opposed because it would result in unnecessarily high consumer prices.

Date of veto January 36, 1976 Senate failed to override.

5. AGRICULTURE

H. R. 4296 - EMERGENCY AGRICULTURAL ACT OF 1975

Vetoed Jay 1, 1975. No attempt to override.

This bill would have increased "target prices" and price support loans for cotton and grain and price supports for milk products.

The President in vetoing said the bill would undermine the successful market oriented policy of the Administration.

6. AGRICULTURE

H. R. 9497 TO AMEND COMPUTATION OF PRICE SUPPORTS FOR TOBACCO

Vetoed October 1, 1975 - No attempt to override.

Legislation sought to modify the formula for determining tobacco price support levels.

The President said higher prices would adversely affect tobacco exports and increase Federal spending. Dated veto October 1, 1975, Congress made no attempt to override.

RECREATION

H. R. 5337 AUTHORIZING APPROPRIATIONS TO THE SECRETARY OF COMMERCE FOR PROMOTION OF TOURIST TRAVEL

Vetoed May 23, 1975 - No attempt to override.

This bill authorized appropriations for the promotion of tourist travel including travel within United States and continuation and expansion of the current program to promote and facilitate foreign travel in the United States.

The President vetoed the bill because he was opposed to the reinstatement of a domestic tourism program. Furthermore he objected to the amounts authorized in the bill.

VII. FOREIGN AND DEFENSE POLICY

National Security

H. R. 12 BILL FOR PROTECTION OF FOREIGN DIPLOMATIC MISSIONS AND INCREASE IN THE SIZE OF THE EXECUTIVE PROTECTION SERVICE

Vetoed November 29, 1975 - No attempt to override

Bill authorized the Secretary of the Treausury to reimburse State and local governments for provisions of protective and other services to foreign missions and visiting officials.

President was concerned lest this bill set the stage for further requests by State and local governments for reimbursements in other fields.

2. National Security

S. 2350 AMENDING THE NATIONAL SECURITY ACT OF 1947 TO INCLUDE THE SECRETARY OF THE TREASURY & 20 MEMBERS OF THE NATIONAL SECURITY COUNCIL

Vetoed December 13, 1975 -- Senate overrode. Bill referred to House Armed Services Committee.

To include the Secretary as a statutory member of the National Security Council in order to include the chief economic spokesman of the U. S. in international economic policy formulation.

VIII. OTHER

1. H.R. 11897 - FORD FEDERAL OFFICE BUILDING

Vetoed January 4, 1975 - Pocket veto.

Provided U. S. Courthouse and Federal Office Buildings be designated the "President Gerald B. Ford Federal Office Building". Veto comment: President knew of no Federal Office Buildings named for a President while in office.

2. OTHER

2. H. R. 13296 - AUTHORIZING APPROPRIATION FOR FISCAL 1975 MARITIME PROGRAMS

Vetoed January 4, 1975 - Pocket veto.

Provided for acquisition, construction and reconditioning of ships, ship operating differential subsidies, research and development, reserve fleet expenses and maritime training. Veto based on requirement that Federal Government reimburse U. S. fishing vessel owners for damage by foreign flag ships.

3. OTHER

H. R. 8617 FEDERAL EMPLOYEES POLITICAL ACTIVITIES ACT OF 1976

Vetoed April 12, 1976 House failed to override.

This bill would have removed major constraints on the political activities of Federal employees imposed by the Hatch Act of 1939. It would have allowed civilian Federal employees to run for local, State and Federal offices under a partisan label.

FORD VETOES - 1974

I. THE ECONOMY

Labor-Management Relations

H. R. 13342 - FARM LABOR CONTRACTORS REGISTRATION

Vetoed October 29, 1974 No attempt to override.

Strengthened protection of migrant farm workers but also had a provision reclassifying hearing oppositions in the Labor Department, the pretext for the veto.

IV. GOVERNMENT & HUMAN NEEDS

Health

1. H.R. 14214 -- HEALTH REVENUE SHARING AND HEALTH SERVICES

Vetoed December 23, 1975 Pocket Veto.

Omnibus bill authorizing grants for family planning, expanded community mental health centers, migrant health centers, and new programs for control of diseases borne by rodents, programs related to epilepsy, Huntington's disease, hemophelia, rape prevention and control.

Vetoed because it authorized appropriations of more than $1 billion "over my recommendations."

2. H. R. 14225 REHABILITATION AND RANDOLPH SHAPPARD ACT AMENDMENTS

Vetoed October 29, 1974 Overriden by both Houses, Public Law 93-508

Provided increased supportive services for the handicapped and changes in HEW organizational structure.

SENIOR CITIZENS

H. R. 15301 RESTRUCTURING THE RAILROAD RETIREMENT SYSTEM

Vetoed October 12, 1974 Overriden by both Houses. Public L aw 93-445

Provided $285 million annually from General TReasury to Railroad Retirement Trust Fund to keep it solvent.

VETERANS AFFAIRS

H. R. 12628 VETERANS EDUCATIONAL BENEFITS

Vetoed November 26, 1974 Overriden by both Houses. Public Law 93=508

Provided increased educational benefits for post-Korean and Vietnam War veterans by 22.7%, boosted on-the-job training funds, and vocational aid for the disabled by 18.2%, created a new $600 a year per veteran educational loan program and extended the entitlement period for veterans seeking undergraduate degrees from 36 to 45 months.

VI. NATURAL RESOURCES AND ENVIRONMENTAL QUALITY

MATERIALS POLICY

H. R. 10626 -- AUTHORIZING SALE OF CERTAIN RESERVED PHOSPHATE INTERESTS IN FLORIDA

Vetoed January 30, 1974 No attempt to override

ENERGY

1. H. R. 15323 ATOMIC ENERGY ACT

Vetoed October 12, 1974 No attempt to override.

Revised method of providing remuneration in the event of a nuclear "incident".

2. H. R. 11929 TVA AMENDMENTS

Vetoed December 23, 1974 Pocket Veto

Permitted TVA to defer payments of obligations tothe Treasury of $85 million per year for 5 years because of expanditures for installation of pollution control equipment, with objective of post-poning certain rate increases.

3. H. R. 8193 ENERGY TRANSPORTATION SECURITY ACT

Vetoed December 30, 1974 Pocket Veto

Required that 20% of gross tonnage of all oil transports in bulk on ocean vessels for import into the U. S. be transported on privately-owned U. S. flag commercial vessels, rising to 25% after June 30, 1975.

PUBLIC LANDS

H. R. 11541 NATIONAL WILDLIFE REFUSE SYSTEM

Vetoed October 24, 1974 No attempt to override.

Added new standard in determining the authority of the Secretary of the Interior to allow certain rights-of-way across lands of the National Wildlife Refuse System.

ENVIRONMENTAL QUALITY

1. S. 425 SURFACE MINING CONTROL

Vetoed December 30, 1974 Pocket Veto

Established Federal standards to prevent adverse effects from strip mining.

2. S. 3537 FLOOD CONTROL ACT

Vetoed December 17, 1974 No attempt to override

Authorized revision of Willow Creek Dam project in Oregon, emphasizing flood control and providing advance payment of the Federal share of the cost of relocating the water system in the town of Heppner.

VII.. FOREIGN & DEFENSE POLICY

International Economic Policy

H. R. 6191 ZINC TARIFFS

Vetoed December 3, 1974. House failed to override.

Amended tariff schedules to admit certain forms of zinc, free of duty until June 30, 1977 (also tax riders to compensate individuals suffering property losses from 1972 disasters, the pretext for the veto).

VIII. OTHER

S. 3341 TRAVEL EXPENSES

Vetoed December 31, 1974 Pocket Veto

Increased allowances for travel by Federal employees from $25 to $35 a day and mileage allowances for use of private autos from 15¢ to 20¢ a mile.

NIXON VETOES - 1974

V. STATES, COUNTIES AND CITIES

URBAN NEEDS & FEDERAL RESPONSIBILITIES

H. R. 10511 MASS TRANSIT ACT

Vetoed January 4, 1974 Pocket Veto.

Provided that Urban Transportation Administration money could be used for the purchase of buses by public transit agencies and that such equipment could be used for charter services.

VI. NATURAL RESOURCES & ENVIRONMENTAL QUALITY

1. ENERGY

S. 2859 EMERGENCY ENERGY ACT

Vetoed March 6, 1974 - Senate failed to override.

Gave President authority to ration gasoline, order energy conservation measures, modify environmental standards if necessary to conserve oil; gave Congress veto over Presidential energy conservation measures; provided low interest loans to home owners for installing storm windows and more efficient heating units and established a ceiling on the price of domestic crude oil.

VIII. OTHER

Appropriations

Vetoed August 8, 1974 - No attempt to override.

H. R. 15472 AGRICULTURAL & ENVIRONMENTAL PROTECTION AGENCY APPROPRIATIONS

Appropriated $13,571,000,000 in new budget authority for FY 75, which was $38,531,000 over Nixon's amended budget request.

Vetoed as "clear and distinct threat to our fight against inflation".

NIXON VETOES - 1973

1. ECONOMY

LABOR

H. R. 7935 MINIMUM WAGE ACT

Vetoed September 6, 1973 House failed to override.

Raised minimum wage to $2.00 per hour effective November 1, 1973 and $2.20, July 1, 1974.

2. SMALL BUSINESS

S. 1672 DISASTER LOAN ACT

Veto - Senate failed to override September 25, 1973.

Increased authority of Small Business Administration to provide loans to small firms in the event of natural disasters.

II. GOVERNMENT AND PRIVATE SECTOR REFORM

Public Sector

S. 518 OFFICE OF MANAGEMENT AND BUDGET

Vetoed May 18, 1973 Senate overrode, but House failed to overide.

Bill to make Director and Deputy Director subject to Senate confirmation.

Vetoed on ground of its being an unconstitutional attempt to remove the incumbents who lawfully held these offices.

IV. GOVERNMENT AND HUMAN NEEDS

1. HEALTH

S. 504 EMERGENCY MEDICAL SERVICES

Vetoed May 18, 1973 Senate overrode, House failed to override.

Authorized $185 million over 3 years tp assist State and local jurisdictions in establishing Emergency Medical System.

2. EDUCATION

S. 7 VOCATIONAL REHABILITATION

Vetoed May 1, 1973 Senate failed to override.

Extended for three years appropriations authority at cost of $2.6 billion for Vocational Rehabilitation. President vetoed on grounds amount exceeded his budget recommendations by $1 billion, diverted the program from its original purposes and confused management responsibility.

VI. NATURAL RESOURCES & ENVIRONMENTAL QUALITY

Environmental Quality

H. R. 3295 RURAL WATER AND SEWER GRANT PROGRAM

Vetoed April 5, 1973 House failed to override.

Required President to spend $300 million in grants over three years. President vetoed as inflarionary and redundant in view of Environmental Protection Agency grant funds and FHA loan program.

VII. FOREIGN & DEFENSE POLICY

1. Republican Record

H. J. Res. 542 WAR POWERS RESOLUTION

Vetoed October 24, 1973 Overridden by both Houses. Became Public Law 93-148.

Provided that 72 hours after the President has committed combat forces in a foreign land, he must submit to Congress a report setting forth his reasons and legal justification. Within 60 days after a report is submitted, the President shall terminate any use of U. S. armed forces unless 1) Congress has declared war or authorized such use, 2) has extended by law the 60-day period, or 3) is physically unable to meet as a result of an armed attack on the U.S.

President vetoed on grounds of constitutionality and practical consequences.

2. Republican Record

S. 1317 U. S. INFORMATION AGENCY APPROPRIATIONS

Vetoed October 23, 1973 Senate failed to override.

Provided USIA would have its funds cut off if it failed to meet a demand for information by the Senate Foreign Relations Committee or House Committee on Foreign Affairs. President vetoed on grounds it wasunconstitutional attempt to undermine President's responsibility to withhold information when such disclosure would be contrary to the "public interest".

Republican Record

3. H. R. 7447 SECOND SUPPLEMENTAL APPROPRIATIONS ACT OF 1973

Vetoed June 26, 1973 House failed to override.

Prohibited funds from being used to support U. S. combat activities in or over Cambodia or Laos.

President vetoed because" enactment into law of the, 'Cambodian rider' ...would cripple or destroy the chances for an effective negotiated settlement in Cambodia and the withdrawal of all North Vietnamese troops".

