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16	6	01/18/1969	Report	(cont from 16:5) Recommendations for Early Action or Consideration: A Report to the President-Elect. Submitted by Arthur F. Burns, Chairman, Program Coordination Group. 50 pages. (continued in folder 16:7)

Resources

VII - RESOURCES AND ENVIRONMENT

1. Population and Family Planning

The explosive increase of population among the poorer nations of the world and among our own poor people is a terribly serious but also a terribly neglected problem.

You may want to use something like the following paragraph in an early address:

"One of the great question marks overhanging the last third of this century is whether mankind's efforts to end privation and hunger will be defeated by excessive population growth. This danger is most acute in the less developed parts of the globe, and I pledge that this Administration will continue to expand efforts to give assistance to those governments that seek our help in developing family-planning programs. But the problem is not confined to foreign countries. Among this nation's own disadvantaged groups there are serious gaps in the availability of family-planning knowledge and assistance. I assure you that high priority will be given to the matter of determining how best these gaps can be removed."

A member of the White House staff should be assigned the task of developing, with the aid of appropriate officials in the Department of State and the Department of HEW, a specific program.

2. Oceanography

Late in the campaign you recommended an expanded effort in oceanography. This field offers an opportunity to develop at relatively low cost a program of exploration that could excite the imagination of the American people much as the space program has done.

Besides greater scientific knowledge, there are other potential benefits: new sources of food, untapped resources of oils and minerals, new kinds of recreation, and the possibility of opening up new fields of technological progress.

Beyond this, there is the question of national security. The Soviet Union, for example, continues to make swift progress in oceanography, with serious implications for underwater warfare. It is vitally important that we not fall behind.

In 1966, the Commission on Marine Science, Engineering, and Resources was established to make recommendations on the national oceanographic effort. The Commission's report, which has just been published, concludes that a national marine program will contribute to strengthening both the national economy and national security, calls for better coordination of efforts in the field of oceanography, and recommends the formation of a new, independent, Federal agency to be called the National

Oceanic and Atmospheric Agency.

The programs recommended by the Commission are estimated to involve an expenditure by 1980 of about \$1 billion per year over and above current outlays, which would amount to a doubling of the present outlay on oceanography.

The Commission's report will be controversial. Various departments and agencies are expected to express much concern over their loss of authority if the Commission's recommendations are carried out.

You should seek advice on the Commission's recommendations from the Secretary of the Interior, the Secretary of Commerce, and Congressman Charles A. Mosher. Should you have to comment at an early date on the Commission's report, you might confine yourself to restating your conviction that an expanded effort in oceanography is needed, and that a more coordinated effort in this promising field will be pursued by your Administration.

3. Agricultural Reforms

The Republican Platform and your address in Des Moines, Iowa during the campaign presented various proposals for agricultural reform. The following in particular deserve implementation:

- (a) Development of policies that enlarge the

farmer's opportunity to manage his own affairs and give him a greater voice in shaping his own future.

- (b) Revitalization of rural America through greater emphasis on vocational training and on economic incentives for industrial development.
- (c) Pursuit of an economic policy which protects American agriculture from unfair foreign competition, while increasing our overseas commodity dollar sales.
- (d) Development of a sound crop insurance program.
- (e) Reorganization of the management of the Commodity Credit Corporation's inventory operations.

You should ask the Secretary of Agriculture to evaluate and assume leadership in developing these and other proposals, with a view to possible presentation in a Presidential special message on agriculture. A provisional date for this should be set.

4. Economic Development Assistance Act

The extension of this Act is certain to arouse considerable controversy. For some time, Republicans have been concerned about the duplication and waste that has been associated with this program.

The Economic Development Assistance Act, the

Appalachian Regional Development Act, and the Model Cities Legislation -- all deal with many of the same areas and problems. Consideration should be given to how the overlaps of existing legislation can be eliminated. The provisions with the greatest degree of confusion are those dealing with water pollution control and sewage treatment.

As soon as possible, the Secretaries of the several departments involved in this program should consult the legislative leaders to determine a course of action.

5. Appalachian Development Program

A two-year appropriation that was voted in 1967 for the Appalachian Regional Development program expires June 30, 1969. This is an important matter which will require early attention within the White House office, not only as to future funding levels but also as to whether the Appalachian program should serve as a model for other new regional undertakings.

The White House must be the focal point of decision-making on this issue because Congress appropriates money for this program directly to the President, something that is unique in Federal assistance efforts. The usual procedure involves a funneling of Federal money to states and localities through an agency or department, which

then administers its use.

