FOR IMMEDIATE RELEASE

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced his intention to nominate John Dickson Baldeschwieler to be Deputy Director of the Office of Science and Technology. He succeeds Hubert Heffner who has resigned in order to return to his duties at Stanford University.

Baldeschwieler, 37, is currently a Professor of Chemistry at Stanford University. He has been with the University since 1965. He became a full Professor in 1967. Previously, from 1960 to 1965, he was an Instructor and an Assistant Professor of Chemistry at Harvard University.

A native of Elizabeth, New Jersey, Baldeschwieler attended Cornell University (B. Chem. Eng., 1956) and University of California at Berkeley (Ph. D. (Phy. Chem.,)1959). While at Harvard, he was the recipient of an Alfred P. Sloan Foundation Fellowship (1962-1965). He was also the recipient in 1967, of the American Chemical Society Award in Pure Chemistry.

The President appointed Baldeschwieler to the President's Science Advisory Committee in May, 1969. He has served as Vice Chairman since May, 1970. He has also served as consultant to several companies and as a visiting lecturer at various universities abroad. He has contributed frequently to professional journals and been awarded several patents for his work in physical chemistry.

Baldeschwieler is married and has two children. He resides with his family in Portola Valley, California.

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EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF SCIENCE AND TECHNOLOGY Washington, D. C.

FOR A.M. RELEASE SEPTEMBER 1, 1971

Washington -- Presidential Science Adviser Edward E. David, Jr., today convened a meeting of all the science advisors to the Governors to discuss employment of scientists and engineers by state, regional, and local governments.

"The injection of scientific and technology personnel and expertise into the framework of state, municipal, county and other governmental units serves two purposes," Dr. David said.

One is the employment of scientists and engineers, an underutilized national resource of brainpower and advanced conceptual thinking. The other is the implementation of new techniques which smaller governmental units have been unable to evaluate or employ because of an inability to hire qualified personnel.

The Emergency Employment Act of 1971 makes it financially possible to put part of this reservoir of unemployed specialists into previously unfilled or undeveloped positions.

Dr. David pointed to the need for systems engineering concepts in such high cost problem areas as garbage and trash collection and disposal as but one way of making the solid waste problem amenable to solution. Other specialists with wide experience in computerized problem-solving can show governmental units how to get the most out of these expensive but largely underutilized machines by increasing both their flexibility and capabilities.

"These people have the ability to take complex problems apart, consider their components and make recommendations or conduct tests which can go a long way toward alleviating increasing tax rates through increased efficiency or new method, " he said.

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"These are but two areas in which our national reservoir of high technology and expertise can be applied to the pressing problems of society," David said. "Without a doubt, there are literally hundreds more."

The Science Adviser said the purpose of the September 1 meeting in Washington is to acquaint the governors' scientific and technical experts with the financial elements of the Employment Act so that the chief executives will be able to take optimal advantage of the funds being made available.

The meeting will be held in Room 2008 of the New Executive Office Building at 9:30 a.m. Representatives of the Office of Science and Technology and other government agencies will attend, along with the Science Adviser and William Mirengoff of the Department of Labor.

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(The meeting will be open for press coverage. No press conference is planned. The meeting is informational in character. Please call 395-3550 for press credentials if you plan to cover.)

EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF SCIENCE AND TECHNOLOGY Washington, D.C. 20506

Release: For use in A.M. of Monday, November 29, 1971 For further information contact: John H. Lannan Office of Science and Technology (202) 395-3514

John B. Walsh Named Special Assistant to Science Adviser and Senior Member of National Security Council Staff

WASHINGTON -- A former member of the Secretary of the Air Force's research and development staff and former assistant director of Columbia University's Electronic Research Laboratories has been appointed Special Assistant to the President's Science Adviser for national security matters.

John B. Walsh, 44, a key figure in the technological backgrounding for the Strategic Arms Limitation Talks (SALT), will hold a noteworthy joint appointment, Science Adviser Edward E. David, Jr., said today. He was simultaneously appointed as senior member of the National Security Council staff.

Walsh will work directly with David, himself an electronics and communications specialist, other members of the OST staff and with Dr. Henry Kissinger, Assistant to the President for National Security Affairs.

David is not only the Chairman of the President's Science Advisory Committee (PSAC) and the President's Science Adviser, he also chairs the Federal Council for Science and Technology (FCST), an intergovernmental group, and is Director of the White House Office Science and Technology.

Walsh is a specialist in computers, defense, radar and missile systems. As a member of the Columbia University faculty, he taught electronic theory and mathematics.

He was research deputy to the Assistant Secretary of the Air Force for Research and Development and last year won the Air Force Association's Citation of Honor as the Service's outstanding Civilian Employee of the Year.

In 1969, he won the Air Force Exceptional Civilian Service Award.

He has also authored a text in electromagnetic theory and its application and major articles on disarmament inspection techniques as well as contributions on electromagnetic radiation for both encyclopedias and textbooks.

Walsh is listed in "American Men of Science" and is a senior member of the Institute of Electrical and Electronic Engineers, the Society of Sigma Chi, Eta Kappa Nu, and the New York Academy of Sciences.

He and his wife, the former Marie Leclerc of Manchester, Connecticut, live in McLean, Virginia, with their three children.

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EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF SCIENCE AND TECHNOLOGY Washington, D. C. 20506

FOR IMMEDIATE RELEASE

ON AUGUST 23, 1971, PRESIDENT NIXON ISSUED A REVISED MEMORANDUM AND STATEMENT OF GOVERNMENT PATENT POLICY

On August 23, 1971, President Nixon issued a revised Memorandum and Statement of Government Patent Policy addressed to the Heads of the Executive Departments and Agencies. The revisions contained in the new Statement were based on the results of the studies and experience gained under the 1963 Policy Statement and provide a refinement and improvement of the Government's patent policy. The revisions will have the following impact on the allocation of rights and utilization of inventions resulting from Government-sponsored research and development.

- -- The heads of departments and agencies will have additional authority to grant ownership or exclusive use to their contractors on inventions arising from Government-funded research where it is deemed necessary to create an incentive for further development and marketing. Studies have shown that there were circumstances where such inventions would not reach the marketplace unless some period of exclusivity was provided the developer to recoup his private investment. Ownership or exclusive use to such inventions may also be granted the contractor where the equities of the Government are small when compared to the equities of the contractor.
- -- The Departments and Agencies of the Executive have been given additional guidance for promoting the utilization of Government-owned inventions. To encourage utilization, the Government may grant an exclusive license on some inventions where it is necessary to create an added incentive for further development and marketing. The General Services Administration will issue comprehensive patent licensing regulations to implement this policy.

In cases where the contractor acquires ownership to an invention resulting from research funded by the Government, the scope of the license acquired by the Government is now more definitive. While the license to the Government continues to include at least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency), the license includes a royalty-free nonexclusive license right to states and municipal governments only in those cases where the agency head determines the acquisition of such a license to be in the public interest. Heretofore, the scope of the license acquired by the Government with respect to the license to the states and municipal governments was not consistently interpreted.

-- For purposes of evaluating the administration and effectiveness of the policy and the desirability of further refinement or modification of the policy, the Departments and Agencies operating under the Statement will be required to record their actions on the disposition of invention rights and licensing practices.

A detailed explanation of the changes appearing in the revised Statement is attached.

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ERRATA

CORRECTS PAGE 2, FIRST PARAGRAPH

In cases where the contractor acquires ownership to an invention resulting from research funded by the Government, the scope of the license acquired by the Government is now more definitive. The nonexclusive, nontransferable, paidup license to make, use and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) is normally extended to States and domestic municipal governments, unless the agency head determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments. Heretofore, the scope of the license acquired by the Government with respect to the license to the states and municipal governments was not consistently interpreted.

EXPLANATION OF CHANGES

The following changes by section paragraphs with explanatory comments have been made in the Statement of Government Patent Policy. Language added is underscored and language deleted is set off in brackets.

Section l(a)(2)

(2) a principal purpose of the contract is for exploration into fields which directly concern the public health, <u>public safety</u> or public welfare; or

<u>Comments</u>: While the phrase "public health or public welfare" is sufficiently broad to include the concept of public safety, the Department of Transportation has requested specific language in this respect in view of the emphasis being given the safety program.