NIXON VETOES - 1972

I. THE ECONOMY

JOBS

H. R. 16071 PUBLIC WORKS AND ECONOMIC DEVELOPMENT AMENDMENTS

Vetoed October 27, 1972 Pocket Veto

Extended the Public Works and Economic Development Act during fiscal 1974 and authorized funds for regional commissions.

III. LAW OBSERVANCE

CRIME CONTROL

H. R. 13895 PAY OF U. S. MARSHALS

Vetoed October 27, 1972 Pocket Veto

Increased salaries of U. S. Marshals

IV. GOVERNMENT AND HUMAN NEEDS

1. H. R. 15417 LABOR-HEW APPROPRIATIONS

Vetoed September 16, 1972 House failed to override.

Appropriated for Departments of Labor and HEW $30,538,919,500.

2. H. R. 16654 LABOR-HEW APPROPRIATIONS

Vetoed October 27, 1972 - Pocket Veto.

Appropriated $30.5 billion for Labor and HEW Departments.

EDUCATION

H. R. 8395 VOC. REHAB. FOR THE HANDICAPPED

Vetoed October 27, 1972 - Pocket Veto.

Authorized $800 million in fiscal year 1973 and $975 million in fiscal 1974 to assist States in providing vocational rehabilitation to the handicapped.

VETERANS

1. H. R. 10880 - VETERANS HEALTH CARE EXPANSION ACT

Vetoed December 27, 1972 - Pocket Veto.

Authorized $450 million for a 7 year program of expanded health care for veterans. Guaranteed eligible veterans and their dependents out-patient care and provided hospital and medical care to the wife of widow and dependents of certain veterans.

2. H. R. 12675 NATIONAL CEMETARIES ACT

Vetoed October 27, 1972 - Pocket Veto.

Established a V. A. national cemetary system and prohibited VA from transferring any of its property larger than 100 acres or valued at more than $100,000, unless the transfer had been approved by public law.

SENIOR CITIZENS'

1. H. R. 15927 INCREASE RAILROAD RETIREMENT

Vetoed October 4, 1972 - Overridden by both Houses. Public Law 92-500

Provided a temporary 20% increase in railroad retirement annuities.

2. H. R. 14424 NATIONAL INSTITUTE ON AGING

Vetoed October 27, 1972 - Pocket Veto.

Established a National Institute on Aging.

3. H. R. 15647 - OLDER AMERICAN ACT AMENDMENT

Vetoed October 27, 1972 - Pocket Veto.

Amended and extended Older American Act Amendments and strengthened the Administration on Aging.

VI. NATURAL RESOURCES & ENVIRONMENTAL QUALITY

MATERIALS POLICY

S. 635 MINERAL RESEARCH & TRAINING

Vetoed October 27, 1972 - Pocket veto.

Authorized Federal funds for mineral research and training institutes in each of the 50 states.

ENVIRONMENTAL POLICY

H. R. 56 - ENVIRONMENTAL DATA CENTERS SYSTEM

Vetoed October 27, 1972 - Pocket Veto.

Established a national environmental data system to store, analyze and disseminate environmental data provided by Federal, State and local governments, private institutions and individuals.

2. S. 2770 FEDERAL WATER POLLUTION CONTROL

Vetoed October 17, 1972 Overridden by both Houses. Public Law 92-500

Established a national goal of eliminating all pollution discharge into U. S. waters by 1985. Authorized expenditures of $24.7 billion, including $18 billion in Federal grants to the States for construction of waste treatment plants.

OTHER

1. H. R. 13918 FUNDS FOR PUBLIC BROADCASTING

Vetoed June 30, 1972 No attempt to override.

Authorized $165 million appropriation for the Corporation for Public Broadcasting for fiscal years 1973-74.

2. S. 3755 AIRPORT DEVELOPMENT ACCELERATION ACT

Vetoed October 27, 1972 - Pocket Veto.

Increased Federal aid for airport development and prohibited the taxation of airline tickets at the local level.

3. S. 4018 RIVERS AND HARBORS

Vetoed October 27, 1972 Pocket Veto.

Authorized the construction, repair and preservation of certain public works on rivers and harbors for nagivation and flood control purposes.

NIXON VETOES - 1970-71

1. ECONOMY

JOBS

S. 3867 MANPOWER TRAINING

Vetoed December 16, 1970. Senate failed to override.

Employment and Manpower Act of 1970, authorized $9.5 billion for fiscal years 1971-1974 for Federal manpower training and public service employment programs.

2. JOBS

S. 575 ACCELERATED PUBLIC WORKS IN APPALACHIAN REGION

Vetoed June 29, 1971. Senate failed to override.

Authorized $5.7 billion in public worksacceleration and regional economic development with emphasis on construction.

1. LABOR

H. R. 17909 WAGE BOARD PAY RAISE

Vetoed January 1, 1971 No attempt was made to override.

Federal 'blue-collar' pay raise which also established a procedure for fixing and adjusting pay rates of Federal blue collar employees paid at prevailing wage rates for comparable work in private industries.

2. LABOR

S. 578 FEDERAL FIREFIGHTERS

Vetoed January 4, 1971 No attempt was made to override.

This bill was to include firefighters within the categories of persons engaged in hazardous occupations for purposes of retirement calculations. This bill was vetoed by the President, January 4, 1971. The Congress did not attempt to override this veto.

3. LABOR

H. R. 2600 D. C. POLICE AND FIREMEN

Vetoed August 18, 1971. No attempt was made to override.

A bill to equalize retirement benefits for totally disabled District of Columbia policemen and firemen.

IV. GOVERNMENT AND HUMAN NEEDS

1. HEALTH

H. R. 1102 CONSTRUCTION OF HOSPITALS

Vetoed June 22, 1970. Overriden - Public Law 91-295.

Amendments to the Public Health Service Act for construction of hospitals and other medical facilities. Authorized $2.9 billion for Hill-Burton hospital construction program.

2. HEALTH

S. 3418 FAMILY DOCTOR'S TRAINING

Pocket Veto. December 24, 1970

A bill to promote the field of family medicine by authorizing $225 million for fiscal years 1971-1973 to hospitals and medical schools to train doctors for general practice.

1. EDUCATION

H. R. 16911 EDUCATION APPROPRIATION

Vetoed March 11, 1970 Overridden Public Law 91-380.

Appropriations for Office of Education of $4.4 billion for fiscal 1971.

1. EDUCATION

S. 2007 OEO AMENDMENTS

Vetoed December 9, 1971 Senate failed to override.

To authorize funds for a newChild Development program. (A new title V to the Act).

VIII. OTHER

H. R. 13111 APPROPRIATIONS FOR DEPARTMENTS OF LABOR AND HEW

Vetoed January 26, 1970. House failed to override.

Labor-HEW appropriations totaling $19,747,153,200 for Labor-HEW and related agencies for fiscal 1971.

2. H. R. 17548 HUD AND INDEPENDENT OFFICES APPROPRIATIONS

Vetoed August 11, 1970. House failed to override.

HUD and independent offices appropriation, to include the Veterans Administration and NASA, of $18,009,525,300 for fiscal 1971.

3. S. 3637 BROADCASTING - CANDIDATE TIME PURCHASES

Vetoed October 20, 1970 Senate failed to override.

Political broadcasting expenditure limits, limiting campaign spending for political broadcasting by candidates for Federal and gubernatorial offices and repealing the equal time provision of the Communications Act of 1934 for Presidential and Vice Presidential candidates.

APPENDIX IV

IMPOUNDMENTS UNDER THE NIXON-FORD ADMINISTRATION

IMPOUNDMENTS UNDER THE NIXON-FORD ADMINISTRATION

Failure to Fund Programs as Directed by Congress

Until Nixon and Ford decided that Presidential recommendations were more important than laws Congress passed, the use of impoundments by the Executive was an accepted financial management tool.

The Congress, in passing the Anti-Deficiency Act in 1905 and amended in 1950, authorized the President to establish budgetary reserves, "...to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which such appropriation was made available."

Thus, the Congress expressed its understanding that some fiscal flexibility was essential to good management by the Executive. Every President from Jefferson through Johnson realized the withholding of appropriated funds was not a veto tool for programs the President did not want funded.

Nixon and Ford have not used the impoundment tool legitimately. They have not proceeded in good faith and have failed to observe the mutual respect and comity of the branches of Government, so essential to their smooth operation. The use of impoundment as a policy tool to kill programs not desired by the President was and is another method by which Nixon and Ford govern by confrontation instead of cooperation. The use of impoundment, as practiced by Nixon and Ford, is unsupported by the Constitution, by any statute, or by any reasonable interpretation of laws authorizing and appropriating funds for the common good.

Nixon-Ford and their appointees have used impoundment to alter priorities established by the Congress. They have used the subterfuge of delayed funding for statutory programs as the means of crippling or terminating them.

Excuses that legislation was "permissive" -- obligation to "faithfully excute" the debt ceiling and requirements in the 1946 Employment Act -- all were overturned either by the Courts or the Congress.

Constitutional concerns associated with misuse of impoundment are important, but the impact fund withholding had on programs and on the

economy were devastating. Many programs in health, education, housing and environmental protection were severely harmed, if not killed, by these impoundments -- impoundments which the Nixon-Ford Administration would have the Congress believe were temporary. These were permanent denials of funds -- in effect an item veto.

Nixon spoke of a "New Federalism." Federalism, as practiced by Nixon-Ford has been an absolute torture process for state and local Governments. With funds withheld indefinitely, state and local planners and managers could not plan properly to evaluate ongoing programs.

The "New Federalism" was taking money the states and local governments had coming to them and telling them they would get this money when program reorganization was completed. The sad truth was that there was no plan to give them the money they needed. Nixon and Ford were taking money away from state and local governments, and then making it seem, through "Special Revenue Sharing" that they were getting something extra. It was a calculated deception of the Congress and the American people. And it didn't work.

In 1974, Democrats in Congress pushed through legislation which requires the President to submit to Congress any proposals he has either to delay or cancel funding. Impoundments must undergo Congressional scrutiny. However, even now, President Ford is still not playing fair with the American people. He has flooded the Congress with 269 funding deferral recommendations and 150 funding cancellations for fiscal years 1975 and 1976. Together, these Ford recommendations total over $40 billion dollars -- funds the President wants removed from the programs vitally needed by the American Economy and people. The economic decline America has continued to suffer under Republican non-leadership could well be termed a "rescission recession." It stems in no small degree from Nixon-Ford failure to provide proper Federal stimulus to the economy.

We say Ford is not playing fair with the American people because he is using the legislative mechanism Congress devised to work out spending delays questions to stop funding for programs he does not like.

The process for rescissions requires the President to send to the Congress a message outlining each specific request for termination of funding. If both House and Senate have not approved the request within 45 days, then the money must be spent according to appropriation legislation. This means the Appropriations Committees of both houses must study these requests and then either make a recommendation for approval or ignore the request, thus leaving the regular appropriations bill in effect.

For deferrals, the President again must send up a specific message for each proposed deferral. Then, the appropriations committees of both houses must again study them and then before the fund can be spent, at least one house of Congress must act affirmatively to disapprove the President's request. This means that until the Congress can get around to taking action on all of the 269 deferrals pending, the President can sit on the money. Ford is thus abusing the good faith of the Congress and the American people by twisting the process Congress designed to assure a reasonable approach to future impoundments. He has choked the mechanism to a standstill.

As the attached list of Nixon-Ford impoundments indicate, the Ford record, while following the "letter" of the law, is as bad or worse than the Nixon Record. Nixon's average for fiscal years 1973 and 1974 is about $20 billion impounded for each year. So Ford is still playing the same game -- delaying funding for people while never proposing the slightest delay for military spending or corporate bail-outs for the wealthy.

When the Budget and Impoundment Act of 1974 was passed the Nixon-Ford Administrations were impounding $20.4 billion. The major withholdings were $9 billion in grants for construction of municipal and regional sewage treatment systems needed to help clean up America's water resources; $10.7 billion in Federal aid for highway construction, improvement and safety; $500 million in Rural Electrification loans and Appalachian airport aid; and $237 million in assistance for housing for the elderly and poor. Fortunately, a combination of direct action

by the Congress and the Courts resulted in the release of all these funds -- funds which have had a direct impact on improving the general economy. This is just one more example where the Democrats in Congress had to fight in order to help improve the nation's economy, create jobs and imcome.

