

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

December 18, 1970

MEMORANDUM FOR:

THE PRESIDENT

FROM:

DONALD RUMSFELD *DR*

SUBJECT:

Revenue-Sharing Decision

Recommendation: Do not introduce the dramatically expanded revenue-sharing proposal. Reintroduce the improved 1971 version of last year's Administration Revenue-Sharing Bill.

Comment: Despite the arguments against revenue-sharing, I support the concept. My reservations on the revenue-sharing concept are out-weighed by what I see to be the escalating inadequacy of the present federal mechanism to respond to the President's desires and to the needs of individual citizens.

Further, I believe the dramatically expanded revenue-sharing proposal is in the best interest of the Nation, and I favor it conceptually. I recommend against it because I do not believe that we are in a position to carry it off.

Premises:

1) A move this bold, to be successful (i. e. , perceived by the public as a credible, legitimate effort, even if not enacted), must maintain a degree of momentum. People do desire change. However, the proposal itself is not convincing enough to sustain momentum.

2) The forces against such a proposal will be powerful -- ridicule, an unattainable goal and therefore insincerity, dismantling government, guerrilla warfare by Federal employees, enraged interest groups, apoplectic Congressmen, frightened citizens. This would be crippling unless we gain and maintain the initiative.

3) Debate should be healthy in our society, but unless the Administration is capable of carrying its side in the debate, it will

merely signal that we have marked 30 or 40 programs (and their constituents) for extinction and leave a residue of suspicion.

Reasons:

I am not persuaded that we are capable of carrying it off unless, unbeknownst to me, there are answers to the following:

1) We lack an understanding of the proposal's effects, and, therefore, ready answers for the attacks. Such a major restructuring entails mechanical and technical problems. Technicians who could solve them cannot be expected to be with us. Their jobs are at stake. They will be magnifying the problems and feeding opposing groups with apparently sound arguments on why it would not work.

2) We lack a sufficient number of people capable of working loyally, aggressively, and skillfully to implement it; people available, with the contacts and the instincts for the task. Obtaining acceptance (not enactment, merely a credible effort) requires a network of contacts that run through the bureaucracy, the interest groups, and Congressional staffs. It requires a sensitivity to the workings of these groups so that reactions can be anticipated and pre-empted. We lack sufficient manpower competent to persuade, consult, negotiate, bleed a bit and market such a concept. We are not in complete control of the bureaucracy. Even if we were, the many constituents of the federal bureaucracy (including portions of state bureaucracies) do not believe we are in control, and are convinced that we are not in permanent control. They will mount extraordinary opposition. It would take a great deal of leadership to develop the "mental health" required of Administration people to sustain this battle.

3) No major proposal should go forward unless there is an understanding, on paper, as to the rationale for it -- why it is a good idea, how it would be communicated. We don't have it.

4) Finally, acceptance of this proposal would be possible if we were operating in a different social and political atmosphere. Conceivably, in an atmosphere of greater trust, the Administration would receive some benefit of the doubt. Unfortunately, we are working off a shallow base of confidence.