Section 1(a)

In exceptional circumstances the contractor may acquire greater rights than a nonexclusive license at the time of contracting, where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified [, where the invention when made in the course of or under the contract is not a primary object of the contract, provided] where the head of the department or agency determines that the acquisition of such greater rights is consistent with the intent of this Section 1(a) and is <u>either</u> a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application [.] <u>or the Government's contribu-</u> tion to the invention is small compared to that of the contractor. Where an identified invention made in the course of or under the contract is not a primary object of the contract, greater rights may also be acquired by the contractor under the criteria of Section 1(c).

<u>Comments:</u> As presently worded, the "exceptional circumstances" portion of Section 1(a) permits greater rights to be acquired by a contractor at the time of contracting to all inventions developed under the contract where the head of an agency certifies that such action will best serve the public interest. The Federal Council for Science and Technology has interpreted this language to include the concept of permitting a contractor to acquire greater rights to a single identified invention at the time of contracting as well. The "greater rights" portion of Section 1(a) also specifically permits the contractor to acquire greater rights to an identified invention made under the contract, but only where the invention is not the primary object of the contract.

Some agencies, although not all, have concluded that there is no authority for permitting a contractor to acquire greater rights to an identified invention made under the contract where the invention is a direct object of the contract. Such an interpretation might prevent, for example, the Department of Health, Education and Welfare from granting greater rights to a health invention, or the Department of Agriculture from granting such rights to an invention developed under one of their contracts. The Federal Council believed that the results of the Harbridge House Study demonstrate that, under certain circumstances, this type of invention will not be used commercially, and will, therefore, be unavailable to the public, unless some form of exclusivity can be granted. For this reason, the Council has recommended amendments to this portion of Section 1(a) which would permit the granting of greater rights to inventions that are the primary object of a contract where the head of the agency determines that such action would be consistent with the intent of this section, and is a necessary incentive to call forth private risk capital to commercialize the invention. .

In addition, the agency head is given the authority under these amendments to grant greater rights to identified inventions which may be the object of the contract where the Government's contribution to the invention is small or minor compared to that of the contractor, as long as such action would be consistent with the intent of Section 1(a). The Federal Council viewed this amendment as covering situations of the type dealt with under the exceptional circumstances provision, only on a case-bycase basis after the invention has been identified. It was recognized that the relative contributions may be so disproportionate as to make Government acquisition of principal or exclusive rights inequitable.

The Federal Council for Science and Technology also recommended amendments to this portion of Section 1(a) to permit the granting of greater rights to a contractor to identified inventions which are not the primary object of the contract under the less stringent criteria of Section 1(c) which would distribute invention rights on a case-by-case basis in a manner which would create the greatest likelihood that the invention would be developed and put into commercial use.

Section 1(b)

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology, to develop information, products, processes, or methods for use by the Government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions [, subject to the Government acquiring at least an irrevocable nonexclusive royalty-free license throughout the world for governmental purposes].

Comments: The language in this section defining the minimum rights which the Government shall acquire has been deleted, as the Federal Council for Science and Technology believed it would be more appropriate to cover the rights which the Government should acquire in a separate section. This has been accomplished through amendments to Section 1(h).

Some agencies have interpreted the language of this section as making it automatically applicable whenever the criteria are met, even though the contractor is not interested in acquiring patent rights. The Federal Council believed, however, that the words "shall normally acquire" are sufficiently broad as to permit an agency to apply the section only if the contractor has sufficient interest in acquiring patent rights to request them.

Section 1(c)

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in Section 1(b), above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy statement, taking particularly into account the intentions of the contractor to bring the invention to the point of commercial application and the guidelines of Section 1(a) hereof, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to acquire at the time of contracting greater rights than a nonexclusive license. [In any case the Government shall acquire at least a nonexclusive royalty-free license throughout the world for governmental purposes.] <u>Comments</u>: The Federal Council for Science and Technology concluded that the language of this section is sufficiently broad to include all of the factors identified in the Harbridge House Study as having an effect on fostering commercial utilization of inventions, including the consideration of the plans and intentions of the Government, as well as those of the contractor. Accordingly, no recommendation has been made to change this section, except to delete the last sentence defining the minimum rights reserved to the Government, which are now included in Section 1(h).

Section 1(e)

(e) Where the principal or exclusive [(except as against the Government)] rights in an invention remain in the contractor, he should agree to provide written reports at reasonable intervals, when requested by the Government, on the commercial use that is being made or is intended to be made of inventions made under Government contracts.

<u>Comments</u>: This section has been amended only to delete the parenthetical phrase "except as against the Government" as this phrase is no longer necessary in view of the amendments to Section 1(h).

Section 1(f)

(f) Where the principal or exclusive [(except as against the Government)] rights in an invention remain in the contractor, unless the contractor, his licensee, or his assignee has taken effective steps within three years after a patent issues on the invention to bring the invention to the point of practical application or has made the invention available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why he should retain the principal or exclusive rights for a further period of time, the Government shall have the right to require the granting of a nonexclusive or exclusive license to [an] a responsible applicant(s) on [a nonexclusive royaltyfree basis.] terms that are reasonable under the circumstances.

<u>Comments</u>: The Federal Council for Science and Technology has recommended that this section be amended to permit the Government to require a contractor to grant licenses on terms that are reasonable under the circumstances, rather than on a "nonexclusive royalty-free basis." Although the granting of nonexclusive licenses may in some cases be sufficient to encourage commercialization of an invention; in other cases, some degree of exclusivity may be necessary. Accordingly, the language as amended is sufficiently broad to permit a requirement that the contractor grant an exclusive, as well as a nonexclusive license. The language of this section has also been amended to require the contractor to grant licenses only to applicants who appear to be responsible, and who would appear to have the ability to utilize the invention. In addition, the parenthetical phrase "except as against the Government" has been deleted in view of the amendments to Section 1(h).

Section 1(g)

(g) Where the principal or exclusive [(except as against the Government)] rights to an invention are acquired by the contractor, the Government shall have the right to require the granting of a <u>nonexclusive or exclusive license</u> to [an] <u>a responsible applicant(s)</u> [royalty-free or] on terms that are reasonable in the circumstances (i) to the extent that the invention is required for public use by governmental regulations, or (ii) as may be necessary to fulfill health or safety needs, or (iii) for other public purposes stipulated in the contract.

<u>Comments</u>: The Federal Council for Science and Technology has recommended the deletion of the phrase "royalty-free" in view of the fact that the application of this section is not predicated on the fact that the contractor himself is not using the invention. In extreme cases, however, the Federal Council believed that the phrase "on terms that are reasonable in the circumstances" could be interpreted broadly enough to include a royalty-free license. This section has also been amended to require licensing only to "responsible" applicants. The addition of "safety" needs was made to clarify the application of this provision to purposes of safety. The parenthetical phrase "except as against the Government" has been deleted in view of the amendments to Section 1(h).

Section 1(h)

(h) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire, in addition to the rights set forth in Sections 1(c), 1(f), and 1(g),

(1) at least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and (2) the right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head determines it would be in the national interest to acquire this right; and

(3) the principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

Comments: The license rights of the Government and the contractor originally set forth in Sections 1(a), (b), (c), (e), (f), (g), and (h) are now set forth in Sections 1(h) and (i). Section 1(h) covers the situation where the principal or exclusive rights remain in the contractor.

Section 1(h) has been amended to include the minimum rights to be retained by the Government in all cases where the contractor has been given principal or exclusive rights to an invention.

Section 1(h)(1) defines the scope of the license that the Government shall normally acquire both for its own use as well as for use by States and municipal governments. A license for use by the States and domestic municipal governments is normally acquired, unless the agency head determines that it is not in the public interest to do so. Section 1(h)(1) as amended spells out the meaning of the definition of "governmental purposes", and therefore, that phrase no longer appears in the Policy Statement.

Section 1(i)

(i) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable nonexclusive royalty-free license for the practice of the invention throughout the world; an agency may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government has a right to acquire the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the Government may permit the contractor to acquire such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in Section 1(h).