The Supreme Court in Train v. "Clean Water, Inc. 420, US 136, 1975 held, "We held in Train v. City of New York, that the Administrator has no authority under Section 205 to allow less than the full amount sought to be appropriated under section 207. Because that holding is at odds with the premise underlying the judgment of the Court of Appeals, (in this case) we vacate the judgment of the Court of Appeals, and remand the case for further proceedings consistent with this opinion and as with the opinion in Train v. City of New York."

However, a measure of the continued arrogance of the Executive can be seen in the fact that the General Accounting Office still has to drag the Administration into Federal Court to gain compliance with the law. President Ford has even taken to sending up funding cuts disguised as funding delays and the GAO has had to send corrections to the Congress pointing out that the delay of funding goes beyond the date of program authorization. Another example of the continuing Nixon-Ford game-playing with the Congress and the American people.

* Attachment #1 shows the impoundments Ford submitted to the Congress in his first impoundment message after passage of the Budget and Inpoundment Act of 1974. However, to this should be added the $237 million for Section 235 Housing. As pointed out earlier the Ford record is as bad as Nixon's -- both over $20 billion per year.

* Attachment #2 is the listing of Presidential impoundments --Budgetary Reserves -- under President's Kennedy, Johnson and Nixon. For the purposes of comparing the Nixon 1973 impoundments with the impoundments of past years (which included highway funds), the Nixon total for Fiscal Year 1973 would be $21 billion -- triple the $7.15 billion yearly average for the Eisenhower/Kennedy/Johnson Administrations, and almost double the $11.10 billion yearly average for the previous Nixon fiscal years. The FY 1973 Nixon impoundments come to over 7% of the budget, compared to a yearly average

of 5.5% for the past 13 years. It should be noted here that the Federal budget has more than doubled from the beginning of the Kennedy years through the last Nixon budget.

As noted in Attachment #2, the reserves for the Nixon FY 1973 and 1974 budgets are vastly understated. Fiscal year 1973 impountments were actually over $20 billion, and FY 1974 impoundments actually come to about $25 billion.

For Fy 1973 to the $7.732 billion listed by OMB must be added: $6 billion in clean-water funds; $543 million for housing subsidies; $1.9 billion in HEW and other social programs such as manpower training, and social services; $330 million proposed for recession; plus a final $3 billion which the President would have withheld had the Federal-Aid Highway Act passed the 92nd Congress. The total is over $20 billion.

For FY 1974 to the OMB of $13.81 billion must be added: $9 billion in clean-water funds; $299 million for housing subsidies; $37 million for Rehabilitation Loan Funds; $1.2 billion carried over from 1973 for HEW programs; $319 million withheld from various HEW programs; and $192 million for rural electrification. The total is approximately $24.9 billion.

All told the Nixon-Ford fiscal axis has attempted to impound about $125 billion during their occupation of the White House -- and this was during a recession when counter-cyclical spending was needed to help restore the economy to a healthy and growing condition.

* Attachment #3 is a listing of deferrals proposed by Ford for fiscal years 1975 and 1976.

* Attachment #4 is a listing of rescissions proposed by Ford for years 1975 and 1976.

If there is one lesson to be learned from this sorry recitation of programs crippled, dying and dead, it is that Republicans just are not in favor of programs for people -- particularly for people in need, people who have no one to speak for them except the Democrats in Congress.

This listing of impoundments is indicative of the pervasive callousness which permeated the Nixon Administration and has carried over into the Ford Administration. It is just fine for corporate fat-cats to feed at

the Federal trough; but when it comes to providing Federal assistance to those who need it literally in order to eat, then such spending is inflationary. Republicans feel that it is inflationary for Americans to eat. What more damning indictment can be made of Republican Presidents who should represent the people -- all the people of America, but never have.

ATTACHMENT #1

SUMMARY OF

PROPOSED FORD RESCISSIONS AND DEFERALS
(dollars in thousands)

Item	Budget Authority
Rescissions:	
Appalachian Regional Development Programs:	
Airport Construction*	40,000
Agriculture: Rural Electrification Administration: Loans*	455,635
Deferrals:	
To be deferred part of year:	
Corps of Engineers - General construction	108
Health, Education, and Welfare:	
Library resources	5,437
Higher education:	
(University community services)	2,906
(Land grant colleges)	9,500
(State postsecondary education commissions)	350
School assistance in federally affected areas	16,000
Rehabilitation services (Innovation and expansion)	5,000
Public assistance (Child welfare services)	375
Environmental Protection Agency:	
Construction Grants*	9,000,000
General Services Administration:	
Automatic data processing fund	4,300
To be deferred for entire year:	
Agriculture: Agriculture research service (Construction) *	770
Commerce: Fisheries loan fund*	4,039
Interior:	
Oregon and California Grant lands*	23,693
Construction and rehabilitation	1,055
Upper Colorado River Basin fund	1,150
State: International Center, Washington, D. C	500
Transportation: Federal-aid highways	
1975 & prior programs	4,370,090
1976 program	6,357,500
Foreign Claims Settlement Commission:	
Payment to Vietnam prisoners of war	10,500
General Services Administration:	
Automatic data processing fund	14,000
Total	20,322,908

*Action taken prior to enactment of the Congressional Budget and Impoundment Control Act on July 12, 1974.

ATTACHMENT #3

SUMMARY OF ACTION ON DEFERRALS-FY 1975 & 1976
(AS OF 5/12/76)

DEFERRL NUMBER	ORIGINAL HOUSE DOC NBR	HOUSE DOC NO LATEST ADJUSTMT	BUREAU OR OFFICE	ACCOUNT TITLE	ORIGINAL PROP TOTAL AMOUNT	LATEST PROPOSED TOTAL AMOUNT	RESL PASSED BY HOUSE	HOUSE ACTION TOTAL AMOUNT	RESL PASSED BY SENATE	SENATE ACTION TOTAL AMOUNT
D75-011	93-361	94-108	AGRICULTURAL RESEA	AGRICULTURAL RESEA	$770,000	$770,000		$0		$0
D75-020	93-365		FOREIGN AGRICULTUR	SPECIAL FOREIGN CU	$2,516,000	$2,516,000		$0		$0
D75-021	93-365	94-39	AGRICULT. STAB & C	EMERGENCY CONSERVA	$5,000,000	$11,687,589		$0		$0
D75-022	93-365	94-39	AGRICULTURAL MARKE	MARKETING SERVICES	$903,000	$1,459,209		$0		$0
D75-023	93-365	94-39	AGRICULTURAL MARKE	PERISHABLE AGR. CO	$341,000	$511,339		$0		$0
D75-139	94-39		AG STABIL & CONSER	WATER BANK PROGRAM	$1,265,572	$0		$0		$0
					$10,795,572	$16,944,128		$0		$0
D75-032	93-365	94-109	NAVY	SHIPBUILDING & CON	$497,990,000	$1,793,590,000		$0		$0
D75-034	93-365	94-39	SPECIAL FOREIGN CU	SPECIAL FOREIGN CU	$955,000	$0		$0		$0
D75-037	93-365	94-109	MISCELLANEOUS	WILDLIFE CONSERVAT	$297,000	$437,287		$0		$0
D75-155	94-109		ARMY	PROC OF WEAP & TRA	$200,000	$200,000		$0		$0
D75-156	94-109		ARMY	PROCUREMENT OF AMM	$66,349,000	$0		$0		$0
D75-157	94-109		ARMY	OTHER PROCUREMENT	$6,200,000	$6,200,000		$0		$0
					$571,991,000	$1,800,427,287		$0		$0
D75-076	93-365		OFFICE OF THE SECR	GENERAL FUND	$96,800,000	$96,800,000		$0		$0
					$96,800,000	$96,800,000		$0		$0
D75-019	93-365		AGENCY INTERNTL DE	PROTOTYPE DESALTIN	$20,000,000	$20,000,000		$0		$0
D75-161	94-139		FUNDS APPROPRIATED	FOREIGN MILITARY C	$71,930,000	$71,930,000		$0		$0
					$91,930,000	$91,930,000		$0		$0
D75-009	93-361		WATER PROGRAM OPER	CONSTRUCTION GRANT	$9,000,000,000	$0		$0		$0
D75-047	93-365		HOUSING PRODUCTION	NON-PROFIT SPONSOR	$7,995,000	$7,995,000		$0		$0
D75-049	93-365		COMMUNITY PLANNING	OPEN SPACE LAND PR	$55,161,000	$0		$0		$0
D75-050	93-365		COMMUNITY PLANNING	GRANTS FOR NEIGHBO	$43,000	$0		$0		$0
D75-051	93-365		COMMUNITY PLANNING	GRANTS FOR BASIC W	$401,734,000	$0		$0		$0
D75-052	93-365		COMMUNITY PLANNING	PUBLIC FACILITY LO	$199,200,000	$0		$0		$0
D75-053	93-365		NEW COMMUNITIES AD	NEW COMMUNITY ASSI	$1,799,000	$1,799,000		$0		$0
D75-074	93-365		WATER PROGRAM OPER	ABATEMENT & CONTRO	$2,000,000	$2,000,000		$0		$0
D75-075	93-365		WATER PLANNING AND	ABATEMENT & CONTRO	$30,000,000	$30,000,000		$0		$0
D75-107	93-398		COMMUNITY PLANNING	COMPREHENSIVE PLAN	$50,000,000	$50,000,000		$0	SRES 23	$50,000,000
D75-108	93-398		POLICY DEVELOPMENT	RESEARCH AND TECHN	$8,000,000	$8,000,000		$0		$0
D75-124	93-398		NASA	RESEARCH & DEVELOP	$20,000,000	$0		$0		$0
D75-125	93-398		NASA	RESEARCH & DEVELOP	$16,000,000	$0		$0		$0
D75-126	93-398		NASA	RESEARCH & DEVELOP	$36,000,000	$0		$0		$0
D75-128	93-398		NATL SCIENCE FOUND	SALARIES & EXPENSE	$15,000,000	$0		$0		$0
D75-129	93-398		NATL SCIENCE FOUND	SALARIES & EXPENSE	$5,000,000	$0		$0		$0
D75-152	94-39		ABATEMENT CONTROL	AIR & WATER CONTRO	$9,375,000	$9,375,000		$0		$0
					$9,857,402,000	$109,169,000		$0		$50,000,000
D75-013	93-361	94-108	BUREAU OF LAND MAN	OREGON & CALIFORNI	$23,693,000	$17,029,088		$0		$0
D75-024	93-365	93-387	FOREST SERVICE	ROADS & TRAILS - F	$420,000,000	$420,000,000		$0		$0
D75-025	93-365	94-39	FOREST SERVICE	FOREST FIRE PREVEN	$152,000	$173,499		$0		$0
D75-026	93-365	94-39	FOREST SERVICE	EXPENSE BRUSH DISP	$19,747,000	$26,141,027		$0		$0
D75-030	93-365		HEALTH SERVICES AD	INDIAN HEALTH FACI	$88,000	$0		$0		$0
D75-054	93-365	93-387	BUREAU OF LAND MAN	PUBLIC LANDS DEVEL	$30,000,000	$30,000,000		$0		$0

(REPORT #38)