According to recent reports, many Governors view the Appalachian program (initiated in 1965) as a particularly promising innovation in inter-governmental relations. They regard the Appalachian Commission as providing true Federal-State partnership, something that they do not feel is achieved when Federal aid is disbursed by departments in the form of categorical grants. The fact that the Commission can exercise broad discretion in using Federal moneys means, according to its gubernatorial supporters, that program priorities can be set in a meaningful way. The contention also is made that much greater efficiency in the use of funds can be achieved with the Appalachian technique than when attempts at solving regional problems involve different Cabinet departments whose efforts often are not properly coordinated.

One significant feature of the Appalachian program has been its attempt to treat the problems of rural areas, towns, and cities on a coordinated basis. In particular, the migration of surplus farm population toward metropolitan centers, where unskilled jobs typically have not been available in large numbers, has been discouraged. This has been done by means of an educational thrust aimed at making rural citizens aware of job opportunities in middle-sized smaller centers that traditionally were bypassed in the move from farm to city.

Given the support which the Appalachian program enjoys, it seems probable that other parts of the country will urge that they too be accorded the benefits of similar arrangements. The merit of setting up similar regional programs embracing the entire country would seem to warrant early consideration. Specific attention should be given to the possibility of using the Appalachian Commission as a model for the regional undertakings that have been created under the Economic Development Act for which the Commerce Department has administrative responsibility. These are reported to have been less successful in their operations.

The Director of the Council for Urban Affairs and the Secretary of Commerce should be involved in the discussion of these issues, and so too should Governor Scranton, who is especially enthusiastic about the Appalachian Commission.

Science &
Technology

VIII - SCIENCE AND TECHNOLOGY

1. Organizational Changes

The Task Force on Science and Technology recommends a number of organizational changes pertaining to the Federal government's science activities. The objective is to give science and technology a "status" in government commensurate with their vital role in national life; to promote greater inter-agency cooperation and cross-fertilization in science activities; and to attract a larger number of senior scientists and technologists into government service.

One of the specific proposals made by the Task Force is that posts of Assistant Secretary for Science and Technology be established in the Departments of Interior, State, Justice, HUD, Agriculture, and the Post Office and that appointees be given policy-making and line authority.

You emphasized the deficiencies of Federal science policy during the campaign, arguing that "the government... is not really in control of itself in this field." In view of your interest and commitment, you should seek at a rather early date Dr. DuBridge's advice on the various organizational proposals made by the Task Force.

You should also seek Dr. DuBridge's advice concerning the organizational changes proposed by the Task Force

on Space. The Task Force recommends that the administrative organization of NASA be changed to correspond to program objectives rather than to means of accomplishing them, and that there be a strengthening in the coordination of NASA and Department of Defense space programs.

2. National Science Foundation

Dr. Lee A. DuBridge makes a compelling plea for immediate relief to the National Science Foundation. He writes as follows:

"The expenditure ceiling imposed on the National Science Foundation for fiscal 1969 was extraordinarily damaging -- primarily because it forced NSF essentially to abrogate grants and agreements already made to many colleges and universities. It is one thing to cut the allocations to new grants or to renewals of grants; it is quite a different thing to say to an investigator and his university that he cannot spend money already granted. Since, when a grant is made, commitments to staff and equipment are frequently made well in advance, the expenditure ceiling forced universities either to abrogate such commitments or else to dip into their own funds to meet what they regarded as

either legal or moral obligations already undertaken.

"I suggest that immediately after January 20 the President request the Director of the Bureau of the Budget to add approximately \$25 to \$30 million to increase the authorized expenditure ceiling of NSF. This would immediately get many important scientific projects out of serious financial difficulties, would avoid serious damage to many important research programs, and, most of all, it would be an enormously important gesture for the new administration to make to win the confidence of scientists and educators throughout the country. It will tell the world of higher education that the new administration will not countenance abrogating agreements already made, even though budgetary tightness may sometimes force reductions in new agreements involving future plans. An increase in this expenditure ceiling is a trivial part of the total national expenditures, but is a very large factor in university research and graduate education programs."

You should promptly ask the Budget Director to check the facts reported by Dr. DuBridge. If they are found to be accurate, there is some urgency in granting immediate relief to NSF.

3. Military Research and Development

The Task Force on Science and Technology asserts that a mistaken policy with respect to the building of prototypes has contributed heavily in recent years in the nation's failure to make adequate progress in developing new weapons systems. "Beginning in the early 1960's," the panel states, "we began greatly to overemphasize paper-cost effectiveness studies, i.e., studies based on unproven assumptions regarding hardware performance and costs...", while simultaneously neglecting exploratory prototype construction. As a consequence of this penny-wise posture, we have often traveled long distances down unpromising roads at considerable expense before realizing mistakes. The Task Force argues for "a significant increase in the number of exploratory prototypes built in connection with new military systems, and a clear expectation that only a fraction will prove 'successful'".

Since the Task Force considers the prototype problem to be of "overriding importance", you should call it promptly to the attention of the Secretary of Defense.