<u>Comments</u>: The license rights of the Government and the contractor originally set forth in Sections 1(a), (b), (c), (e), (f), (g), and (h) are now set forth in Sections 1(h) and (i). Section 1(i) covers the situation where the principal or exclusive rights are acquired by the Government. Section 1(i) defines the rights that may be retained by the contractor where the Government acquires the principal or exclusive rights. The language does not require an agency to give the contractor an irrevocable license, as those agencies interested in conducting a licensing program, including the granting of limited exclusive licenses, wanted to retain authority to revoke the contractor's nonexclusive license if he failed to work the invention and others were willing to do so on an exclusive license basis.

Section 2

Section 2. Under regulations prescribed by the Administrator of General Services, Government-owned patents shall be made available and the technological advances covered thereby brought into being in the shortest time possible through dedication or licensing, either exclusive or nonexclusive, and shall be listed in official Government publications or otherwise.

<u>Comments</u>: Section 2 has been amended to insure that the licensing recommended in this section is interpreted as being broad enough to include some form of exclusive as well as nonexclusive rights. The Harbridge House Study clearly showed that there are circumstances under which some degree of exclusivity will be necessary in order to achieve commercial utilization of some inventions. A provision has been added for the Administrator of General Services to issue Government-wide comprehensive patent licensing regulations for essential uniformity of policies, procedures, and practices by Federal agencies.

Section 3

Section 3. The Federal Council for Science and Technology in consultation with the Department of Justice shall prepare at least annually a report concerning the effectiveness of this policy, including recommendations for revision or modification as necessary in light of the practices and determinations of the agencies in the disposition of patent rights under their contracts. [A Patent Advisory Panel is to be established under] The Federal Council for Science and Technology shall continue to

(a) develop by mutual consultation and coordination with the agencies common guidelines for the implementation of this policy, consistent with existing statutes, and to provide overall guidance as to disposition of inventions and patents in which the Government has any right or interest; and

(b) [encourage the acquisition of data by] acquire data from the Government agencies on the disposition of patent rights to inventions resulting from federally financed research and development and on the use and practice of such inventions to serve as bases for policy review and development; and

(c) make recommendations for advancing the use and exploitation of Government-owned domestic and foreign patents.

Each agency shall record the basis for its actions with respect to inventions and appropriate contracts under this statement.

<u>Comments</u>: Responsibility for administering the policy statement has been placed directly on the Federal Council for Science and Technology; the acquisition of data from agencies is specifically required with respect to the disposition of patent rights to inventions; and the requirement is placed on each agency to establish necessary records of its actions under the policy statement.

Section 4(a)

(a) Government agency--includes any executive department, independent commission, board, office, agency, administration, authority, <u>Government corporation</u>, or other Government establishment of the executive branch of the Government of the United States of America.

Comments: The words "Government corporation" were added to the definition of Government agency to insure that the license reserved to the United States under Section 1(h) would include a Government corporation.

Section 4(b)

(b) States--means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam and the Trust Territory of the Pacific Islands.

Comments: This definition has been added to clarify the meaning of the word "State" appearing in revised Section 1(h). The definition was added since it was considered useful in defining the scope of the license coverage running to the States.

Section 4(f)

[(f) Governmental purpose--means the right of the Government of the United States (including any agency thereof, State, or domestic municipal government) to practice and have practiced (make or have made, use or have used, sell or have sold) throughout the world by or on behalf of the Government of the United States.]

<u>Comments</u>: The term "governmental purposes" appears in Section 1(h) of the 1963 Presidential Policy Statement. Since Section 1(h) has been revised and no longer contains this phrase, the definition has been canceled.

Section 4 paragraphs (b), (c), (d), and (e) have been renumbered (c), (d), (e) and (f), respectively.

FOR IMMEDIATE RELEASE

AUGUST 23, 1971

Standard and

Office of the White House Press Secretary (San Clemente, California)

THE WHITE HOUSE

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

On October 10, 1963, President Kennedy forwarded to the Heads of Executive Departments and Agencies a Memorandum and Statement of Government Patent Policy for their guidance in determining the disposition of rights to inventions made under Government-sponsored grants and contracts. On the basis of the knowledge and experience then available, this Statement first established Government-wide objectives and criteria, within existing legislative constraints, for the allocation of rights to inventions between the Government and its contractors.

It was recognized that actual experience under the Policy could indicate the need for revision or modification. Accordingly, a Patent Advisory Panel was established under the Federal Council for Science and Technology for the purpose of assisting the agencies in implementing the Policy, acquiring data on the agencies' operations under the Policy, and making recommendations regarding the utilization of Government-owned patents. In December 1965, the Federal Council established the Committee on Government Patent Policy to assess how this Policy was working in practice, and to acquire and analyze additional information that could contribute to the reaffirmation or modification of the Policy.

The efforts of both the Committee and the Panel have provided increased knowledge of the effects of Government patent policy on the public interest. More specifically, the studies and experience over the past seven years have indicated that:

(a) A single presumption of ownership of patent rights to Government-sponsored inventions either in the Government or in its contractors is not a satisfactory basis for Government patent policy, and that a flexible, Government-wide policy best serves the public interest.

(b) The commercial utilization of Government-sponsored inventions, the participation of industry in Government research and development programs, and commercial competition can be influenced by the following factors: the mission of the contracting agency; the purpose and nature of the contract; the commercial applicability and market potential of the invention; the extent to which the invention is developed by the contracting agency; the promotional activities of the contracting agency; the commercial orientation of the contracting agency; the commercial orientation of the contracting agency; and the size, nature and research orientation of the pertinent industry.

(c) In general, the above factors are reflected in the basic principles of the 1963 Presidential Policy Statement.

Based on the results of the studies and experience gained under the 1963 Policy Statement certain improvements in the Policy have been recommended which would provide (1) agency heads with additional authority to permit contractors to obtain greater rights to inventions where necessary to achieve utilization or where equitable circumstances would justify such allocation of rights,

(2) additional guidance to the agencies in promoting the utilization of Government-sponsored inventions, (3) clarification of the rights of States and municipal governments in inventions in which the Federal Government acquires a license, and (4) a more definitive data base for evaluating the administration and effectiveness of the Policy and the feasibility and desirability of further refinement or modification of the Policy.

I have approved the above recommendations and have attached a revised Statement of Government Patent Policy for your guidance. As with the 1963 Policy Statement, the Federal Council shall make a continuing effort to record, monitor and evaluate the effects of this Policy Statement. A Committee on Government Patent Policy, operating under the aegis of the Federal Council for Science and Technology, shall assist the Federal Council in these matters.

This memorandum and statement of policy shall be published in the Federal Register.

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/s/ Richard Nixon

THE WHITE HOUSE

WASHINGTON

August 23, 1971

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

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(b) The commercial utilization of Government-sponsored inventions, the participation of industry in Government research and development programs, and commercial competition can be influenced by the following factors: the mission of the contracting agency; the purpose and nature of the contract; the commercial applicability and market potential of the invention; the extent to which the invention is developed by the contracting agency; the promotional activities of the contracting agency; the commercial orientation of the contractor and the extent of his privately financed research in the related technology; and the size, nature and research orientation of the pertinent industry;

(c) In general, the above factors are reflected in the basic principles of the 1963 Presidential Policy Statement.

Based on the results of the studies and experience gained under the 1963 Policy Statement certain improvements in the Policy have been recommended which would provide (1) agency heads with additional authority to permit contractors to obtain greater rights to inventions where necessary to achieve utilization or where equitable circumstances would justify such allocation of rights, (2) additional guidance to the agencies in promoting the utilization of Government-sponsored inventions, (3) clarification of the rights of States and municipal governments in inventions in which the Federal Government acquires a license, and (4) a more definitive data base for evaluating the administration and effectiveness of the Policy and the feasibility and desirability of further refinement or modification of the Policy.

I have approved the above recommendations and have attached a revised Statement of Government Patent Policy for your guidance. As with the 1963 Policy Statement, the Federal Council shall make a continuing effort to record, monitor and evaluate the effects of this Policy Statement. A Committee on Government Patent Policy, operating under the aegis of the Federal Council for Science and Technology, shall assist the Federal Council in these matters.

This memorandum and statement of policy shall be published in the Federal Register.