DEFERRL NUMBER	ORIGINAL HOUSE DOC NBR	HOUSE DOC NO LATEST ADJUSTMT	BUREAU OR OFFICE	ACCOUNT TITLE	ORIGINAL PROP TOTAL AMOUNT	LATEST PROPOSED TOTAL AMOUNT	RESL PASSED BY HOUSE	HOUSE ACTION TOTAL AMOUNT	RESL PASSED BY SENATE	SENATE ACTION TOTAL AMOUNT
D75-055	93-365		OUTDOOR RECREATION	LAND & WATER CONSE	$30,000,000	$30,000,000		$0		$0
D75-056	93-365	94-108	BUREAU OF SPORTS F	FEDERAL AID-FISH R	$6,924,000	$4,477,000		$0		$0
D75-057	93-365	94-108	BUREAU OF SPORTS F	FEDERAL AID IN WIL	$19,375,000	$10,191,000		$0		$0
D75-058	93-365		BUREAU OF SPORTS F	NATIONAL WILDLIFE	$3,642,000	$3,642,000		$0		$0
D75-059	93-365		BUREAU OF SPORTS F	PROCEEDS FROM WATE	$4,000	$0		$0		$0
D75-060	93-365		NATIONAL PARK SERV	ROAD CONSTRUCTION	$312,093,456	$248,636,000		$0		$0
D75-061	93-365	93-387	GEOLOGICAL SURVEY	MINERAL LEASING AC	$28,000	$27,000		$0		$0
D75-062	93-365		BUREAU OF MINES	DRAINAGE OF ANTHRA	$3,575,000	$3,575,000		$0		$0
D75-063	93-365	94-39	BUREAU OF INDIAN A	ROAD CONSTRUCTION	$110,423,000	$135,174,958		$0		$0
D75-064	93-365		BUREAU OF INDIAN A	ACQUIS. LANDS & LO	$105,000	$105,000		$0		$0
D75-077	93-365		FEDERAL ENERGY ADM	SALARIES & EXPENSE	$11,929,000	$0		$0		$0
D75-078	93-365		AMER BICENTENNIAL	RR UNEMPL ADMIN EX	$11,000,000	$0		$0		$0
D75-079	93-365		AMER BICENTENNIAL	COMMEMORATIVE ACTI	$6,310,000	$1,000,000		$0		$0
D75-088	93-387		FOREST SERVICE	YOUTH CONSERVATION	$3,081,000	$3,081,000		$0		$0
D75-090	93-398		FOREST SERVICE	CONSTR & LAND ACQU	$6,865,000	$6,865,000		$0		$0
D75-109	93-398		BUREAU OF OUTDOOR	LAND AND WATER CON	$20,000,000	$20,000,000		$0		$0
D75-127	93-398		NATL FOUND-ARTS AN	SALARIES & EXPENSE	$18,000,000	$0		$0		$0
D75-133	94-17		BUREAU OF MINES	HELIUM FUND	$47,500,000	$47,500,000		$0		$0
D75-153	94-108		HEALTH SERVICES AD	INDIAN HEALTH FACI	$1,000,000	$1,000,000		$0		$0
					$1,104,539,456	$1,008,617,572		$0		$0
D75-002	93-361	94-17	OFFICE OF EDUCATIO	LIBRARY RESOURCES	$5,437,000	$0		$0		$0
D75-003	93-361	94-17	OFFICE OF EDUCATIO	HIGHER EDUCATION (	$2,906,000	$0		$0		$0
D75-004	93-361		OFFICE OF EDUCATIO	HIGHER EDUCATION (	$9,500,000	$0		$0		$0
D75-005	93-361	94-17	OFFICE OF EDUCATIO	HIGHER EDUCATION (	$350,000	$0		$0		$0
D75-006	93-361	94-17	OFFICE OF EDUCATIO	SCHOOL ASST IN FED	$16,000,000	$0		$0		$0
D75-007	93-361	94-17	SOCIAL AND REHABIL	REHABILITATION SER	$5,000,000	$0		$0		$0
D75-008	93-361	94-17	SOCIAL & REHABILIT	PUBLIC ASSISTANCE	$375,000	$0		$0		$0
D75-035	93-365	93-387	SOLDIERS AND AIRME	CAPITAL OUTLAY	$613,000	$434,000		$0		$0
D75-038	93-365		HEALTH SERVICES AD	HEALTH SERVICES DE	$2,250,000	$0		$0		$0
D75-040	93-365	94-108	NATIONAL INSTITUTE	BUILDING & FACILIT	$10,441,111	$6,422,000		$0		$0
D75-041	93-365	94-108	OFFICE OF ASSISTAN	SCIENTIFIC ACTIVIT	$21,714,000	$15,148,000		$0		$0
D75-042	93-365	94-39	OFFICE OF EDUCATIO	HIGHER EDUCATION	$8,788,000	$72,789,590		$0		$0
D75-043	93-365		SOCIAL & REHABILIT	RESEARCH & TRAININ	$8,158,000	$8,158,000		$0		$0
D75-044	93-365	94-39	SOCIAL SECURITY AD	LIMITATION ON CONS	$15,393,000	$20,575,621		$0		$0
D75-045	93-365		SPECIAL INSTITUTIO	MODEL SECONDARY SC	$303,000	$0		$0		$0
D75-046	93-365	94-39	SPECIAL INSTITUTIO	HOWARD UNIVERSITY	$11,490,000	$6,323,110		$0		$0
D75-080	93-365		RAILROAD RETIREMEN	RAILROAD UNEMPLOYM	$4,716,000	$4,716,000		$0		$0
D75-087	93-386		HEALTH RESOURCES A	HEALTH MANPOWER	$100,000	$0		$0		$0
D75-089	93-387		PENSION BENEFIT GU	PENSION GUARANTY F	$343,000	$0		$0		$0
D75-101	93-398		HEALTH RESOURCES A	HEALTH MANPOWER	$3,550,000	$0		$0		$0
D75-102	93-398	94-39	HEALTH RESOURCES A	PROGRAM MANAGEMENT	$1,800,000	$0		$0		$0
D75-103	93-398		OFFICE OF EDUCATIO	ELEM & SECNDY-SUPP	$9,278,000	$0		$0		$0
D75-104	93-398		OFFICE OF EDUCATIO	ELEM & SECNDY-EQUI	$6,562,500	$0		$0		$0
D75-105	93-398		OFFICE OF EDUCATIO	ELEM & SECNDY-NUTR	$1,900,000	$0		$0		$0
D75-106	93-398		OFFICE OF THE SECR	DEPARTMENTAL MANAG	$1,902,000	$0		$0		$0
D75-132	94-17		SOCIAL & REHABILIT	TRAINING & INCENTI	$50,000,000	$0		$0		$0
D75-134	94-17		MANPOWER ADMINISTR	COMPREHENSIVE MANP	$5,000,000	$0		$0		$0
D75-135	94-17		MANPOWER ADMINISTR	MANPOWER PROGRAM A	$200,000	$0		$0		$0
D75-136	94-17		DEPARTMENTAL MANAG	SALARIES & EXPENSE	$60,000	$0		$0		$0
D75-142	94-39	94-50	HEALTH SERVICES AD	HEALTH SERVICES	$13,996,000	$0		$0		$0

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DEFERRL NUMBER	ORIGINAL HOUSE DOC NBR	HOUSE DOC NO LATEST ADJUSTMT	BUREAU OR OFFICE	ACCOUNT TITLE	ORIGINAL PROP TOTAL AMOUNT	LATEST PROPOSED TOTAL AMOUNT	RESL PASSED BY HOUSE	HOUSE ACTION TOTAL AMOUNT	RESL PASSED BY SENATE	SENATE ACTION TOTAL AMOUNT
D75-143	94-39	94-50	NATL INSTITUTE OF	RESEARCH RESOURCES	$6,255,000	$0		$0		$0
D75-144	94-39	94-50	ALCOHOL DRUG MENTL	ALCOHOL DRUG MENTL	$2,326,000	$0		$0		$0
D75-145	94-39	94-50	HEALTH RESOURCES A	HEALTH RESOURCES	$2,823,000	$0		$0		$0
D75-146	94-39		HEALTH RESOURCES A	HEALTH FACILITIES	$301,340,000	$0		$0		$0
D75-147	94-39		OFFICE OF EDUCATIO	BASIC EDUC OPPORTU	$298,714,000	$298,714,000		$0		$0
D75-148	94-39	94-50	OFFICE OF EDUCATIO	LIBRARY RESOURCES	$2,792,000	$0		$0		$0
D75-149	94-39		SPECIAL INSTITUTIO	GALLAUDET COLLEGE	$1,267,482	$1,267,482		$0		$0
D75-150	94-39		DEPARTMENTAL MANAG	SPECIAL FOREIGN CU	$200,000	$0		$0		$0
D75-159	94-109		HEALTH RESOURCES A	HEALTH RESOURCES	$81,439,000	$81,439,000		$0		$0
D75-160	94-109		OFFICE OF EDUCATIO	EMERGENCY SCHOOL A	$161,493,000	$161,493,000		$0		$0
					$1,076,875,093	$677,479,803		$0		$0
D75-033	93-365	94-108	MILITARY CONSTRUCT	MIL CONSTRUCTION A	$156,893,000	$283,167,000		$0		$0
D75-158	94-109		DEPT. OF DEFENSE	FAMILY HOUSING DEF	$41,314,000	$41,314,000		$0		$0
					$198,207,000	$324,481,000		$0		$0
D75-001	93-361		CORPS OF ENGINEERS	CONSTRUCTION-GENER	$108,000	$0		$0		$0
D75-014	93-361		BUREAU OF RECLAMAT	CONSTRUCTION AND R	$1,055,000	$1,039,000		$0		$0
D75-015	93-361		BUREAU OF RECLAMAT	UPPER COLORADO RIV	$1,150,000	$1,150,000		$0		$0
D75-073	93-365		AEC(ERDA)	PLANT & CAPITAL EQ	$1,500,000	$0		$0		$0
D75-081	93-385		CORPS OF ENGINEERS	CONSTRUCTION GENER	$43,945,000	$43,945,000	HRES 241	$43,945,000		$0
D75-082	93-385		CORPS OF ENGINEERS	CONSTRUCTION GENER	$14,503,000	$14,503,000	HRES 242	$14,503,000		$0
D75-083	93-385		BUREAU OF RECLAMAT	LOAN PROGRAM	$900,000	$900,000	HRES 243	$900,000		$0
D75-084	93-385		BUREAU OF RECLAMAT	CONSTRUCTION & REH	$17,955,000	$17,955,000	HRES 244	$17,955,000		$0
D75-085	93-385		BUREAU OF RECLAMAT	COL RIV BASIN PROJ	$2,525,000	$2,525,000	HRES 245	$2,525,000		$0
D75-086	93-385		BUREAU OF RECLAMAT	UPPER COL RIV BASI	$1,730,000	$1,730,000	HRES 246	$1,730,000		$0
D75-110	93-398		AEC(ERDA)	OPER EXP-WEAPONS	$4,000,000	$4,000,000		$0		$0
D75-111	93-398		AEC(ERDA)	OPER EXP-REACTOR R	$8,000,000	$8,000,000		$0	SRES 80	$8,000,000
D75-112	93-398		AEC(ERDA)	OPER EXP-REACTOR R	$6,700,000	$6,700,000		$0	SRES 79	$6,700,000
D75-113	93-398		AEC(ERDA)	OPER EXP-PHYSICAL	$2,700,000	$2,700,000		$0	SRES 78	$2,700,000
D75-114	93-398		AEC(ERDA)	OPER EXP-CONTR THE	$8,000,000	$8,000,000		$0	SRES 77	$8,000,000
D75-115	93-398		AEC(ERDA)	OPER EXP-BIOMED &	$4,000,000	$4,000,000		$0	SRES 32	$4,000,000
D75-116	93-398		AEC(ERDA)	OPER EXP-PLANT & C	$4,700,000	$4,700,000		$0	SRES 76	$4,700,000
D75-117	93-398		AEC(ERDA)	PLANT & CAP EQUIP-	$12,000,000	$12,000,000		$0	SRES 75	$12,000,000
D75-118	93-398		AEC(ERDA)	PLANT & CAP EQUIP-	$12,000,000	$12,000,000		$0		$0
D75-119	93-398		AEC(ERDA)	PLANT & CAP EQUIP-	$10,000,000	$10,000,000		$0		$0
D75-120	93-398		AEC(ERDA)	PLANT & CAP EQUIP-	$1,500,000	$1,500,000		$0		$0
D75-121	93-398		AEC(ERDA)	PLANT & CAP EQUIP-	$12,100,000	$12,100,000		$0		$0
D75-122	93-398		AEC(ERDA)	PLANT & CAP EQUIP-	$13,000,000	$2,000,000		$0		$0
D75-123	93-398		AEC(ERDA)	PLANT & CAP EQUIP-	$13,900,000	$13,900,000		$0		$0
					$197,971,000	$185,338,000		$81,558,000		$46,100,000
D75-012	93-361	94-17	NOAA	FISHERIES LOAN FUN	$4,039,000	$5,292,329		$0		$0
D75-016	93-361		DEPT. OF STATE	INTERNATIONAL CENT	$500,000	$500,000		$0		$0
D75-018	93-361		FOREIGN CLAIMS SET	PRISONER OF WAR CL	$10,500,000	$10,500,000		$0		$0
D75-027	93-365		DOMESTIC & INTERNA	FINANCIAL & TECHNI	$1,780,000	$0		$0		$0
D75-028	93-365	94-39	UNITED STATES TRAV	INTER-AMERICAN CUL	$4,891,000	$0		$0		$0
D75-029	93-365		NATIONAL BUREAU OF	CONSTRUCTION OF FA	$231,000	$0		$0		$0
D75-030	93-365	94-17	NOAA	COASTAL ZONE MANAG	$3,175,000	$2,175,000		$0		$0
D75-031	93-365	93-398	SCIENCE AND TECHNI	SCIENTIFIC & TECH.	$2,468,000	$0		$0		$0
D75-065	93-365		BUREAU OF PRISONS	BUILDINGS & FACILI	$10,320,000	$0		$0		$0