4. Supersonic Transport (SST)

To date the Federal government has spent close to half a billion dollars on the development of the SST.

The original design has been scrapped, and Boeing will submit a complete redesign of the airframe on January 15, 1969. Under the terms of the contract, the government has up to 90 days to make a decision. There are several options open which range from determining that Boeing has defaulted on the contract to proceeding with the current program.

There are complex economic, scientific, and military questions involved in reaching a decision. For example:

- (a) Does the new design meet performance specifications?
- (b) Is the new design economically viable?
- (c) Does the SST now merit the high national priority that it had two years ago?

Because of the many serious, unresolved questions still surrounding the SST, and in view of the fact that almost half a billion has already been spent on this project, it is recommended that you immediately establish a committee to investigate the SST program and ask it to report its findings and recommendations within 60 days after the submission of the new Boeing design.

The membership of the committee might include scientists, aeronautical engineers, medical men, business executives, and military men with no vested interests. Among other

things, the committee should familiarize itself with a recent study by a scientific panel established by the Secretary of the Interior.

5. National Accelerator Laboratory

One of the items which the Task Force on Science and Technology singles out for early action is the provision of construction funds for the proton accelerator project at Weston, Illinois. Because of budgetary constraints, support for this project -- a fundamental research undertaking with regard to the nature of matter -- has so far been limited to relatively moderate planning appropriations. No funding provision has been made either for construction or for annual operating expenses.

The Task Force reports as follows: an immediate decision to fund \$100 million for fiscal 1970 is "necessary if the outstanding personnel already assembled...are to be held together. At stake here is the vitality of U.S. physical science...If we do not soon fund construction of the...accelerator, we risk not only our world leadership in this field [to the Soviet Union]...but our effectiveness in generating both basic knowledge and a corps of exceptionally valuable scientists."

You should seek an early assessment of this matter from Dr. DuBridge.

6. Post-Apollo Space Programs

One of the more important national issues that will have to be resolved very shortly is the scope and direction of U.S. space efforts now that the manned lunar-landing project, which has been the chief focus of non-military space activities throughout the 1960's, is approaching its end.

While there is general agreement in scientific circles that vigorous space efforts should continue, major differences exist with respect to both specific projects and the appropriate annual level of funding. The Task Force on Space believes that present annual outlays are "necessary and adequate"; and it recommends that NASA place primary emphasis in coming years on manned lunar exploration, on the so-called Apollo Applications Program, and on unmanned planetary probes. It does not believe that a commitment should now be made to more ambitious and costly undertakings, such as construction of a manned space station or a manned Mars mission. There is, however, some feeling within the Task Force in favor of more aggressive space activities.

It is recommended that you establish a high-level, inter-agency committee that would report its recommendations back to you within this calendar year. Your Science Adviser, the head of NASA, the Director of the Bureau of the Budget,

and a senior official from the Department of Defense should serve on the committee.

7. Space Boosters

The Task Force on Space believes that a breakthrough may be near in achieving dramatic cost reductions in launching and boosting operations, with potential savings that "could total many billions of dollars over a 10-year period." It feels that "continued priority" should be given to studies of alternative approaches to cost savings and that "these studies should be augmented to provide a more complete understanding of the technical alternatives, and to make more complete economic comparisons for several different future levels of launching activity."

You should discuss with Dr. DuBridge the panel's specific recommendation that the Department of Defense and NASA coordinate their studies in this area so as to provide, about November 1, 1969, information upon which a joint DOD-NASA program decision could be made.

Transportation

IX - TRANSPORTATION

1. Airport Development

In keeping with the campaign pledge you made to relieve the crisis that plagues air transportation, you should instruct the Secretary of Transportation to give very high priority to the preparation of an Administration Airport Development bill.

Unavoidably, a substantial increase in Federal expenditures is going to be entailed (probably amounting to at least several hundred million dollars annually), but the budget impact can and should be completely offset by simultaneously instituting a variety of user charges. It makes sense to insist that the same pay-as-you-go principle apply here as in the case of the Interstate Highway System, and the device of earmarking user-tax collections and having them flow through an Airport Development Trust Fund should be considered.

A number of proposals for considerably expanding Federal assistance to airport development were introduced in the 90th Congress and these should be a helpful point of departure for the Secretary (especially S. 3641 approved by the Senate Commerce Committee on July 1, 1968).

2. Budget for Air Traffic Control

To dramatize further your concern with the problems

of air congestion and air safety, you should also ask the Secretary of Transportation to focus promptly on the outgoing Administration's fiscal 1969 and fiscal 1970 budgets for the air traffic control system and to advise you within 30 days whether any supplemental "emergency" funds should be sought. This, of course, would be a "stop-gap" move, pending completion of Congressional action on basic airport development legislation.