Attachment

STATEMENT OF GOVERNMENT PATENT POLICY

BASIC CONSIDERATIONS

A. The Government expends large sums for the conduct of research and development which results in a considerable number of inventions and discoveries.

B. The inventions in scientific and technological fields resulting from work performed under Government contracts constitute a valuable national resource.

C. The use and practice of these inventions and discoveries should stimulate inventors, meet the needs of the Government, recognize the equities of the contractor, and serve the public interest.

D. The public interest in a dynamic and efficient economy requires that efforts be made to encourage the expeditious development and civilian use of these inventions. Both the need for incentives to draw forth private initiatives to this end, and the need to promote healthy competition in industry must be weighed in the disposition of patent rights under Government contracts. Where exclusive rights are acquired by the contractor, he remains subject to the provisions of the antitrust laws.

E. The public interest is also served by sharing of benefits of Government-financed research and development with foreign countries to a degree consistent with our international programs and with the objectives of U. S. foreign policy.

F. There is growing importance attaching to the acquisition of foreign patent rights in furtherance of the interests of U. S. industry and the Government.

G. The prudent administration of Government research and development calls for a Government-wide policy on the disposition of inventions made under Government contracts reflecting common principles and objectives, to the extent consistent with the missions of the respective agencies. The policy must recognize the need for flexibility to accommodate special situations.

POLICY

SECTION 1. The following basic policy is established for all Government agencies with respect to inventions or discoveries made in the course of or under any contract of any Government agency, subject to specific statutes governing the disposition of patent rights of certain Government agencies.

(a) Where

. .

(1) a principal purpose of the contract is to create, develop or improve products, processes, or methods which are intended for commercial use (or which are otherwise intended to be made available for use) by the general public at home or abroad, or which will be required for such use by governmental regulations; or

(2) a principal purpose of the contract is for exploration into fields which directly concern the public health, public safety, or public welfare; or

(3) the contract is in a field of science or technology in which there has been little significant experience outside of work funded by the Government, or where the Government has been the principal developer of the field, and the acquisition of exclusive rights at the time of contracting might confer on the contractor a preferred or dominant position; or

- (4) the services of the contractor are
 - (i) for the operation of a Government-owned research or production facility; or
 - (ii) for coordinating and directing the work of others,

the Government shall normally acquire or reserve the right to acquire the principal or exclusive rights throughout the world in and to any inventions made in the course of or under the contract.

In exceptional circumstances the contractor may acquire greater rights than a nonexclusive license at the time of contracting where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified where the head of the department or agency determines that the acquisition of such greater rights is consistent with the intent of this Section 1(a) and is either a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application or that the Government's contribution to the invention is small compared to that of the contractor. Where an identified invention made in the course of or under the contract is not a primary object of the contract, greater rights may also be acquired by the contractor under the criteria of Section 1(c).

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology, to develop information, products, processes, or methods for use by the Government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions.

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in Section 1(b) above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy statement, taking particularly into account the intentions of the contractor to bring the invention to the point of commercial application and the guidelines of Section 1(a) hereof, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to acquire at the time of contracting greater rights than a nonexclusive license.

(d) In the situations specified in Sections 1(b) and 1(c), when two or more potential contractors are judged to have presented proposals of equivalent merit, willingness to grant the Government principal or exclusive rights in resulting inventions will be an additional factor in the evaluation of the proposals.

(e) Where the principal or exclusive rights in an invention remain in the contractor, he should agree to provide written reports at reasonable intervals, when requested by the Government, on the commercial use that is being made or is intended to be made of inventions made under Government contracts. (f) Where the principal or exclusive rights in an invention remain in the contractor, unless the contractor, his licensee, or his assignee has taken effective steps within three years after a patent issues on the invention to bring the invention to the point of practical application or has made the invention available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why he should retain the principal or exclusive rights for a further period of time, the Government shall have the right to require the granting of a nonexclusive or exclusive license to a responsible applicant(s) on terms that are reasonable under the circumstances.

(g) Where the principal or exclusive rights to an invention are acquired by the contractor, the Government shall have the right to require the granting of a nonexclusive or exclusive license to a responsible applicant(s) on terms that are reasonable in the circumstances (i) to the extent that the invention is required for public use by governmental regulations, or (ii) as may be necessary to fulfill health or safety needs, or (iii) for other public purposes stipulated in the contract.

(h) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire, in addition to the rights set forth in Sections 1(e), 1(f), and 1(g),

(1) at least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and

(2) the right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head determines it would be in the national interest to acquire this right; and

(3) the principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

(i) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable nonexclusive royalty-free license for the

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practice of the invention throughout the world; an agency may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government has a right to acquire the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the Government may permit the contractor to acquire such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in Section 1(h).

SECTION 2. Under regulations prescribed by the Administrator of General Services, Government-owned patents shall be made available and the technological advances covered thereby brought into being in the shortest time possible through dedication or licensing, either exclusive or nonexclusive, and shall be listed in official Government publications or otherwise.

SECTION 3. The Federal Council for Science and Technology in consultation with the Department of Justice shall prepare at least annually a report concerning the effectiveness of this policy, including recommendations for revision or modification as necessary in light of the practices and determinations of the agencies in the disposition of patent rights under their contracts. The Federal Council for Science and Technology shall continue to

(a) develop by mutual consultation and coordination with the agencies common guidelines for the implementation of this policy, consistent with existing statutes, and to provide overall guidance as to disposition of inventions and patents in which the Government has any right or interest; and

(b) acquire data from the Government agencies on the disposition of patent rights to inventions resulting from federally financed research and development and on the use and practice of such inventions to serve as bases for policy review and development; and

(c) make recommendations for advancing the use and exploitation of Government-owned domestic and foreign patents.

Each agency shall record the basis for its actions with respect to inventions and appropriate contracts under this statement. SECTION 4. Definitions: As used in this policy statement, the stated terms in singular and plural are defined as follows for the purposes hereof:

(a) <u>Government agency</u>-includes any executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the executive branch of the Government of the United States of America.

(b) <u>States--means</u> the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam and the Trust Territory of the Pacific Islands.

(c) Invention, or Invention or discovery--includes any art, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(d) <u>Contractor</u>--means any individual, partnership, public or private corporation, association, institution, or other entity which is a party to the contract.

(e) <u>Contract</u>-means any actual or proposed contract, agreement, grant, or other arrangement, or subcontract entered into with or for the benefit of the Government where a purpose of the contract is the conduct of experimental, developmental, or research work.

(f) Made--when used in relation to any invention or discovery means the conception or first actual reduction to practice of such invention in the course of or under the contract.

(g) To the point of practical application--means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public. EMBARGOED FOR RELEASE UNTIL 12:00 NOON, EST January 26, 1973

Ress felence WHITEHOUSE?

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

On January 5 I announced a three-part program to streamline the executive branch of the Federal Government. By concentrating less responsibility in the President's immediate staff and more in the hands of the departments and agencies, this program should significantly improve the services of the Government. I believe these reforms have become so urgently necessary that I intend, with the cooperation of the Congress, to pursue them with all of the resources of my office during the coming year.

The first part of this program is a renewed drive to achieve passage of my legislative proposals to overhaul the Cabinet departments. Secondly, I have appointed three Cabinet Secretaries as Counsellors to the President with coordinating responsibilities in the broad areas of human resources, natural resources, and community development, and five Assistants to the President with special responsibilities in the areas of domestic affairs, economic affairs, foreign affairs, executive management, and operations of the White House.

The third part of this program is a sharp reduction in the overall size of the Executive Office of the President and a reorientation of that office back to its original mission as a staff for top-level policy formation and monitoring of policy execution in broad functional areas. The Executive Office of the President should no longer be encumbered with the task of managing or administering programs which can be run more effectively by the departments and agencies. I have therefore concluded that a number of specialized operational and program functions should be shifted out of the Executive Office into the line departments and agencies of the Government. Reorganization Plan No. 1 of 1973, transmitted herewith, would effect such changes with respect to emergency preparedness functions and scientific and technological affairs.