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D75-066	93-365		ADMIN. OF FOREIGN	ACQUISITION OPERAT	$33,310,000	$25,460,000		$0		$0
D75-067	93-365	93-387	INTL. BOUNDARY & W	CONSTRUCTION	$4,696,000	$4,696,000		$0		$0
D75-091	93-398		SOCIAL & ECONOMIC	PERIODIC CENSUSES	$327,000	$327,000		$0		$0
D75-092	93-398		DOMESTIC & INTERNA	OPERATIONS & ADMIN	$750,000	$750,000		$0		$0
D75-093	93-398	94-39	US TRAVEL SERVICE	INTER-AMER CULTURA	$1,419,729	$0		$0		$0
D75-094	93-398	94-39	NOAA	OPERATNS RESEARCH	$6,800,000	$4,073,000	HRES 309	$4,073,000		$0
D75-095	93-398		NOAA	COASTAL ZONE MANAG	$1,000,000	$1,000,000		$0		$0
D75-096	93-398		NATL FIRE PREVENTI	OPERNS RSRCH & ADM	$500,000	$500,000		$0		$0
D75-097	93-398	94-39	NATL BUR OF STDS-T	SCIENTIFIC & TECHN	$3,718,000	$4,628,318		$0		$0
D75-098	93-398	94-139	MARITIME ADMINISTR	SHIP CONSTRUCTION	$5,750,000	$55,750,000		$0		$0
D75-099	93-398	94-39	MARITIME ADMINISTR	RESEARCH & DEVELOP	$3,468,000	$7,768,000		$0		$0
D75-100	93-398		MARITIME ADMINISTR	OPERATIONS & TRAIN	$1,300,000	$1,300,000		$0		$0
D75-130	93-398		SMALL BUSINESS ADM	BUSN LOAN & INVEST	$36,000,000	$36,000,000		$0		$0
D75-131	94-17		NOAA	FISHERY PRODUCTS	$1,870,933	$1,870,933		$0		$0
D75-140	94-39		COMM - GENERAL ADM	SPECIAL FOREIGN CU	$1,500,496	$1,500,496		$0		$0
					$149,314,158	$164,091,076		$4,073,000		$0
D75-017	93-361	94-102	FEDERAL HIGHWAY AD	FEDERAL-AID HIGHWA	$10,727,590,427	$9,136,486,441		$0	SRES 69	$9,136,486,441
D75-036	93-365	93-387	THE PANAMA CANAL	CAPITAL OUTLAY	$500,000	$500,000		$0		$0
D75-068	93-365		UNITED STATES COAS	ACQUISITION CONSTR	$7,614,000	$7,614,000		$0		$0
D75-069	93-365		FEDERAL AVIATION A	CIVIL SUPERSONIC A	$8,113,000	$8,113,000		$0		$0
D75-070	93-365		FEDERAL AVIATION A	FACILITIES & EQUIP	$260,824,000	$260,824,000		$0		$0
D75-071	93-365		FEDERAL HIGHWAY AD	NATL SCENIC & RECR	$90,000,000	$90,000,000		$0		$0
D75-072	93-365		FEDERAL HIGHWAY AD	RAIL CROSSINGS--DE	$8,015,000	$8,015,000		$0		$0
D75-151	94-39		NATL HWY TRAFFIC S	TRAFFIC & HIGHWAY	$1,800,000	$1,800,000		$0		$0
					$11,104,456,427	$9,513,352,441		$0		$9,136,486,441
D75-010	93-361		AUTOMATED DATA AND	AUTOMATIC DATA PRO	$18,300,000	$0		$0		$0
D75-137	94-17		GSA	RARE SILVER DOLLAR	$2,184,134	$2,184,000		$0		$0
D75-138	94-17		ADVISORY COMM INTE	SALARIES & EXPENSE	$50,000	$0		$0		$0
D75-154	94-108		OFFICE OF SECRETAR	STATE & LOCAL GVNT	$93,419,866	$93,419,866		$0		$0
					$113,954,000	$95,603,866		$0		$0
					$24,574,235,706	$14,084,234,173		$85,631,000		$9,232,586,441
D76-001	94-206		FOREIGN AGRICULTUR	SPECIAL FOREIGN CU	$2,232,494	$2,232,494		$0		$0
D76-028	94-225		AG. STAB. & CONS.	AGRICULTURAL CONSE	$31,666,666	$0		$0		$0
D76-029	94-225		AG. STAB. & CONS.	WATER BANK ACT PRO	$535,882	$0		$0		$0
D76-030	94-225		AG. STAB. & CONS.	FORESTRY INCENTIVE	$3,750,000	$0		$0		$0
D76-031	94-225		FARMERS HOME ADMIN	RURAL WATER & WAST	$37,500,000	$0		$0		$0
D76-032	94-225		FARMERS HOME ADMIN	RURAL HOUSING & DO	$1,250,000	$0		$0		$0
D76-033	94-225		FARMERS HOME ADMIN	MUTUAL & SELF-HELP	$2,050,000	$0		$0		$0
D76-034	94-225		FARMERS HOME ADMIN	SELF-HELP HOUSING	$1,625,000	$0		$0		$0
D76-035	94-225		AGRICULTURAL MARKE	PAYMENTS TO STATES	$400,000	$0		$0		$0
D76-068	94-311		AG. RESEARCH SERV.	AG. RESEARCH SERV.	$7,570,000	$7,570,000	HRES 910	$7,570,000	SRES 313	$7,570,000
D76-069	94-311		ANIMAL/PLANT HEALT	ANIMAL/PLANT HEALT	$6,314,000	$6,314,000	HRES 911	$6,314,000	SRES 324	$6,314,000
D76-070	94-311		AG. STAB. & CONS.	AGRICULTURAL CONSE	$90,000,000	$90,000,000	HRES 912	$90,000,000		$0
D76-071	94-311		AG. STAB. & CONS.	COM. CREDIT CORP A	$2,737,000	$0		$0		$0
D76-072	94-311		FARMERS HOME ADMIN	RURAL WATER & WAST	$50,000,000	$50,000,000	HRES 914	$50,000,000		$0
D76-073	94-311		SOIL CONSERVATION	WATERSHED & FLOOD	$22,500,000	$22,500,000	HRES 915	$22,500,000		$0
D76-074	94-311		SOIL CONSERVATION	RESOURCE CONS. & D	$4,960,000	$4,960,000	HRES 916	$4,960,000		$0

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D76-095	94-342		SOIL CONSERVATION	WATERSHED & FLOOD	$18,000,000	$18,000,000	HRES1032	$18,000,000		$0
D76-104	94-410	94-410	AG STAB & CONS SER	WATER BANK ACT PRO	$8,071,770	$0		$0		$0
D76-105	94-410		FOOD & NUTRITION S	SPECIAL SUPPLEMENT	$61,000,000	$61,000,000	HRES1129	$61,000,000		$0
					$352,212,812	$262,576,494		$260,344,000		$13,884,000
D76-004	94-206		DEPT. OF NAVY	SHIPBUILDING & CON	$1,793,590,000	$0		$0		$0
D76-006	94-206		DEPT. OF DEFENSE	WILDLIFE CONSERVAT	$432,233	$387,000		$0		$0
D76-108	94-410		DEPT. OF DEFENSE	SHIPBUILDING & CON	$2,245,945,000	$2,245,945,000		$0		$0
					$4,039,967,233	$2,246,332,000		$0		$0
D76-053	94-249		OFFICE OF SECRETAR	GENERAL FUND	$39,370,000	$39,370,000		$0		$0
					$39,370,000	$39,370,000		$0		$0
D76-085	94-311	94-342	REFUGEE & MIGRATIO	ASST. REFUGEES-CAM	$28,492,+695	$0		$0		$0
					$28,492,695	$0		$0		$0
D76-047	94-225		WATER SUPPLY	ABATEMENT AND CONT	$4,000,000	$0		$0		$0
D76-079	94-311		EPA	RESEARCH & DEVELOP	$2,000,000	$2,000,000	HRES 920	$2,000,000		$0
D76-080	94-311		EPA	RESEARCH & DEVELOP	$4,600,000	$4,600,000	HRES 921	$4,600,000		$0
D76-081	94-311		EPA	ABATEMENT & CONTRO	$3,750,000	$3,750,000	HRES 922	$3,750,000		$0
D76-082	94-311		EPA	ABATEMENT & CONTRO	$10,000,000	$10,000,000	HRES 923	$10,000,000		$0
D76-083	94-311		EPA	ABATEMENT & CONTRO	$15,000,000	$15,000,000	HRES 924	$15,000,000		$0
D76-084	94-311		NASA	RESEARCH & PROGRAM	$2,900,000	$2,900,000		$0		$0
D76-100	94-342		NSF	SALARIES AND EXPEN	$10,000,000	$10,000,000		$0		$0
					$52,250,000	$48,250,000		$35,350,000		$0
D76-012	94-206	94-454	BUREAU OF LAND MAN	PUBLIC LANDS DEV.	$25,847,000	$20,000,000		$0		$0
D76-015	94-206		BUREAU OF OUTDOOR	LAND & WATER CONSE	$30,000,000	$30,000,000		$0		$0
D76-016	94-206		FISH & WILDLIFE SE	FED AID FISH RESTO	$6,330,000	$5,118,000		$0		$0
D76-017	94-206		FISH & WILDLIFE SE	FEDERAL AID IN WIL	$21,470,250	$14,200,000		$0		$0
D76-018	94-206		NATIONAL PARK SERV	ROAD CONSTRUCTION	$238,092,459	$144,558,000		$0		$0
D76-019	94-206		U.S.GEOLOGICAL SUR	PYMTS FROM PROCEED	$28,700	$28,700		$0		$0
D76-020	94-206	94-362	BUREAU OF INDIAN A	ROAD CONSTRUCTION	$68,469,958	$69,339,161		$0		$0
D76-027	94-206		AMER BICENTENNIAL	COMMEMORATIVE ACTI	$1,000,000	$0		$0		$0
D76-036	94-225		FOREST SERVICE	FOREST ROADS & TRA	$280,000,000	$278,657,000		$0		$0
D76-037	94-225		FOREST SERVICE	EXPENSE BRUSH DISP	$27,113,027	$25,073,000		$0		$0
D76-038	94-225	94-362	FOREST SERVICE	LICENSEE PROGRAMS	$95,499	$152,664		$0		$0
D76-039	94-225		HEALTH SERVICES AD	INDIAN HEALTH FACI	$1,000,000	$1,000,000		$0	SRES 366	$1,000,000
D76-046	94-225		BUREAU OF MINES	DRAINAGE OF ANTHRA	$3,375,248	$3,375,248		$0		$0
D76-097	94-342		HEALTH SERVICES AD	INDIAN HEALTH FACI	$13,908,000	$13,908,000		$0	SRES 366	$13,908,000
D76-101	94-362		FOREST SERVICE	YOUTH CONS CORPS/F	$23,680,000	$23,680,000		$0	SRES 385	$23,680,000
D76-102	94-362		LAND MANAGEMENT	OREGON/CALIF GRANT	$3,016,211	$3,016,211		$0		$0
D76-103	94-362		BUREAU INDIAN AFFA	CONSTRUCTION	$10,881,000	$10,881,000		$0	SRES 388	$10,881,000
D76-900	94-213		YOUTH CONSERVATION	PROGRAM DEVELOPMEN	$10,000,000	$10,000,000		$0	SRES 205	$10,000,000
					$764,307,352	$652,986,984		$0		$59,469,000
D76-007	94-206		NIH	BUILDINGS AND FACI	$2,163,894	$0		$0		$0
D76-008	94-206	94-468	OFFICE OF ASST. SE	SCIENTIFIC ACTIVIT	$3,652,000	$14,319,099		$0		$0
D76-009	94-206		OFFICE OF EDUCATIO	HIGHER EDUCATION	$49,039,590	$49,039,590		$0		$0
D76-010	94-206	94-309	OFFICE OF SEC.SPEC	HOWARD UNIVERSITY	$8,174,482	$12,225,040		$0		$0
D76-011	94-206	94-311	ASST. SEC. HUMAN D	RES & TRAINING ACT	$7,306,986	$2,848,000		$0		$0