3. FAA Regulations

You should be aware that the FAA has recently promulgated regulations that will become effective next April 27, setting hourly quotas for use of the overburdened airports in New York, Washington, and Chicago. Strong opposition to these regulations can be expected from certain groups within the aviation industry, and it is not improbable that a campaign will develop to have them killed or substantially modified.

Given the acute problem of airport congestion, there is a strong presumption that the FAA regulations should stand, but you should ask the Secretary of Transportation to make an early appraisal of this matter.

4. Highway Program

You should direct the Secretary of Transportation to

make a specific early move to start rebuilding good working relations between Federal and state highway officials.

These relations appear to have deteriorated seriously and rapidly in recent years -- with the feeling now widespread among state officials that what used to be a partnership arrangement has become more and more Federal dictation. The grievances range over many particulars, embracing not only roadbuilding matters but also such things as Equal Employment Opportunity regulations.

As a starter, the Secretary and the new Highway Administrator might jointly communicate with all state highway departments, candidly acknowledging that a problem exists, inviting suggestions, and promising that known trouble-spots will be reviewed. One of the things the Secretary should specifically seek to determine is the extent to which the manipulation of Highway Trust Fund disbursements for economic stabilization purposes in recent years has frustrated the efficient and orderly management of construction projects on the Interstate System. In view of the interest of the Council of Economic Advisers in stabilization objectives, this agency should join the Department of Transportation in a review of actual experience and the delineation of a policy for the future.

5. New Canal in Central America

There are several powerful reasons for giving early consideration to a second ocean-to-ocean canal in Central America:

- (a) the nation's military vulnerability to a closing of the present canal,
- (b) its saturated capability, and
- (c) its inability to accommodate the current generation of oil tankers.

The Task Force on Science and Technology has called attention to the feasibility of a canal that would avoid conventional locks by selecting a route (already surveyed) involving a continuous one-way flow of water from the Pacific to the Atlantic. Selection of such a route, however, would have uncertain ecological consequences.

Because of the peculiar range of military, diplomatic, and environmental problems that are involved, an inter-departmental group (with representation from the Departments of Defense, State, HUD, and Commerce, and the Office of Science and Technology) should be asked to give you before the end of 1969 at least a preliminary assessment of the problems and costs that would be entailed in building a second canal. Significantly, construction of a second canal might afford an opportunity for the first dramatic nonmilitary use of atomic power.

6. Transportation Commission

A series of specific, well-publicized initiatives to demonstrate your concern with the nation's transportation problem seems particularly important because it looks as if it may take considerable time to fashion a coherent over-all approach to the full range of existing national transportation problems. The Task Force on Transportation has presented a number of interesting suggestions for actions in various areas, and these will be passed along for review by the Department of Transportation. On many vital issues, however, the Task Force report is more suggestive than definitive, and it therefore may be wise to create a National Commission on Transportation Needs and Policies.

Among other things the Commission should explore the desirability of allowing railroads greater freedom in setting rates, and of giving railroads as well as other transportation enterprises the power to engage in supplementary lines of business activity.

A Commission on Transportation would be in keeping with the commitments you made in the course of the campaign. Thus, you stated that "the proper role of the FAA would certainly be high on the agenda of an independent commission patterned on the Hoover Commission." Again, you promised an "immediate reevaluation" of the

Merchant Marine subsidies "in consultation with industry members and labor representatives, with the goal of providing incentives for productivity."

You should discuss the proposed Commission at an early date with the Secretary of Transportation. We need -- but are not anywhere close to having -- a national strategy pertaining to the balanced development of our various transportation components, with guidelines as to the Federal government's role.

Manpower
Policy

X - MANPOWER POLICY

1. Modernized Employment Service

In our country, the matching of available jobs and unemployed workers often proceeds slowly and inefficiently. Fortunately, modern high-speed computers and telecommunication systems now make it possible to organize the labor market much more efficiently, thereby reducing unemployment and at the same time curbing inflationary pressures. During the campaign you called attention to the need for just such a job bank.

The Secretary of Labor should be directed to undertake a thorough study of how such a program could best be implemented in the near future. A date should be set for a draft of the legislation.

2. Job Vacancy Data

We now have reasonably good current information on unemployment -- that is, for the supply side of the labor market. However, there are no current or comprehensive records on job vacancies -- that is, for the demand side of the labor market.

Because of this serious gap in our economic intelligence system, it is often difficult to tell whether there is a surplus or deficiency in the aggregate demand for

labor, so that much of our monetary and fiscal policy-making proceeds in the dark. If a comprehensive system of job vacancy statistics were established, this difficulty would be remedied. Also, once the data are broken down by community and occupation, programs of vocational education, of job placement, and of guidance could be put on a much more rational basis.

It is recommended that legislation authorizing a national system of job vacancy statistics be requested at once.