STREAMLINING THE FEDERAL SCIENCE ESTABLISHMENT

When the National Science Foundation was established by an act of the Congress in 1950, its statutory responsibilities included evaluation of the Government's scientific research programs and development of basic science policy. In the late 1950's, however, with the effectiveness of the U.S. science effort under serious scrutiny as a result of Sputnik, the post of Science Adviser to the President was established. The White House became increasingly involved in the evaluation and coordination of research and development programs and in science policy matters, and that involvement was institutionalized in 1962 when a reorganization plan established the Office of Science and Technology within the Executive Office of the President, through transfer of authorities formerly vested in the National Science Foundation. With advice and assistance from OST during the past decade, the scientific and technological capability of the Government has been markedly strengthened. This Administration is firmly committed to a sustained, broad-based national effort in science and technology, as I made plain last year in the first special message on the subject ever sent by a President to the Congress. The research and development capability of the various executive departments and agencies, civilian as well as defense, has been upgraded. The National Science Foundation has broadened from its earlier concentration on basic research support to take on a significant role in applied research as well. It has matured in its ability to play a coordinating and evaluative role within the Government and between the public and private sectors.

I have therefore concluded that it is timely and appropriate to transfer to the Director of the National Science Foundation all functions presently vested in the Office of Science and Technology, and to abolish that office. Reorganization Plan No. 1 would effect these changes.

The multi-disciplinary staff resources of the Foundation will provide analytic capabilities for performance of the transferred functions. In addition, the Director of the Foundation will be able to draw on expertise from all of the Federal agencies, as well as from outside the Government, for assistance in carrying out his new responsibilities.

It is also my intention, after the transfer of responsibilities is effected, to ask Dr. H. Guyford Stever, the current Director of the Foundation, to take on the additional post of Science Adviser. In this capacity, he would advise and assist the White House, Office of Management and Budget, Domestic Council, and other entities within the Executive Office of the President on matters where scientific and technological expertise is called for, and would act as the President's representative in selected cooperative programs in international scientific affairs, including chairing such joint bodies as the U.S.-U.S.S.R. Joint Commission on Scientific and Technical Cooperation.

In the case of national security, the Department of Defense has strong capabilities for assessing weapons needs and for undertaking new weapons development, and the President will continue to draw primarily on this source for advice regarding military technology. The President in special situations also may seek independent studies or assessments concerning military technology from within or outside the Federal establishment using the machinery of the National Security Council for this purpose, as well as the Science Adviser when appropriate.

In one special area of technology -- space and aeronautics -- a coordinating council has existed within the Executive Office of the President since 1958. This body, the National Aeronautics and Space Council, met a major need during the evolution of our nation's space program. Vice President Agnew has served with distinction as its chairman for the past four years. At my request, beginning in 1969, the Vice President also chaired a special Space Task Group charged with developing strategy alternatives for a balanced U.S. space program in the coming years.

As a result of this work, basic policy issues in the United States space effort have been resolved, and the necessary interagency relationships have been established. I have therefore concluded, with the Vice President's concurrence, that the Council can be discontinued. Needed policy coordination can now be achieved through the resources of the executive departments and agencies, such as the National Aeronautics and Space Administration, augmented by some of the former Council staff. Accordingly, my reorganization plan proposes the abolition of the National Aeronautics and Space Council.

A NEW APPROACH TO EMERGENCY PREPAREDNESS

The organization within the Executive Office of the President which has been known in recent years as the Office of Emergency Preparedness dates back, through its numerous predecessor agencies, more than 20 years. It has performed valuable functions in developing plans for emergency preparedness, in administering Federal disaster relief, and in overseeing and assisting the agencies in this area.

OEP's work as a coordinating and supervisory authority in this field has in fact been so effective -- particularly under the leadership of General George A. Lincoln, its director for the past four years, who retired earlier this month after an exceptional military and public service career -that the line departments and agencies which in the past have shared in the performance of the various preparedness functions now possess the capability to assume full responsibilitity for those functions. In the interest of efficiency and economy, we can now further streamline the Executive Office of the President by formally relocating those responsibilities + and closing the Office of Emergency Preparedness.

I propose to accomplish this reform in two steps. First, Reorganization Plan No. 1 would transfer to the President all functions previously vested by law in the Office or its Director, except the Director's role as a member of the National Security Council, which would be abolished; and it would abolish the Office of Emergency Preparedness.

The functions to be transferred to the President from OEP are largely incidental to emergency authorities already vested in him. They include functions under the Disaster Relief Act of 1970; the function of determining whether a major disaster has occurred within the meaning of (1) Section 7 of the Act of September 30, 1950, as amended, 20 U.S.C. 241-1, or (2) Section 762 (a) of the Higher Education Act of 1965, as added by Section 161 (a) of the Education Amendments of 1972, Public Law 92-318, 86 Stat. 288 at 299 (relating to the furnishing by the Commissioner of Education of disaster relief assistance for educational purposes); and functions under Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862), with respect to the conduct of investigations to determine the effects on national security of the importation of certain articles.

The Civil Defense Advisory Council within OEP would also be abolished by this plan, as changes in domestic and international conditions since its establishment in 1950 have now obviated the need for a standing council of this type. Should advice of the kind the Council has provided be required again in the future, State and local officials and experts in the field can be consulted on an ad hoc basis.

Secondly, as soon as the plan became effective, I would delegate OEP's former functions as follows:

- -- All OEP responsibilities having to do with preparedness for and relief of civil emergencies and disasters would be transferred to the Department of Housing and Urban Development. This would provide greater field capabilities for coordination of Federal disaster assistance with that provided by States and local communities, and would be in keeping with the objective of creating a broad, new Department of Community Development.
- -- OEP's responsibilities for measures to ensure the continuity of civil government operations in the event of major military attack would be reassigned to the General Services Administration, as would responsibility for resource mobilization including the management of national security stockpiles, with policy guidance in both cases to be provided by the National Security Council, and with economic considerations relating to changes in stockpile levels to be coordinated by the Council on Economic Policy.
- -- Investigations of imports which might threaten the national security -- assigned to OEP by Section 232 of the Trade Expansion Act of 1962 -- would be reassigned to the Treasury Department, whose other trade studies give it a ready-made capability in this field; the National Security Council would maintain its supervisory role over strategic imports.

Those disaster relief authorities which have been reserved to the President in the past, such as the authority to declare major disasters, will continue to be exercised by him under these new arrangements. In emergency situations calling for rapid interagency coordination, the Federal response will be coordinated by the Executive Office of the President under the general supervision of the Assistant to the President in charge of executive management.

The Oil Policy Committee will continue to function as in the past, unaffected by this reorganization, except that I will designate the Deputy Secretary of the Treasury as chairman in place of the Director of OEP. The Committee will operate under the general supervision of the Assistant to the President in charge of economic affairs.

DECLARATIONS

After investigation, I have found that each action included in the accompanying reorganization plan is necessary to accomplish one or more of the purposes set forth in Section 901 (a) of title 5 of the United States Code. In particular, the plan is responsive to the intention of the Congress as expressed in Section 901 (a) (1), "to promote better execution of the laws, more effective management of the executive branch and of its agencies and functions, and expeditious administration of the public business;" and in Section 901 (a) (3), "to increase the efficiency of the operations of the Government to the fullest extent practicable;" and in Section 901 (a) (5), "to reduce the number of agencies by consolidating those having similar functions as may not be necessary for the efficient conduct of the Government."

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While it is not practicable to specify all of the expenditure reductions and other economies which will result from the actions proposed, personnel and budget savings from abolition of the National Aeronautics and Space Council and the Office of Science and Technology alone will exceed \$2 million annually, and additional savings should result from a reduction of Executive Pay Schedule positions now associated with other transferred and delegated functions.

The plan has as its one logically consistent subject matter the streamlining of the Executive Office of the President and the disposition of major responsibilities currently conducted in the Executive Office of the President, which can better be performed elsewhere or abolished.

The functions which would be abolished by this plan, and the statutory authorities for each, are:

- the functions of the Director of the Office of Emergency Preparedness with respect to being a member of the National Security Council (Sec. 101, National Security Act of 1947, as amended, 50 U.S.C. 402; and Sec. 4, Reorganization Plan No. 1 of 1958);
- (2) the functions of the Civil Defense Advisory Council (Sec. 102 (a) Federal Civil Defense Act of 1950; 50 U.S.C. App. 2272 (a)); and
- (3) the functions of the National Aeronautics and Space Council (Sec. 201, National Aeronautics and Space Act of 1958; 42 U.S.C. 24/1).