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D76-040	94-225	94-328	ALCOHOL/DRUG ABUSE	ALCOHOL/DRUG ABUSE	$3,409,000	$0		$0		$0
D76-041	94-225		HEALTH RESOURCES A	HEALTH RESOURCES	$22,000,000	$0		$0		$0
D76-042	94-225		OFFICE OF EDUCATIO	SCHOOL ASST IN FED	$68,350,000	$0		$0		$0
D76-043	94-225		OFFICE OF EDUCATIO	HIGHER EDUCATION	$9,500,000	$0		$0		$0
D76-044	94-225		OFFICE OF EDUCATIO	LIBRARY RESOURCES	$10,437,250	$0		$0		$0
D76-045	94-225	94-328	SOCIAL & REHABILIT	PUBLIC ASST (CHILD	$1,000,000	$0		$0		$0
D76-049	94-225		COMMUNITY SERVICES	ECONOMIC OPPORTUNI	$16,500,000	$16,500,000		$0	SRES 267	$16,500,000
D76-050	94-225		COMMUNITY SERVICES	ECONOMIC OPPORTUNI	$14,500,000	$0		$0		$0
D76-051	94-248		OFFICE OF EDUCATIO	ELEMENTARY & SECON	$8,000,000	$0		$0		$0
D76-052	94-248		OFFICE OF EDUCATIO	ELEMENTARYL & SECO	$2,968,002	$0		$0		$0
D76-054	94-261	94-410	SOCIAL SECURITY AD	LIMITATION OF CONS	$14,909,621	$15,098,131		$0		$0
D76-057	94-282	94-328	HEALTH SERVICES AD	HEALTH SERVICES	$1,082,000	$0		$0		$0
D76-058	94-282	94-328	NIH	NATL CANCER INSTIT	$7,000,000	$0		$0		$0
D76-059	94-282	94-328	NIH	NATL HEART & LUNG	$2,700,000	$0		$0		$0
D76-060	94-282	94-328	NIH	NATL INSTITUTE OF	$518,000	$0		$0		$0
D76-061	94-282	94-328	NIH	NATL INST. NEURO &	$682,000	$0		$0		$0
D76-062	94-282	94-328	NIH	NATL INST. GEN. ME	$2,318,000	$0		$0		$0
D76-063	94-282	94-328	NIH	NATL INST. CHILD H	$1,234,000	$0		$0		$0
D76-064	94-282	94-328	NIH	OFFICE OF DIRECTOR	$572,000	$0		$0		$0
D76-065	94-309	94-328	OFFICE ASST.SEC. H	PROG.DIRECT.&SUPPO	$753,000	$0		$0		$0
D76-077	94-311		DEPARTMENTAL MANAG	WORKING CAPITAL FU	$977,000	$0		$0		$0
D76-078	94-311		PENSION BEN. GUARA	PENSION GUARANTYL	$1,431,000	$1,431,000		$0		$0
D76-088	94-328		NIH	ARTHR METAB & DIGE	$2,752,000	$0		$0		$0
D76-089	94-328		NIH	RESEARCH RESOURCES	$42,896,000	$0		$0		$0
D76-099	94-342		EMPLOYMENT/TRAININ	ADVANCES TO UNEMPL	$1,800,000,000	$1,800,000,000		$0		$0
D76-109	94-410		EMPLOYMENT & TRAIN	GRANTS TO STATES F	$15,000,000	$15,000,000		$0		$0
					$2,121,825,825	$1,926,460,859		$0		$16,500,000
D76-005	94-206		DEPT. OF DEFENSE	MILITARY CONSTRUCT	$233,630,409	$0		$0		$0
D76-086	94-328		DEPT. OF DEFENSE	MIL CONST & FAMILY	$596,073,662	$256,490,000		$0		$0
					$829,704,071	$256,490,000		$0		$0
D76-013	94-206	94-225	BUREAU OF RECLAMAT	CONSTRUCTION & REH	$1,030,000	$1,030,000		$0	SRES 226	$1,030,000
D76-014	94-206		BUREAU OF RECLAMAT	UPPER COLORADO RIV	$1,150,000	$0		$0		$0
D76-096	94-342		CORPS OF ENGINEERS	REVOLVING FUND-COE	$700,000	$700,000		$0	SRES 408	$700,000
					$2,880,000	$1,730,000		$0		$1,730,000
D76-002	94-206		NOAA	FISHERIES LOAN FUN	$7,252,329	$4,994,000		$0		$0
D76-003	94-206		NOAA	PROMOTE DEV FISH P	$1,354,933	$1,321,000		$0		$0
D76-026	94-206		FOREIGN CLAIMS SET	PAYMENT OF VIETNAM	$11,081,000	$11,081,000		$0		$0
D76-066	94-309		INTERNATIONAL CENT	INTERNATIONAL CENT	$2,571,783	$2,571,783		$0		$0
D76-075	94-311		NOAA	FISHERMEN'S GUARAN	$151,834	$50,000		$0		$0
D76-076	94-311		ASST.SEC.SCIENCE &	SCI. & TECH.RESEAR	$1,187,000	$1,187,000		$0		$0
D76-090	94-328		DEPT. OF STATE	ADM OF FOREIGN AFF	$2,275,000	$2,275,000		$0		$0
D76-098	94-342		LAW ENFORCMNT ASST	SALARIES AND EXPEN	$15,000,000	$15,000,000	HRES1058	$15,000,000		$0
D76-106	94-410		GENERAL ADMINISTRA	SPECIAL FOREIGN CU	$1,220,000	$0		$0		$0
D76-107	94-410		MARITIME ADMINISTR	SHIP CONSTRUCTION	$231,000,000	$231,000,000		$0		$0
					$273,093,379	$269,479,783		$15,000,000		$0
D76-021	94-206		U.S. COAST GUARD	ACQUISITION CONSTR	$707,000	$0		$0		$0
D76-022	94-206		FAA	CIVIL SUPERSONIC A	$7,695,712	$0		$0		$0

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DEFERRL NUMBER	ORIGINAL HOUSE DOC NBR	HOUSE DOC NO LATEST ADJUSTMT	BUREAU OR OFFICE	ACCOUNT TITLE	ORIGINAL PROP TOTAL AMOUNT	LATEST PROPOSED TOTAL AMOUNT	RESL PASSED BY HOUSE	HOUSE ACTION TOTAL AMOUNT	RESL PASSED BY SENATE	SENATE ACTION TOTAL AMOUNT
D76-023	94-206		FAA	FACILITIES & EQUIP	$75,823,895	$75,823,895		$0		$0
D76-055	94-261		FEDERAL HIGHWAY AD	NATL SCENIC & REC.	$90,000,000	$0		$0		$0
D76-087	94-328		CANAL ZONE MANAGEM	CAPITAL OUTLAYS	$154,657	$154,657		$0		$0
D76-091	94-328		U.S. COAST GUARD	ACQIS CONST & IMPR	$1,061,000	$1,061,000		$0		$0
D76-092	94-328		FAA	CONST NATL CAP AIR	$8,678,656	$8,678,656		$0		$0
D76-093	94-328		FAA	CIVIL SUPERSONIC A	$2,179,123	$2,179,123		$0		$0
D76-094	94-328		ICC	PAYMTS DIR RAIL SV	$13,700,000	$13,700,000		$0		$0
					$199,990,044	$101,597,331		$0		$0
D76-024	94-206		OFFICE OF SECRETAR	ST & LOC GOVN'T FI	$93,419,866	$82,263,000		$0		$0
D76-025	94-206	94-468	OFFICE OF SECRETAR	ST & LOC GOVN'T FI	$38,391,266	$113,731,836		$0		$0
D76-048	94-225	94-362	GSA	RARE SILVER DOLLAR	$1,790,000	$1,849,831		$0		$0
D76-056	94-261		NATL COMM PRODUCTI	SALARIES & EXPENSE	$1,500,000	$0		$0		$0
D76-067	94-309		OFFICE OF SECRETAR	ST & LOC GOVN'T FI	$11,833,495	$1,096,000		$0		$0
					$146,931,627	$198,940,667		$0		$0
					$8,851,028,538	$6,004,214,118		$310,694,000		$91,583,000
					$33,425,264,241	$20,088,448,291		$396,325,000		$9,324,169,441

TOTAL DEFERRALS 269

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ATTACHMENT #4

SUMMARY OF ACTION ON RESCISSION PROPOSALS, FY 1975 & FY1976
(AS OF 5/12/76)