3. Encouragement of Worker Migration

In order to stimulate unemployed people to move where they could find jobs, the government has conducted a pilot program under which moving allowances and subsidies have been granted to encourage migration. It would be desirable to request the Secretary of Labor to make an assessment of this activity with a view to judging its potential promise.

4. Mexican-American Conference

During the campaign you promised to convene a White House Conference "promptly after taking office in January" to discuss with Mexican-American leaders the numerous

problems surrounding the life and activities of Mexican-Americans.

The Secretaries of Labor and Commerce should be promptly requested to advise you, jointly, by an early specified date, on the participants, format, and issues of such a conference.

5. Remedial Manpower Programs

The Task Force on Labor, Incomes, and Manpower Policies finds that the priority need for remedial manpower programs is a comprehensive manpower bill which would consolidate the lessons of experience into a single manageable program offering remedial services adapted to community and individual needs.

The Secretary of Labor should be requested to prepare at once a suggested draft of such legislation, accompanied by an analysis of its prospective costs and benefits.

6. Transition from School to Jobs

Study of the composition of unemployment by age levels brings out the sharply higher rates for young workers, especially black teenagers living in central city areas. While a somewhat higher unemployment rate

for young workers is to be expected as they find their way in life, the present levels are excessive and constitute one of the most worrisome aspects of current unemployment.

A strong effort needs to be directed at the problem of the transition from school to work, or in many cases, the transition from idleness to work. An added dimension of the problem of transition results from the flow of young people from the Armed Services into civilian life and work activity. Special efforts must be made in such areas as training, counseling, and work-school programs. Obviously these are areas for cooperative work involving the various levels of government and private employers. In addition, a differential in the minimum wage should be considered, so that lower learner-rates, rising to the regular minimum by age 21, would open initial job opportunities on a wider scale for young workers.

The Secretary of Labor should be requested at once to prepare a report, together with a draft of proposed legislation, on ways of facilitating the transition of youth from school to useful jobs.

7. Minimum Wage Amendments

Congressman John Dent, Chairman of the Labor Subcommittee of the House Education and Labor Committee,

has indicated that hearings will be held early in the 91st Congress on proposals to raise the minimum wage per hour from \$1.60 to \$2.00, to increase overtime pay from time and one-half to double time, and to provide that overtime pay start after 35 hours (rather than the present 40).

In view of the continuing increase in the cost of living, there will be a great deal of pressure to get your Administration to sponsor these changes. From an economic standpoint, the wisdom of these changes is very questionable in the present environment. The Task Force on Inflation rightly urges you "to resist measures that impair incentives to hire, train, and upgrade labor, such as further increases in minimum wage rates or the broadening of its coverage."

You should advise the Secretary of Labor to discuss at the first opportunity this legislation with Congressional leaders, including Congressman Ayres and Senator Javits. The Secretary will undoubtedly want to use such an opportunity to take up the special problem of the teenager, where some relief from the present minimum wage is advisable.

8. Farm Workers Under Taft-Hartley

At the present time, farm workers are not subject

to the provisions of the Taft-Hartley Act. However, there has been a sustained effort on the part of trade unions and the Johnson Administration to remove this exemption. A bill that would place certain farm workers under the Taft-Hartley Act was reported by the House Education and Labor Committee but failed to get a rule from the Rules Committee.

There was a great deal of opposition to this bill from both Republican and Democratic Congressmen. The major argument against it was that farming does not lend itself to collective bargaining. The farmer is particularly vulnerable to strikes, for a whole crop could be lost if work was stopped at a crucial time.

As soon as possible, the Secretary of Labor and the Secretary of Agriculture should review this troublesome question.

9. Morale of Federal Employees

It is highly important that you make a special effort to win the full cooperation of Federal career employees who, in the end, execute decisions and determine the quality of government services.

Besides advising department and agency heads of your desires in this regard, it is recommended that you set a conspicuous example by arranging for an early

meeting with the Executive Officers Group. An association made up of top departmental administrators, this Group meets regularly and has a secretary in the Executive Office.

10. Disputes Involving Public Employees

A national policy with regard to unions of public employees and disputes involving public employees is urgently needed.

It would be desirable to establish, under the guidance of the Secretary of Labor, a special task force to make a searching examination of this problem. The availability and enforcement of state and local laws should be explored as well as the ramifications of a Federal intrusion. Although Federal employee strikes are not a problem today, they could become a problem in the proximate future. Hence, this potential problem area, and particularly the bearing of recent changes in Federal employer-employee relations on it, should also be studied in depth.

You should discuss the vexing problem of public employee disputes with the Secretary of Labor at an early opportunity.

11. All-Volunteer Armed Force

One of your strongest pledges during the campaign

was the eventual abolition of the draft. It is the major issue that you can use to establish a rapport with the youth of the country.