The proposed reorganization is a necessary part of the restructuring of the Executive Office of the President. It would provide through the Director of the National Science Foundation a strong focus for Federal efforts to encourage the development and application of science and technology to meet national needs. It would mean better preparedness for and swifter response to civil emergencies, and more reliable precautions against threats to the national security. The leaner and less diffuse Presidential staff structure which would result would enhance the President's ability to do his job and would advance the interests of the Congress as well.

I am confident that this reorganization plan would significantly increase the overall efficiency and effectiveness of the Federal Government. I urge the Congress to allow it to become effective.

RICHARD NIXON

THE WHITE HOUSE,

January 26, 1973.

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REORGANIZATION PLAN NO. 1 OF 1973

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, January 26, 1973, pursuant to the provisions of Chapter 9 of Title 5 of the United States Code.

EXECUTIVE OFFICE OF THE PRESIDENT

Section 1. Transfer of functions to the President. Except as provided in section 3(a)(2) of this reorganization plan, there are hereby transferred to the President of the United States all functions vested by law in the Office of Emergency Preparedness or the Director of the Office of Emergency Preparedness after the effective date of Reorganization Plan No. 1 of 1958.

Sec. 2. Transfer of functions to the Director, National Science Foundation. There are hereby transferred to the Director of the National Science Foundation all functions vested by law in the Office of Science and Technology or the Director or Deputy Director of the Office of Science and Technology.

Sec. 3. Abolitions. (a) The following are hereby abolished:

(1) The Office of Emergency Preparedness including the offices of Director, Deputy Director, and all offices of Assistant Director, and Regional Director of the Office of Emergency Preparedness provided for by sections 2 and 3 of Reorganization Plan No. 1 of 1958 (5 U.S.C., App).

(2) The functions of the Director of the Office of Emergency Preparedness with respect to being a member of the National Security Council.

(3) The Civil Defense Advisory Council, created by section 102(a) of the Federal Civil Defense Act of 1950
(50 U.S.C. App. 2272(a)), together with its functions.

(4) The National Aeronautics and Space Council, created by section 201 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2471), including the office of Executive Secretary of the Council, together with its functions.

(5) The Office of Science and Technology, including the offices of Director and Deputy Director, provided for by sections 1 and 2 of Reorganization Plan No. 2 of 1962 (5 U.S.C., App).

(b) The Director of the Office of Management and Budget shall make such provisions as he shall deem necessary respecting the winding up of any outstanding affairs of the agencies abolished by the provisions of this section.

Sec. 4. Incidental transfers. (a) So much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with the functions transferred by sections 1 and 2 of this reorganization plan as the Director of the Office of Management and Budget shall determine shall be transferred at such time or times as he shall direct for use in connection with the functions transferred.

....

(b) Such further measures and dispositions as the Director of the Office of Management and Budget shall deem to be necessary in order to effectuate the transfers referred to in subsection (a) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

Sec. 5. Effective Date. The provisions of this reorganization plan shall take effect as provided by section 906(a) of title 5 of the United States Code, or on July 1, 1973, whichever is later.

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FOR IMMEDIATE RELEASE

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced his intention to nominate Thomas K. Glennan, Jr., of McLean, Virginia, to be Director of the National Institute of Education, a new position created by the Education Amendments of 1972. Mr. Glennan is currently serving as Director of the Office of Planning, Research and Evaluation, Office of Economic Opportunity.

Mr. Glennan was born January 18, 1935. He received his B.A. degree from Swarthmore College in 1957, his M.S. degree from the Massachusetts Institute of Technology in 1959, and his Ph.D. from Stanford University in 1968.

After serving the RAND Corporation as a Senior Economist from 1961 to 1969, Mr. Glennan joined the Office of Economic Opportunity as Director of its Research Division. He remained in that position from August 1969 to October 1970, when he became Director of the Office of Research and Evaluation. In July 1972 he assumed his present title.

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FOR I MMEDIATE RELEASE

SEPTEMBER 28, 1972

Office of the White House Press Secretary (Los Angeles, California)

THE WHITE HOUSE

FACT SHEET

CONQUEST OF CANCER

Earlier Actions Conquest of Cancer

1. On January 22, 1971 the President announced in the State of the Union Message that he would seek an additional \$100 million for cancer research.

2. On May 11, 1971 the President announced that legislation was being sent to the Congress to establish a cancer cure program within the National Institutes of Health, with the Director of the new agency reporting directly to the President.

3. On May 26, 1971 the President commended the Congress for including his request for an additional \$100 million to launch an intensive campaign to find a cure for cancer in the Second Supplemental Appropriation bill which he signed on May 25, 1971. This additional \$100 million, when added to the regular FY '72 appropriation, gave the National Cancer Institute a \$337.5 million compared to \$180 million during the first half of FY '72.

4. On October 18, 1971 the President announced that the Army's Biological Defense Research Center at Fort Detrick, Maryland would be converted into a leading center for Cancer Research as part of the major campaign to conquer cancer.

5. On December 23, 1971 the President signed the National Cancer Act of 1971. The Act provided increased authorities and responsibilities for the Director of the National Cancer Institute, who will report directly to the President on matters concerning the programs and the budget of the National Cancer Institute. The Act authorized the Director of the National Cancer Institute, which will be located within the National Institutes of Health, to:

- Plan and develop an expanded, intensified, and coordinated cancer research program encompassing the programs of the National Cancer Institute, related programs of the other research institutes, and other Federal and non-Federal programs, with the advice of the National Cancer Advisory Board.

The Act also authorizes the establishment of 15 new centers for clinical research, training, and demonstration of advanced diagnostic and treatment methods related to cancer is authorized.

Additional provisions of the Act include:

a. The Directors of the National Institutes of Health and of the National Cancer Institute are to be appointed by the President.

b. A three-member Cancer Panel, to be appointed by the President, will monitor the national cancer program and report directly to the President.

c. The President will receive from the Director of the National Cancer Institute a scientific review of the program each year and a plan for the program during the next five years. d. The President will carry out and submit to Congress an administrative review within 1 year of the legislation's enactment with recommendations for any needed legislative changes.

e. The budget of the National Cancer Institute will go directly from the Director of the National Cancer Institute to the President with opportunity for comment, but not change, by the Secretary of the Department of Health, Education, and Welfare, the Director of the National Institutes of Health, and the National Cancer Advisory Board. Appropriated funds will go directly from the President and Office of Management and Budget to the National Cancer Institute.

f. The President is authorized to seek additional funds for the cancer effort from the Congress if necessary to pursue immediately any development in the national cancer program.

The National Cancer Advisory Board will be composed of 23 members -- 18 appointed by the President -- not more than 12 of whom may be scientists and physicians among the leading authorities in the cancer field. Also on the board will be five Federal officials who shall serve ex officio.

The President's Cancer Panel will make periodic progress reports directly to the President. At least two members must be distinguished scientists or physicians.¹¹ It will meet at the call of the chairman but not less than 12 times a year.

On January 31, 1972 the President appointed the three members to the Cancer Panel - Benno C. Schmidt, Chairman, Dr. Robert A. Good and Dr. R. Lee Clark.

On March 7, 1972 the President appointed the 23 members of the National Cancer Advisory Board.

On April 26, 1972 the President asked the Congress that an additional \$40 million be appropriated for cancer research.

6. On May 5, 1972 President Nixon met with Frank J. Rauscher, Jr. and appointed him as Director of the National Cancer Institute.

7. During President Nixon's visit to the USSR in May of this year a Joint Health Agreement highlighting cooperative research in the cancer field was signed by Secretary of State William P. Rogers and the USSR Minister of Health Boris Petrovsky on May 23, 1972.

8. On August 8 Soviet Health Minister Boris Petrovsky visited with the President at the White House to discuss plans to carry out the Joint US - USSR cancer research program.