RESCISN NUMBER	APPROPRIATIONS SUBCOMMITTEE PROPOSAL REFERRED TO	ORIGINAL HOUSE DOC NBR	HOUSE DOC NO LAST ADJUSTMT	BUREAU OR OFFICE	ACCOUNT TITLE	LATEST PROPOSED RESCISSION AMOUNT	BILL PASSED BY HOUSE	HOUSE ACTION RESCISSION AMOUNT	SENATE ACTION RESCISSION AMOUNT	AMOUNT APPROVED BY CONGRESS
R75-900	HUD-INDEP AGENCIES	94-177		HOUSING PRODUCTION	HOUSING FOR ELDERL	$180,500,000		$0	$0	$0
R75-901	HUD-INDEP AGENCIES	94-193		HOUSING PRODUCTION	COLLEGE HOUSING	$0		$0	$0	$0
R75-087	LABOR-HEW	94-139		COMMUNITY SERVICES	ECONOMIC OPPORTUNI	$28,000,000		$0	$0	$0
R75-082	TRANSPORTATION	94-108		FEDERAL HIGHWAY AD	RAILROAD-HIGHWAY C	$11,443,000		$0	$0	$0
						$219,943,000*		$0*	$0*	$0*
R75-002	AGR & REL AGENCIES	93-361		RURAL ELECTRIFICAT	LOANS	$455,635,000	HR 17505	$0	$0	$0
R75-003	AGR & REL AGENCIES	93-365		AGRIC. STABILIZATI	AGRICULTURAL CONSE	$85,000,000	HR 17505	$0	$0	$0
R75-005	HUD-INDEP AGENCIES	93-365		HOUSING PRODUCTION	COLLEGE HOUSING	$14,518,000	HR 17505	$14,518,000	$14,518,000	$14,518,000
R75-004	INTERIOR	93-365	93-387	FOREST SERVICE	FOREST ROADS & TRA	$61,611,064	HR 17505	$61,611,000	$61,611,000	$61,611,000
R75-006	INTERIOR	93-365	93-387	BUREAU OF LAND MAN	PUBLIC LANDS DEVEL	$4,891,000	HR 17505	$4,891,000	$4,891,000	$4,891,000
R75-007	INTERIOR	93-365	93-387	NATIONAL PARK SERV	ROAD CONSTRUCTION	$10,461,028	HR 17505	$10,461,000	$10,461,000	$10,461,000
R75-001	PUBLIC WORKS	93-361	93-387	APPALACIAN REGIONA	APPALACHIAN AIRPOR	$40,000,000	HR 17505	$40,000,000	$40,000,000	$40,000,000
						$672,116,092*		$131,481,000*	$131,481,000*	$131,481,000*
R75-008	AGR & REL AGENCIES	93-398	94-39	AGRI STAB & CONSER	WATER BANK ACT PRO	$21,212,940	HR 3260	$0	$7,856,470	$7,856,470
R75-017	DEFENSE	93-398		ARMY	OPERATN & MAINTNCE	$41,000,000	HR 3260	$20,500,000	$41,000,000	$20,500,000
R75-018	DEFENSE	93-398		NAVY	OPERATN & MAINTNCE	$27,500,000	HR 3260	$13,750,000	$27,500,000	$13,750,000
R75-019	DEFENSE	93-398		MARINE CORPS	OPERATN & MAINTNCE	$5,000,000	HR 3260	$2,500,000	$5,000,000	$2,500,000
R75-020	DEFENSE	93-398		AIR FORCE	OPERATN & MAINTNCE	$40,000,000	HR 3260	$20,000,000	$40,000,000	$20,000,000
R75-021	DEFENSE	93-398		DEFENSE AGENCIES	OPERATN & MAINTNCE	$1,900,000	HR 3260	$950,000	$1,900,000	$950,000
R75-022	DEFENSE	93-398		ARMY RESERVE	OPERATN & MAINTNCE	$1,800,000	HR 3260	$900,000	$1,800,000	$900,000
R75-023	DEFENSE	93-398		NAVY RESERVE	OPERATN & MAINTNCE	$1,100,000	HR 3260	$550,000	$1,100,000	$550,000
R75-024	DEFENSE	93-398		AIR FORCE RESERVE	OPERATN & MAINTNCE	$400,000	HR 3260	$200,000	$400,000	$200,000
R75-025	DEFENSE	93-398		ARMY NATL GUARD	OPERATN & MAINTNCE	$1,400,000	HR 3260	$700,000	$1,400,000	$700,000
R75-026	DEFENSE	93-398		AIR NATL GUARD	OPERATN & MAINTNCE	$500,000	HR 3260	$250,000	$500,000	$250,000
R75-027	DEFENSE	93-398	94-39	ARMY	AIRCRAFT PROCUREME	$5,700,000	HR 3260	$0	$0	$0
R75-028	DEFENSE	93-398	94-39	AIR FORCE	AIRCRAFT PROCUREME	$152,500,000	HR 3260	$122,900,000	$122,900,000	$122,900,000
D75-048	HUD-INDEP AGENCIES	93-365	93-391	HOUSING PRODUCTION	HOMEOWNERSHIP ASSI	$264,117,000	HR 3260	$0	$0	$0
R75-009	INTERIOR	93-398		FOREST SERVICE	FOREST PROTECTION	$4,921,000	HR 3260	$0	$0	$0
R75-010	INTERIOR	93-398		FOREST SERVICE	FOREST PROTECTION	$10,000,000	HR 3260	$0	$0	$0
R75-029	LABOR-HEW	93-398	94-39	HEALTH RESOURCES A	HEALTH SVCS PLANNI	$284,719,332	HR 3260	$0	$0	$0
R75-011	ST-JUST-COM-JUD	93-398		SOCIAL AND ECONOMI	SALARIES & EXPENSE	$373,000	HR 3260	$373,000	$373,000	$373,000
R75-012	ST-JUST-COM-JUD	93-398		ECONOMIC DEVELOPME	ECONOMIC DEVELOPME	$2,000,000	HR 3260	$0	$0	$0
R75-013	ST-JUST-COM-JUD	93-398		DOMESTIC & INTERNA	FINANCIAL & TECHNI	$12,000,000	HR 3260	$12,000,000	$12,000,000	$12,000,000
R75-014	ST-JUST-COM-JUD	93-398		UNITED STATES TRAV	SALARIES & EXPENSE	$250,000	HR 3260	$250,000	$0	$250,000
R75-015	ST-JUST-COM-JUD	93-398	94-39	NOAA	OPERATIONS RSRCH &	$3,227,000	HR 3260	$3,227,000	$927,000	$927,000
R75-016	ST-JUST-COM-JUD	93-398		PATENT OFFICE	SALARIES & EXPENSE	$700,000	HR 3260	$700,000	$700,000	$700,000
R75-030	ST-JUST-COM-JUD	93-398		FEDERAL BUREAU OF	SALARIES & EXPENSE	$5,300,000	HR 3260	$5,300,000	$0	$0
R75-031	ST-JUST-COM-JUD	93-398		IMMIGRATION & NATU	SALARIES & EXPENSE	$1,300,000	HR 3260	$0	$0	$0
R75-032	ST-JUST-COM-JUD	93-398		BUREAU OF PRISONS	SALARIES & EXPENSE	$5,250,000	HR 3260	$5,250,000	$5,250,000	$5,250,000
R75-033	ST-JUST-COM-JUD	93-398		BUREAU OF PRISONS	BUILDINGS & FACILI	$1,750,000	HR 3260	$1,750,000	$1,750,000	$1,750,000
R75-034	ST-JUST-COM-JUD	93-398		DRUG ENFORCEMENT A	SALARIES & EXPENSE	$2,400,000	HR 3260	$2,400,000	$0	$2,400,000
R75-035	ST-JUST-COM-JUD	93-398		DEPT. OF STATE	CONTRIBUTIONS TO I	$2,000,000	HR 3260	$2,000,000	$2,000,000	$2,000,000
R75-036	ST-JUST-COM-JUD	93-398		DEPT. OF STATE	INTERNATIONAL TRAD	$100,000	HR 3260	$100,000	$100,000	$100,000
R75-037	TREAS-POST-GEN GOV	93-398		OFFICE OF THE SECR	SALARIES & EXPENSE	$310,000	HR 3260	$310,000	$310,000	$310,000
R75-038	TREAS-POST-GEN GOV	93-398		FED LAW ENFORCEMT	SALARIES & EXPENSE	$60,000	HR 3260	$60,000	$60,000	$60,000
R75-039	TREAS-POST-GEN GOV	93-398		BUREAU OF ACCOUNTS	SALARIES & EXPENSE	$630,000	HR 3260	$630,000	$630,000	$630,000

RESCISN NUMBER	APPROPRIATIONS SUBCOMMITTEE PROPOSAL REFERRED TO	ORIGINAL HOUSE DOC NBR	HOUSE DOC NO LAST ADJUSTMT	BUREAU OR OFFICE	ACCOUNT TITLE	LATEST PROPOSED RESCISSION AMOUNT	BILL PASSED BY HOUSE	HOUSE ACTION RESCISSION AMOUNT	SENATE ACTION RESCISSION AMOUNT	AMOUNT APPROVED BY CONGRESS
R75-040	TREAS-POST-GEN GOV	93-398		US CUSTOMS SERVICE	SALARIES & EXPENSE	$3,000,000	HR 3260	$0	$0	$0
R75-041	TREAS-POST-GEN GOV	93-398		INTERNAL REVENUE S	SALARIES & EXPENSE	$530,000	HR 3260	$0	$530,000	$530,000
R75-042	TREAS-POST-GEN GOV	93-398		INTERNAL REVENUE S	ACCTS-COLL-TAXPAYE	$9,230,000	HR 3260	$0	$9,230,000	$0
R75-043	TREAS-POST-GEN GOV	93-398		INTERNAL REVENUE S	COMPLIANCE	$10,240,000	HR 3260	$0	$10,240,000	$0
R75-044	TREAS-POST-GEN GOV	93-398		PUBLIC BUILDINGS S	FEDERAL BUILDINGS	$20,022,900	HR 3260	$20,022,900	$20,022,900	$20,022,900
R75-045	TREAS-POST-GEN GOV	93-398		SPECIAL ACTION OFF	PHARMACOLOGICAL RE	$2,760,000	HR 3260	$2,760,000	$2,760,000	$2,760,000
R75-046	TREAS-POST-GEN GOV	93-398		SPECIAL ACTION OFF	SPECIAL FUND	$2,240,000	HR 3260	$2,240,000	$2,240,000	$2,240,000
						$949,443,172**		$242,572,900**	$320,479,370**	$243,359,370**
R75-047	AGR & REL AGENCIES	94-39		EXTENSION SERVICE	EXTENSION SERVICE	$3,200,000	HR 4075	$0	$0	$0
R75-048	AGR & REL AGENCIES	94-39		AG STAB & CONSV SE	AG CONSERVATION PR	$156,250,000	HR 4075	$0	$0	$0
R75-049	AGR & REL AGENCIES	94-39		AG STAB & CONSV SE	FORESTRY INCENTIVE	$25,000,000	HR 4075	$10,000,000	$10,000,000	$10,000,000
R75-050	AGR & REL AGENCIES	94-39		FARMERS HOME ADMIN	RURAL DEVELMT GRAN	$3,750,000	HR 4075	$0	$0	$0
R75-051	AGR & REL AGENCIES	94-39		FARMERS HOME ADMIN	RURAL COMMUN FIRE	$3,500,000	HR 4075	$0	$0	$0
R75-053	DEFENSE	94-39		SPEC FOREIGN CURRE	SPEC FOREIGN CURRE	$915,000	HR 4075	$915,000	$915,000	$915,000
R75-054	DEFENSE	94-39		SPEC FOREIGN CURRE	SPEC FOREIGN CURRE	$40,000	HR 4075	$40,000	$40,000	$40,000
R75-081	HUD-INDEP AGENCIES	94-39		CONSUMER PRODUCT S	SALARIES AND EXPEN	$1,709,000	HR 4075	$500,000	$0	$500,000
R75-055	LABOR-HEW	94-39	94-50	HEALTH SERVICES AD	HEALTH SERVICES	$39,677,000	HR 4075	$0	$0	$0
R75-056	LABOR-HEW	94-39	94-46	CENTER FOR DISEASE	PREVENTIVE HEALTH	$9,805,000	HR 4075	$0	$0	$0
R75-057	LABOR-HEW	94-39	94-46	NIH	NATIONAL CANCER IN	$123,006,000	HR 4075	$0	$0	$0
R75-058	LABOR-HEW	94-39	94-46	NIH	NATL HEART & LUNG	$37,730,000	HR 4075	$0	$0	$0
R75-059	LABOR-HEW	94-39	94-46	NIH	NI DENTAL RESEARCH	$7,489,000	HR 4075	$0	$0	$0
R75-060	LABOR-HEW	94-39	94-46	NIH	NI ARTHRITIS METAB	$28,473,000	HR 4075	$0	$0	$0
R75-061	LABOR-HEW	94-39	94-46	NIH	NI NEUROL DIS & ST	$30,283,000	HR 4075	$0	$0	$0
R75-062	LABOR-HEW	94-39	94-46	NIH	NI ALLERGY & INFEC	$13,975,000	HR 4075	$0	$0	$0
R75-063	LABOR-HEW	94-39	94-46	NIH	NI GEN MED SCIENCE	$30,794,000	HR 4075	$0	$0	$0
R75-064	LABOR-HEW	94-39	94-46	NIH	NI CHILD HEALTH &	$23,978,000	HR 4075	$0	$0	$0
R75-065	LABOR-HEW	94-39	94-46	NIH	NATIONAL EYE INSTI	$6,512,000	HR 4075	$0	$0	$0
R75-066	LABOR-HEW	94-39	94-46	NIH	ENVIRONMENTAL HEAL	$6,922,000	HR 4075	$0	$0	$0
R75-067	LABOR-HEW	94-39	94-50	NIH	RESEARCH RESOURCES	$46,865,000	HR 4075	$0	$0	$0
R75-068	LABOR-HEW	94-39	94-46	NIH	FOGARTY CENTER ADV	$1,020,000	HR 4075	$0	$0	$0
R75-069	LABOR-HEW	94-39	94-46	NIH	NATL LIBRARY MEDIC	$385,000	HR 4075	$0	$0	$0
R75-070	LABOR-HEW	94-39	94-50	ALCOHOL DRUG MENTL	ALCOHOL DRUG MENTL	$106,220,000	HR 4075	$0	$0	$0
R75-071	LABOR-HEW	94-39	94-50	HLTH RESOURCES ADM	HEALTH RESOURCES	$26,254,000	HR 4075	$0	$0	$0
R75-072	LABOR-HEW	94-39	94-46	OFFICE OF EDUCATIO	ELEM & SECONDRY ED	$35,856,250	HR 4075	$0	$0	$0
R75-073	LABOR-HEW	94-39		OFFICE OF EDUCATIO	EDUC FOR HANDICAPP	$102,500,000	HR 4075	$0	$0	$0
R75-074	LABOR-HEW	94-39	94-46	OFFICE OF EDUCATIO	OCCUPATNL VOCATNL	$39,712,000	HR 4075	$0	$0	$0
R75-075	LABOR-HEW	94-39	94-46	OFFICE OF EDUCATIO	HIGHER EDUCATION	$58,300,000	HR 4075	$0	$0	$0
R75-076	LABOR-HEW	94-39	94-50	OFFICE OF EDUCATIO	LIBRARY RESOURCES	$52,225,000	HR 4075	$0	$0	$0
R75-077	LABOR-HEW	94-39	94-46	SOCIAL & REHAB SER	PUBLIC ASSISTANCE	$12,900,000	HR 4075	$0	$0	$0
R75-078	LABOR-HEW	94-39	94-46	SOCIAL & REHAB SER	REHABILITATION SER	$29,848,000	HR 4075	$0	$0	$0
R75-079	LABOR-HEW	94-39	94-46	OFFICE OF HUMAN DE	PROGRAMS FOR THE A	$41,582,000	HR 4075	$0	$0	$0
R75-080	LABOR-HEW	94-39	94-46	MANPOWER ADMINISTR	EMPLOYMT OLDER AME	$12,000,000	HR 4075	$0	$0	$0
D75-141	ST-JUST-COM-JUD	94-39	94-50	EDA	JOB OPPORTUNITIES	$125,000,000	HR 4075	$0	$0	$0
R75-052	ST-JUST-COM-JUD	94-39		US TRAVEL SERVICE	INTER AMER CULTURA	$4,999,704	HR 4075	$4,999,704	$0	$4,999,704
						$1,248,674,954**		$16,454,704**	$10,955,000**	$16,454,704**
R75-083	LABOR-HEW	94-109		HEALTH SERVICES AD	HEALTH SERVICES	$1,623,000	HR 6573	$1,623,000	$1,623,000	$0
R75-084	LABOR-HEW	94-109		ALCOHOL DRUG MENTL	ALCOHOL DRUG MENTL	$14,250,000	HR 6573	$14,250,000	$0	$0
R75-085	LABOR-HEW	94-109		HEALTH RESOURCES A	HEALTH RESOURCES	$2,000,000	HR 6573	$2,000,000	$0	$0
R75-086	LABOR-HEW	94-109		HEALTH RESOURCES A	HEALTH RESOURCES	$220,450,000	HR 6573	$0	$0	