There is, of course, substantial opposition to such a move, partly on the ground that it may endanger national security and partly for budgetary reasons.

Thus, it is important that you work toward the objective of abolishing the draft, but that you do so in a manner that protects both the national security and the budget. This can be done by moving toward an all-volunteer armed force in a series of steps, evaluating the results of each before moving to the next, as follows:

- (a) Reaffirm your pledge to end the draft as soon as possible.
- (b) Increase the planned July 1, 1969 military pay raise of some \$2 billion to \$3 billion, concentrating the additional billion in the lowest enlisted ranks where the military-civilian pay discrepancy is greatest. This should induce a rise in enlistments and allow draft calls to be reduced.
- (c) Appoint a special Commission charged with the task of developing a detailed plan of action for ending the draft.
- (d) Request the Budget Bureau to evaluate the cost

required to replace the draft with an all-volunteer armed force. The Bureau should also be prepared to report the impact on enlistments of the higher military pay scale of fiscal 1970, and to recommend in the light of its findings any change in the pay scale for fiscal 1971. If the evidence indicates that enlistments are highly sensitive to increased pay scales, the move toward eliminating the draft can be accelerated at limited cost. On the other hand, if the evaluation indicates that very large costs are needed to assure a substantial increase of enlistments, a slower pace of implementation would be logical.

You should, of course, take into account the very real possibility that the military chieftains, perhaps with good reason, would raise a storm of protest about the narrowing of pay differentials between officers and privates. In any event, you will need advice on this whole problem from the Secretary of Defense, and you should communicate your interest to him promptly.

Education

XI - EDUCATION

1. The Federal Role

The Task Force on Education expresses strong concern about your campaign pledge to press for "...a Federal program to turn back to state and local control, through block grants, such funds as are urgently needed to upgrade their educational performance."

This emphasis on general aid -- as contrasted with categorical grants for specific, narrowly defined purposes -- is worrisome to the Task Force for several reasons, but especially so because they believe that "it would probably reopen the Church-State issue in aggravated form."

✓ The Task Force notes that the constitutions of thirty states (including New York, California, and Illinois) have provisions which tightly restrict aid by state bodies to parochial schools. Thus, it is considered probable that any attempt to turn Federal educational dollars (which at present do benefit sectarian-school children to some extent) into generalized state educational dollars would provoke bitter opposition from Catholic officials. This, the panel fears, might possibly unsettle the whole Federal educational effort. A companion danger, according to the Task Force, is that any distribution of general aid moneys to sectarian schools in those states where constitutional

restrictions do not exist would invite a spate of "establishment-clause" suits challenging the constitutionality of Federal educational aid.

Because of these considerations, the Task Force emphatically recommends that neither you nor any high official of your Administration "make any further allusions to block grants until the full implications of new methods of Federal financing of education in regard to the Church-State issue have been fully explored."

Indeed, the Task Force believes that even without any disturbance of present aid-distribution procedures there may well occur new legal challenges to Federal educational programs. Because of this, it recommends that you promptly set up a small study group "to review the consequences of a possible adverse decision by the courts on all existing Federal education legislation and to prepare proposals as to how such legislation might be revised should the need arise."

While the Task Force opposes any move toward "general aid", it does believe that the number of specific categorical educational grant programs is now unnecessarily large and that this fact creates burdensome operating and administrative problems for state and local officials and for educational institutions. It therefore recommends, as a matter of early "high priority", a thorough study of the possibilities for regrouping a number of present categorical

grant programs into "designated block grant programs" to afford recipients considerably more latitude and discretion than they now have in using funds. Discretion would not be so broad, however, as to make aid "general."

In a closely related recommendation, the Task Force calls for "study as quickly as possible" of all existing education legislation with a view to determining how it might best be reorganized and recodified to provide greater efficiency in administration. The Task Force points out that there are now operative 69 pieces of educational legislation and that in fiscal 1970 the Office of Education will be administering at least 113 programs. According to the Task Force, "there is a widespread belief, both at the state and local level, that the seeking of funds under this multiplicity of legislation is an unnecessarily burdensome and time-consuming business."

The Task Force on Science and Technology likewise recommends that procedures governing the distribution of Federal aid to institutions of higher learning be revised. It clearly would like to see a deemphasis on specific project grants and contracts, with less earmarking of moneys and with accountability for funds "limited to demonstration that they have been expended in a responsible manner." The departure from specific grants desired by this Task Force is so sweeping in fact that it may be

incompatible with the guidelines suggested by the Task Force on Education.

It is apparent that difficult and sensitive problems of procedure do in fact overhang Federal educational programs. The advice by the Task Force on Education to be cautious in public pronouncements until the implications of new procedures can be fully assessed seems sound. You should request a very early review of this whole area by an interdepartmental study group, including the Department of HEW, the Department of Justice, and the Bureau of the Budget.