National Cancer Conference

The conference is the Seventh National Conference of the American Cancer Society and National Cancer Institute. It is at the Biltmore Hotel, Los Angeles, California, September 27, 28 and 29, 1972 and is presided over by Doctors A. Hamblin Letton, President, American Cancer Society; Frank J. Rauscher, Jr. Director, National Cancer Institute; and R. Lee Clark, Chairman, Program Committee, Seventh National Cancer Conference, and a member of the President's Cancer Panel.

Attending the conference are approximately 2,000 doctors and professional medical personnel and administrators of whom 1,000 will be coming from out of town.

The purpose of the convention is technical and medical in nature, that is, as an exchange forum which reviews the progress made in cancer research over the preceding four-year period. It also helps the practicing physicians to update their understanding of the medical advances in the diagnosis and treatment of cancer.

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EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF SCIENCE AND TECHNOLOGY Washington, D.C. 20506

For Immediate Release May 25, 1972

For further information contact: Dr. Carl Muehlhause, (202) 395-3524

Nominations for the Presidential Prizes for Innovation outlined by President Nixon in his Message on Science and Technology to the Congress earlier this year are now being accepted.

In the Message of March 16, the President said the prizes "will be used especially to encourage needed innovation in key areas of public concern" and "will be an important symbol for the nation's concern for our scientific and technological challenges."

The innovations nominated must have shown demonstrable utility and benefit to society in at least one of ten fields: Environmental Quality, Energy, Natural Resources, Health Care and Safety, Food and Nutrition, Education, Housing and Community Development, Transportation, Communications and Information Processing, Productivity and International Trade.

Innovations nominated must have shown benefits for the public at large; have represented a significant departure from the state-of-the-art; be in use or have demonstrated feasibility; have evolved within the past 10-15 years.

The deadline for submission of entries to the Office of Science and Technology, Executive Office of the President, Washington, D.C. 20506, is June 15. Under unusual circumstances, nominations postmarked no later than midnight, June 30, may be considered if accompanied by justification.

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The nomination format calls for a short title of the innovative achievement, name and affiliation of the responsible innovator(s), a short description of the product or process and a brief statement of its technological significance and benefit to the public, any other awards previously bestowed on the achievement or innovator and the name, affiliation and address of the person making the nomination.

Nominations must be submitted in writing. Because of stringent time limitations on the review process, they must be mailed no later than June 15, 1972. They should be addressed to Dr. Carl Muehlhause, Office of Science and Technology, Executive Office of the President, Washington, D.C. 20506.

EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF SCIENCE AND TECHNOLOGY Washington, D. C. 20506

For further information John H. Lannan (202) 395-3514 May 25, 1972

FEDERAL ENERGY R&D FUNDING

The Federal Government each year spends significant sums on research and development aimed at improving the methods for locating, producing, converting and transporting both the primary energy sources--petroleum, gas, coal, uranium and water power--and the secondary energy source-electricity. Research is also underway to develop new advanced sources such as oil shale, fusion energy, geothermal steam, and solar energy. The government also supports research on energy in high demand fields such as transportation, housing, etc.

During the past several years, there has been major new emphasis and significant funding increases in energy R&D. A major source of this emphasis has been concern over how the nation is to meet its growing demands for energy without degrading the environment.

Five-Year Survey of Federal Energy R&D

Federal energy R&D funding for the past five years has been assessed by staff members of the Office of Science and Technology, and their results are presented by major categories in Tables I and II. In summary, however, energy R&D funding increased over 72%, or \$261 million, from FY 1969 to FY 1973. This represents a compounded growth rate of more than 11%. The increase is due in part to expansion of several key efforts including the fast breeder nuclear reactor, coal gasification, sulfur oxide removal from fossil fuel stack gases and controlled thermonuclear fusion.

Although the funding increase is probably the survey's most striking feature, another is an obvious trend toward a Federal R&D program which balances the energy resources of the nation and the engineering R&D required to utilize those resources most effectively. For example, coal resource R&D funding has been growing at a much faster rate than nuclear power funding, 305% compared to 29% over the five-year period. Significant increases in funding for stack gas cleanup technology and coal gasification are aimed at making the nation's abundant coal resources available for both electric generation and industry. Where nuclear fission accounted for 77% of the FY 1969 energy R&D budget, it now accounts for only 58%. In the meantime, funding for the liquid metal fast breeder reactor has grown by 97% thus reflecting its changing status as a national priority program. Controlled thermonuclear fusion, geothermal steam, and solar energy have also received considerably more attention as funding patterns evolved.

The FY 1973 Federal Energy R&D Budget

In his Energy Message to Congress on June 4, 1971, the President announced a broad range of actions including a forward-looking agenda for research to ensure adequate future supplies of clean energy. To meet the challenge spelled out in the Energy Message, Federal agencies have vigorously expanded their efforts in critical areas and the overall energy R&D budget for fiscal 1973 was increased by \$96.9 million or about 18.4%.

The major increases were aimed primarily at developing adequate supplies of clean electrical energy while simultaneously enhancing the quality of national life through long and short term R&D. Coal gasification and liquefaction, magnetohydrodynamics, the liquid metal fast breeder, controlled thermonuclear fusion, cryogenic generation and transmission, geothermal steam and solar energy account for 74%, or \$72.0 million, of the increase.

R&D programs are underway to provide new technological options for resolving conflicts between energy needs and environmental protection. For instance, to help meet stricter air and water quality standards related to energy use, FY 1973 funding will be expanded \$21.5 million or 22.5%.

The FY 1973 funding pattern clearly reflects the objective of achieving a more strategic approach to our national R&D investment. A stronger R&D partnership between government and industry is a crucial component of this approach. The Atomic Energy Commission and the electric utilities are building a demonstration fast breeder reactor and the Department of Interior and the American Gas Association are working on coal gasification, both efforts excellent examples of such partnerships. The utilization of the outstanding capabilities of the high technology agencies to deal with domestic problems such as energy needs is another key component. Examples include the Atomic Energy Commission's work on high energy density storage batteries, dry cooling towers, and underground transmission lines and the National Bureau of Standards' research on cryogenic generation.

Industrial Energy R&D

In addition to the electric utility industry's major cooperative commitments to the demonstration breeder reactor, it is also planning a vast expansion of the Electric Research Council's voluntary, private sector R&D activities as described in a recent report entitled "Electric Utilities Industry R&D Goals Through the Year 2000." Private research and development efforts in the petroleum industry are less well documented due to the tradition of proprietary research and development. Historically, however, the petroleum industry has spent considerably more on research and development than the other sectors of the energy industry combined.

Highlights of Major Energy R&D for FY 1973

Nuclear Fission R&D

The largest single high priority item in the energy R&D budget is for the development of the liquid metal fast breeder reactor (LMFBR) by the Atomic Energy Commission and industry. The anticipated Federal funding for FY 1973 is approximately \$260 million. The LMFBR will expand, by a factor of 30 to 40, the energy obtainable from natural uranium thus assuring abundant supply of low-cost electrical energy for centuries. A demonstration of LMFBR plant by 1980 is a mid-term goal. The long-term objective is to develop a broad technological and engineering base with extensive utility and industrial involvement. This will lead to an economic breeder design and the establishment of a strong commercial breeder industry in the mid-1980's.

The first demonstration plant, a joint Government/industry undertaking, is expected to be built by the TVA and Commonwealth Edison of Chicago using funds from all segments of the electric utility industry and the Government. The Fast Flux Test Facility in Hanford, Washington, and other engineering test and development facilities are included in the AEC budget. The AEC fission power program is not limited to the LMFBR. Other efforts are aimed at other breeders--the fast, gas-cooled reactor, the molten-salt breeder and the light water breeder. The first two are technology development efforts with modest funding. The light water breeder effort is aimed at an early demonstration of a prototype core for the Shippingport plant in Pennsylvania.

The AEC budget also includes a R&D program on the safety of current light water reactors. This program has been significantly expanded during the past two years to assure continuance of the excellent safety record of civilian nuclear power.

Coal Research and Development

Although the Federal Government's energy R&D efforts began with coal well over a half century ago, this resource has until recently been supported as a poor stepchild. The Office of Coal Research (OCR), Department of the Interior, and the American Gas Association have jointly undertaken, subject to the approval of Congress, a \$30 million accelerated pilot plant program for deriving high Btu gas from coal. The division of costs is two-thirds government and one-third industry. The program life of four years will lead to either a demonstration plant or, if feasible, direct commercial application. Three pilot plants associated with this program are in various stages of development. The first has already produced a small amount of gas. The second, is in its shakedown period. Groundbreaking for the third is scheduled for early summer of 1972.