RESCISN NUMBER	APPROPRIATIONS SUBCOMMITTEE PROPOSAL REFERRED TO	ORIGINAL HOUSE DOC NBR	HOUSE DOC NO LAST ADJUSTMT	BUREAU OR OFFICE	ACCOUNT TITLE	LATEST PROPOSED RESCISSION AMOUNT	BILL PASSED BY HOUSE	HOUSE ACTION RESCISSION AMOUNT	SENATE ACTION RESCISSION AMOUNT	AMOUNT APPROVED BY CONGRESS
						$238,323,000**		$17,873,000**	$1,623,000**	$0*
						$3,328,500,218**		$408,381,604**	$464,538,370**	$391,295,07*
R76-015	AGR & REL AGENCIES	94-311		AG. RES. SERV.	AGRICULTURE RESEAR	$225,000		$0	$0	$0
R76-016	AGR & REL AGENCIES	94-311		AG STAB & CON SERV	WATER BANK ACT PRO	$10,000,000		$0	$0	$0
R76-016T	AGR & REL AGENCIES	94-311		AG STAB & CON SERV	WATER BANK ACT PRO	$2,500,000		$0	$0	$0
R76-017	AGR & REL AGENCIES	94-311	94-342	AG STAB & CON SERV	FORESTRY INCENTIVE	$15,000,000		$0	$0	$0
R76-017T	AGR & REL AGENCIES	94-311	94-342	AG STAB & CON SERV	FORESTRY INCENTIVE	$3,750,000		$0	$0	$0
R76-018	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	RURAL WATER & WAST	$125,000,000		$0	$0	$0
R76-018T	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	RURAL WATER & WAST	$25,000,000		$0	$0	$0
R76-019	AGR & REL AGENCIES	94-311	94-342	FARMERS HOME ADMIN	RURAL DEVELOPMENT	$9,375,000		$0	$0	$0
R76-019T	AGR & REL AGENCIES	94-311	94-342	FARMERS HOME ADMIN	RURAL DEVELOPMENT	$2,969,000		$0	$0	$0
R76-020	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	RURAL HOUSING DOM.	$7,500,000		$0	$0	$0
R76-020T	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	RURAL HOUSING DOM.	$1,875,000		$0	$0	$0
R76-021	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	MUTUAL & SELF-HELP	$10,036,529		$0	$0	$0
R76-021T	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	MUTUAL & SELF-HELP	$2,250,000		$0	$0	$0
R76-022	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	SELF-HELP HOUSING	$1,498,032		$0	$0	$0
R76-023	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	RURAL HOUSING INSU	$10,000,000		$0	$0	$0
R76-024	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	RURAL COMMUNITY FI	$3,500,000		$0	$0	$0
R76-024T	AGR & REL AGENCIES	94-311		FARMERS HOME ADMIN	RURAL COMMUNITY FI	$875,000		$0	$0	$0
R76-025	AGR & REL AGENCIES	94-311		AG. MARKETING SERV	PYMTS TO STATES &	$1,600,000		$0	$0	$0
R76-025T	AGR & REL AGENCIES	94-311		AG. MARKETING SERV	PYMTS TO STATES &	$400,000		$0	$0	$0
R76-030	AGR & REL AGENCIES	94-342		FOOD & NUTRITN SER	SPECIAL MILK PROGR	$40,000,000		$0	$0	$0
R76-026	HUD-INDEP AGENCIES	94-311		HOUSING PROD. & MO	STATE HOUSING FIN.	$600,000,000		$0	$0	$0
R76-900	HUD-INDEP AGENCIES	94-466		DEPT. OF HUD	RENTL HOUSING ASSI	$26,300,000		$0	$0	$0
R76-034	INTERIOR	94-342		HEALTH SERVICES AD	INDIAN HEALTH SERV	$5,294,000		$0	$0	$0
R76-038	INTERIOR	94-342		OFFICE OF EDUCTION	INDIAN EDUCATION	$15,000,000		$0	$0	$0
R76-009	LABOR-HEW	94-309		OFFICE OF EDUCATIO	ELEM. & SEC. EDUCA	$210,403,852		$0	$0	$0
R76-010	LABOR-HEW	94-309	94-342	OFFICE OF EDUCATIO	SCHOOL ASST. FED A	$243,773,154		$0	$0	$0
R76-011	LABOR-HEW	94-309		OFFICE OF EDUCATIO	EDUC. FOR HANDICAP	$36,375,000		$0	$0	$0
R76-012	LABOR-HEW	94-309		OFFICE OF EDUCATIO	OCCUP.VOC.&ADULT E	$14,240,950		$0	$0	$0
R76-013	LABOR-HEW	94-309		OFFICE OF EDUCATIO	HIGHER EDUCATION	$768,139,840		$0	$0	$0
R76-014	LABOR-HEW	94-309		OFFICE OF EDUCATIO	LIBRARY RESOURCES	$28,975,000		$0	$0	$0
R76-033	LABOR-HEW	94-342		HEALTH SERVICES AD	HEALTH SERVICES	$103,159,000		$0	$0	$0
R76-033T	LABOR-HEW	94-342		HEALTH SERVICES AD	HEALTH SERVICES	$24,645,000		$0	$0	$0
R76-035	LABOR-HEW	94-342		CTR/DISEASE CONTRO	PREVENTIVE HEALTH	$7,690,000		$0	$0	$0
R76-036	LABOR-HEW	94-342		ALCOHOL DRUG MENTL	ALCOHOL DRUG MENTL	$56,500,000		$0	$0	$0
R76-037	LABOR-HEW	94-342		HEALTH RESOURCES A	HEALTH RESOURCES	$67,000,000		$0	$0	$0
R76-037T	LABOR-HEW	94-342		HEALTH RESOURCES A	HEALTH RESOURCES	$2,000,000		$0	$0	$0
R76-039	LABOR-HEW	94-342		ASST SEC/HUMAN DEV	HUMAN DEVELOPMENT	$2,000,000		$0	$0	$0
R76-043	LABOR-HEW	94-342		COMMUNITY SERV ADM	COMMUNITY SERV PRO	$2,500,000		$0	$0	$0
R76-032	PUBLIC WORKS	94-342		CORPS OF ENGINEERS	CONSTRUCTION-GENER	$2,500,000		$0	$0	$0
R76-032T	PUBLIC WORKS	94-342		CORPS OF ENGINEERS	CONSTRUCTION-GENER	$1,100,000		$0	$0	$0
R76-031	ST-JUST-COM-JUD	94-342		ECON DEV ADMIN	ECON DEV ASST PROG	$3,000,000		$0	$0	$0
R76-031T	ST-JUST-COM-JUD	94-342		ECON DEV ADMIN	ECON DEV ASST PROG	$1,000,000		$0	$0	$0
						$2,494,949,357**		$0**	$0**	$0*
R76-029	AGR & REL AGENCIES	94-342		FARMERS HOME ADMIN	RURAL HOUSING INS	$500,000,000	HR 11665	$0	$0	$0
R76-027	HUD-INDEP AGENCIES	94-311	94-342	CONSUMER PROD. SAF	SALARIES & EXPENSE	$5,225,000	HR 11665	$2,256,000	$2,256,000	$2,256,000
R76-027T	HUD-INDEP AGENCIES	94-342		CONSUMER PROD SAFE	SALARIES & EXPENSE	$1,206,000	HR 11665	$400,000	$400,000	$400,000

RESCISN NUMBER	APPROPRIATIONS SUBCOMMITTEE PROPOSAL REFERRED TO	ORIGINAL HOUSE DOC NBR	HOUSE DOC NO LAST ADJUSTMT	BUREAU OR OFFICE	ACCOUNT TITLE	LATEST PROPOSED RESCISSION AMOUNT	BILL PASSED BY HOUSE	HOUSE ACTION RESCISSION AMOUNT	SENATE ACTION RESCISSION AMOUNT	AMOUNT APPROVED BY CONGRESS
R76-028	HUD-INDEP AGENCIES	94-328	94-362	COMM PLNNG & DEVEL	REHAB LOAN FUND	$62,670,000	HR 11665	$0	$0	$0
R76-044T	HUD-INDEP AGENCIES	94-342		SELECTIVE SERVICE	SALARIES AND EXPEN	$1,775,000	HR 11665	$1,775,000	$1,775,000	$1,775,000
R76-040	INTERIOR	94-342		BUREAU OF LAND MGT	PUBLIC LANDS DEV R	$8,800,000	HR 11665	$0	$4,900,000	$4,900,000
R76-041	INTERIOR	94-342		NATIONAL PARK SERV	ROAD CONSTRUCTION	$58,500,000	HR 11665	$0	$58,500,000	$58,500,000
R76-042	ST-JUST-COM-JUD	94-342		DEPT. OF STATE	MUTUAL ED & CUL EX	$5,000,000	HR 11665	$5,000,000	$5,000,000	$5,000,000
R76-042T	ST-JUST-COM-JUD	94-342		DEPT. OF STATE	MUTUAL ED & CUL EX	$3,000,000	HR 11665	$3,000,000	$3,000,000	$3,000,000
						$646,176,000*		$12,431,000*	$75,831,000*	$75,831,000*
R76-002	TRANSPORTATION	94-206		FEDERAL HIGHWAY AD	ACCESS HWYS PUBLIC	$25,000,000	HR 8365	$15,000,000	$15,000,000	$15,000,000
						$25,000,000*		$15,000,000*	$15,000,000*	$15,000,000*
R76-004	INTERIOR	94-225		FOREST SERVICE	FOREST ROADS & TRA	$25,723,000	HR 9600	$0	$0	$0
R76-006	INTERIOR	94-225		BUREAU OF MINES	HELIUM FUND	$47,500,000	HR 9600	$47,500,000	$47,500,000	$47,500,000
R76-005	LABOR-HEW	94-225		ASST SEC FOR HUMAN	HUMAN DEVELOPMENT	$7,000,000	HR 9600	$0	$0	$0
R76-007	LABOR-HEW	94-225		COMMUNITY SERVICES	ECONOMIC OPPORTUNI	$2,500,000	HR 9600	$0	$0	$0
R76-008	LABOR-HEW	94-225		COMMUNITY SERVICES	ECONOMIC OPPORTUNI	$7,500,000	HR 9600	$0	$0	$0
R76-001	TRANSPORTATION	94-206		FEDERAL HIGHWAY AD	NAT'L SCENIC & REC	$90,000,000	HR 9600	$0	$0	$0
R76-003	TREAS-POST-GEN GOV	94-206		FEDERAL LAW ENFORC	CONSTRUCTION	$8,665,000	HR 9600	$0	$0	$0
						$188,888,000*		$47,500,000*	$47,500,000*	$47,500,000*
						$3,355,013,357*		$74,931,000*	$138,331,000*	$138,331,000*
TOTAL RESCESSIONS 150						$6,683,513,575*		$483,312,604*	$602,869,370*	$529,626,074*