2. Urban Schools

The Task Force on Education urges that "special attention" be given quickly to the serious deficiencies of education in the large cities, cogently arguing that many other major urban problems will not be solved unless urban schooling is improved. The Task Force foresees no possibility of an adequate marshalling of state and local resources to overcome deficiencies, and it believes that Federal aid to disadvantaged children under present law is not sufficiently concentrated in the cities to be of much help.

This matter deserves attention in connection with the machinery of the Elementary and Secondary Education

Act, which is scheduled to expire on June 30, 1970.

Planning for renewal must begin soon because of the complexity of this piece of legislation.

One way of strengthening Federal support for urban education would be to revise ESEA's distribution formula to provide for a greater diversion of moneys to central cities. This route is complicated, however, by a strong feeling in some Congressional circles that the present distribution is already weighted too heavily in favor of states such as New York, Illinois, and California. Congressman Ayres, for instance, feels that to be the case. The Task Force, mindful of the battle that would in all probability erupt over revision of the distribution formula, expresses a preference for entirely new legislation that would be exclusively concerned with channeling moneys to inner-city schools. However, the addition of another piece of legislation to the maze of statutes already in existence is not a very attractive prospect.

The very fact that no easy solution to the problem of urban education is in sight underscores the importance of an early review by the Secretary of HEW, in consultation with Congressional Republican leaders. You should direct that this be started promptly.

3. Student-Teacher Corps

You have proposed to create a "National Student-Teacher Corps of high school and college students; carefully selected, paid volunteers who would work at the tutoring of core-city children."

This instrumentality could make a significant contribution to the improvement of disadvantaged youth; but great care will need to be taken to make sure that this activity does not fall into the hands of radical trouble-makers. The Secretary of HEW should be asked to prepare a plan which promises to attain the desired objective with a minimum of political risk.

4. Institute for Educational Future

During the campaign you indicated that you wished to "create a National Institute for the Educational Future to serve as a clearing house for ideas in elementary and secondary education and explore the revolutionary possibilities that modern science and technology are making available to education." The Task Force on Education has strongly endorsed your proposal for a National Institute for the Educational Future.

Since it will inevitably take many months to bring this project to fruition, it is desirable to ask the

Secretary of HEW to seek at once the counsel of educators and scientists on the manner and scale of implementing this project. The following comment by the Task Force on Education is highly relevant on procedure:

"We strongly urge the new Administration to set up a small working party to draw up plans for the Institute for the Educational Future, this group to report back as soon as possible as to the Institute's functions, organization, budget and location inside or outside government. We also recommend that Mr. Nixon consider mentioning the Institute in a special education message to the Congress should he decide to deliver one. We would hope that the working party would come up with a plan of operation for the Institute sufficiently specific and feasible to enable legislation to be introduced in this session of Congress establishing it."

Urban Affairs

XII - URBAN AFFAIRS

1. Council for Urban Affairs

The new Council for Urban Affairs is a highly promising instrument for making Presidential leadership more effective in improving our cities.

The Task Force on Urban Affairs expresses the hope that the Council will "subject the 400-odd existing urban programs to cold, hard scrutiny, eliminating all that can be spared and consolidating those that should be saved"; further, that the Council will "enforce a rule of restraint upon the bureaucracies whose natural tendency is to magnify their callings." An early formal communication by you to the Council along such lines may well be constructive.

The Task Force observes that the "urban problem" originated in rural areas, not in the cities. Accordingly, it recommends that the Secretary of Agriculture should have a place on the Council for Urban Affairs. This recommendation should be rejected. However, the Director of the Council should be instructed to keep in constant touch with the activities of the Department of Agriculture and, indeed, to invite the Secretary of Agriculture to join in its deliberations whenever the agenda of the Council deal, as they frequently must, with the interrelations between urban and rural life.

2. Office of Economic Opportunity

The Economic Opportunity Act, commonly known as the Poverty Program, was signed into law on August 20, 1964. The bill covered a broad range of poverty programs, including the Job Corps, Community Action Agencies, and several work and rehabilitation programs. All programs under the bill are under the supervision of the Office of Economic Opportunity.

You, and Republicans generally, have supported Head Start. Republican criticism against OEO has been directed chiefly at the high cost and lack of effectiveness of the Job Corps. Since the authority of OEO to finance its programs will expire on June 30, 1969, you and the Congress will have the opportunity to revamp OEO.

You indicated emphatically during the campaign that you planned to abolish the Job Corps. There is a strong case on grounds of economy for doing this. Moreover, the elimination of this rather unpopular program will give heart to the many citizens who still remain hopeful that the strong trend toward ever larger Federal spending can be curbed. However, when you move to abolish the Job Corps, it would be highly desirable to make clear that you have other programs that will promote the objectives sought through the Job Corps far more effectively than that program has done.

You should know that several studies of the OEO are currently under way, as follows:

- (a) The Congress has directed the General Accounting Office to investigate the effectiveness of the major programs of the OEO. The report is expected to be ready by the end of February, 1969.
- (b) The Vocational Education Amendments of 1968 authorized the Commissioner of Education to study the feasibility of transferring the Job Corps and Head Start to HEW. These reports are to be submitted to Congress by March 1, 1969.
- (c) Investigators of the House Education and Labor Committee are looking into OEO programs in 12 cities because of reports of alleged misuse of Federal funds. This investigation has been spurred by Republican members of the Committee.

In view of these several studies, a case can be made for delay in your final decision concerning the Job Corps. You should seek promptly the advice of the Secretaries of Labor and HEW on the best way of handling the Job Corps and other activities of the OEO.

3. Voluntary Programs

In the past two or three years, many businessmen have become seriously concerned about the crisis of our

cities. They are concerned as citizens. They also realize that the future of their businesses is precarious if urban decay is not stopped. Hence, a considerable number of businessmen, particularly leaders of the larger corporations, are already engaged in efforts to expand job opportunities for minority groups, to improve housing in ghetto areas, to foster black entrepreneurship, and so on.

The time is ripe for greatly increased voluntary efforts on the part of the business community. To achieve maximum effect, vigorous and sustained presidential leadership is essential.

✓ You might begin by calling a White House Conference to which businessmen who have already achieved distinction in broad efforts at urban reconstruction would be invited. The purpose of the meeting would be, first, to recognize the achievements of the participants and to honor them; second, and more importantly, to set out goals for the future; third, to invite those present to indicate their thinking on how voluntary efforts can best be promoted; fourth, to explore ways -- for example, through local chambers of commerce -- of enlisting the efforts of small and medium-sized businesses; fifth, to announce to the assembled group, that letters have just gone out to, say, 1,000 of the top corporations, asking them to inform

you of projects in the sphere of urban improvement which they expect to be able to launch within the next six months. These "projects" need not be confined to employing people; they may relate to housing, redevelopment of the ghettos, air pollution, or to any other activity in which a particular company feels interested and qualified.

You might, moreover, use the occasion of the suggested meeting to announce the new program of the life insurance industry (which Roger Hull and Gilbert Fitzhugh will discuss with you) for extending housing loans and, in conjunction with SBA, business loans in urban poverty areas.

You may also feel ready to go further and announce at the suggested meeting the creation of a "national clearing house for information on voluntary activities -- on what has been tried, what the difficulties have been, and what the solutions are." During the campaign you indicated that this would be "one of the first tasks of the new Administration."

This clearing house should probably be established in the Commerce Department, as one unit of a new Office of Voluntary Efforts to Improve our Cities. The main function of this Office should be to stimulate the business community to greater and more useful efforts. Among other things, such an Office could plan a system of awards for excellence to business firms, presidential visits to areas

of outstanding success, and ways of enlisting the efforts of those businessmen who are presently participating in urban programs to stimulate other businessmen to do likewise in their communities.

It is recommended that you promptly seek the advice of the Secretary of Commerce on the best ways of proceeding to launch the new voluntary program, on how it might best be organized, on the role that the National Alliance of Businessmen might be expected to play, and so on. After assessing the promise of the voluntary program, organized around your vigorous leadership, the next task would be to determine how much and in what ways reliance should be placed on tax credits, government contracts, or subsidies to speed the rehabilitation of our cities. These efforts should probably be directed primarily toward the smaller businesses; it is quite doubtful if the larger corporations need that kind of stimulation.

4. Tax Incentives to Private Efforts

In harmony with your philosophy, the Task Force on Federal Tax Policy claims that tax incentives can be a powerful means for enabling private enterprise to overcome many of the problems besetting ghettos and other poverty areas in our country.

The Task Force suggests that tax incentives be

directed toward the following objectives:

- (i) To attract new businesses to poverty areas.
- (ii) To encourage the active participation of those living in poverty areas as entrepreneurs and capitalists.
- (iii) To expand employment and improve job skills.
- (iv) To improve the housing of residents of poverty areas.

The Task Force suggests the following devices for promoting the objectives mentioned:

- (a) The poverty area payroll tax credit. This would amount to, say, 10 per cent of the increase in payrolls of businesses in certified poverty areas, to the extent that these increases represent increases in employment of poverty area residents.
- (b) On-the-job training tax credit. Under this proposal an employer newly affording or expanding a program of on-the-job training or apprenticeship would be allowed a credit against income tax equal to 50 per cent on the additional amount, up to \$80 per week, paid to the additional trainees or apprentices. (The payroll tax credit would be available to employers irrespective of the location of their facilities and without regard to the place of residence of