OCR is also accelerating its R&D effort aimed at converting coal to clean fuel gases using combined cycles, clean liquid hydrocarbons, solvent refined coal, and the magnetohydrodynamic (MHD) generation of electric power.

The Bureau of Mines is conducting smaller scale R&D to extract high Btu gas from coal and to develop other clean fuels and MHD. The Bureau, as a result of the Coal Mine Health and Safety Act of 1969, increased its efforts on coal mine health and safety research by an order of magnitude in five years, approximately \$30 million per year in FY 1972-73.

Closely related to Interior's work on coal mining and utilization are efforts by EPA and TVA to control air pollutants from coal and other fossil fuel combustion in stationary power plants. Nearly all of this effort has been applied to sulfur oxide controls, particularly by means of stack gas cleaning systems. The FY 73 budget includes a large increase to allow TVA to install a stack gas cleaning system on one of its large power plants and increases for EPA efforts on advanced, more efficient means for controlling sulfur oxides and other pollutants.

Nuclear Fusion Research

The AEC conducts the major portion of Federal research on controlled thermonuclear fusion. Its ultimate goal is to provide mankind with a new and different kind of energy source as the long term approach to the energy problem. Some of the reasons for pursuing fusion are:

- The possibility of unlimited low cost fuel--deuterium from sea water;
- (2) Inherent safety against runaway reactions;
- (3) Manageable radioactivity problems;
- (4) High thermal efficiencies.

The fusion effort has been aimed at understanding the physics of plasmas and demonstrating the scientific feasibility of confining plasma long enough to produce useful amounts of energy. Most of this work involves magnetic systems for confining the plasma. Funding for this research has increased nearly 36%, or \$10.6 million, in the five-year period.

In recent years, the use of high powered lasers to initiate the thermonuclear fusion reaction has been under study. It offers a possible additional approach to a fusion reactor, one which would supplement the three major magnetic confinement techniques now being studied. The multipurpose laser-fuel pellet effort has grown significantly in the last three years to over \$25 million in FY 1973. Neither approach will see commercial us before the 1990's.

Petroleum and Natural Gas R&D

As mentioned previously, Federal efforts in petroleum and natural gas have been relatively modest in comparison with those of industry. The Bureau of Mines has long worked on oil shale and secondary petroleum extraction. The AEC's Plowshare Program has recently been directed almost exclusively at gas stimulation by nuclear devices. This technology offers a good deal of promise provided the related environmental questions are answered and objections to nuclear explosions are met satisfactorily.

Other Energy R&D Efforts

The National Science Foundation has for a number of years sponsored basic R&D on energy-related issues as part of its Engineering Energetics

effort. With the establishment of the RANN (Research Applied to National Needs) Program, NSF's involvement has now moved from basic laboratory studies to advanced energy conversion systems such as solar power and policy studies related to energy and transmission systems research. The NSF's budget for energy studies has increased 31.2%, or \$4.3 million, in FY 1973.

The Department of the Interior jointly sponsors, with the utility industry and through the Electric Research Council, an expanding program on underground transmission. It also has increased its efforts in the field of geothermal energy by 260%, or \$1.8 million, in the FY 1973 budget.

The National Bureau of Standards and HUD also have expanded efforts involving civilian energy production and utilization.

Summary

The development of the technology to provide an adequate supply of electrical energy with minimal environmental impact is a critical factor in the nation's economic future. To attain that goal while simultaneously balancing energy needs and environmental concerns is a fundamental factor in the evolution of energy R&D programs. As presently constituted, that program has the following two salient components:

(1) A Federal energy R&D budget which has been growing at the compounded rate of 11% during the last five years;

(2) A pattern of funding which is continually being adjusted to reflect a realistic balance between domestic energy resources and the R&D required to utilize those resources most effectively.

TABLE I

FEDERAL ENERGY R&D FUNDING^a

FY 1969 through FY 1973 (in millions of dollars)

	FY 69	FY 70	FY 71	FY 72	FY 73	l-yr. Increases, %	5-yr. Increases, %
Coal Resources Development	\$ 23.3 M	\$ 30.4 M	\$ 49.0 M	\$ 76.8 M	\$ 94.4 M	22.9	305
Petroleum and Natural Gas	13.5	14.8	17.5	23.8	26.1	9.7	93•3
Nuclear Fission							
LMFBR	132.5	144.3	167.9	237.4	261.5	10.2	97.4
Other Civilian Nuclear Power ^b	144.6	109.1	97.7	90.7	94.8	4.5	- 34. 4
Nuclear Fusion							
Magnetic Confinement ^b	29.7	34.3	32.3	33.2	40.3	21.3	35.6
Laser-Pellet ^b , c	2.1	3.2	9.3	14.0	25.1	79.2	1095.2
Energy Conversion with Less Environmental Impact	12.3	22.9	22.8	33.4	55 .3	64	350
General Energy R&D	3.0	4.2	8.7	15.4	24.1	66.2	753.3
	\$361.0 M	\$363.2 M	\$405.2 M	\$524.7 M	\$621.6 M	18.4 ave	72.2 ave.

TABLEII

FEDERAL ENERGY R&D FUNDING^a

FY 1969 through FY 1973 (in millions of dollars)

	Agency					
		FY 69	FY 70	FY 71	FY 72	FY 73
Coal Resources Development						
Production and Utilization R&D,	DOI - BOM	\$12.3 M	\$13.2 M	\$15.4 M	\$14.7 M	\$19.0 M
incl. gasification, liquifaction and MHD	DOI - OCR	8.7	13.5	18.8	31.1	45.3
Mining Health and Safety Research	DOI - BOM	2.3	3.7	14.8	31.0	30.1
Petroleum and Natural Gas						
Petroleum Extraction Technology	DOI- BOM	2.6	2.7	2.7	3.2	3.1
Nuclear Gas Stimulation ^b	AEC	2.4	3.7	6.1	7.0	7.5
Oil Shale	DOI- BOM	2.5	2.4	2.7	2.6	2.5
Continental Shelf Mapping	DOI- GS	-	-	-	5.0	7.0
	DOC	6.0	6.0	6.0	6.0	6.0
Nuclear Fission						
LMFBR ^b	AEC	132.5	144.3	167.9	236.6	259.9
	TVA	-		-	0.8	1.6
Other Civilian Nuclear Powerb	AEC	144.6	109.1	97.7	90.7	94.8
s y						
Nuclear Fusion					2	
Magnetic Confinement ^b	AEC	29.7	34.3	32.3	33.2	40.3
Laser-Pellet b, c	AEC	2.1	3.2	9.3	14.0	25.1
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	s en e					
Energy Conversion with Less			• *			
Environmental Impact						<u> </u>
Cleaner Fuels R&D-Stationary Sources	EPA	10.7	19.8	17.4	24.5	29.5
SO _x Removal	TVA	-	-	-	2.6	15.2
Improved Energy Systems	HUD	0.3	0.8	3.0	2.4	2.8
Thermal Effects R&D	EPA	0.5	0.8	0.6	0.7	1.0
	AEC	0.8	1.5	1.8	3.2	6.8 ^d
General Energy R&D						,
Energy Resources Research e	NSF	-	1.1	5.0	9.8	13.4
Geothermal Resources	DOI	0.1	0.2	0.2	0.7	2.5
Engineering Energetics	NSF	2.9	2.9	2.7	4.0	4.7
Research						
Underground Transmission	DOI	-	-	0.8	0.9	1.0
Cryogenic Generation	NBS	-	-	-	-	1.0
Non-Nuclear Energy	AEC	-	-	-	-	1,5
R&D						
	-					(2) () (

\$ 361.0M \$ 363.2 M \$ 405.2 M \$ 524.7 M \$ 621.6 M

^aThe funding listed in these tables cover the Federal R&D programs in development-exploration and production, conversion, and transmission of our energy resources. This funding includes energy conversion R&D for stationary applications only; R&D funding for improved mobile applications (e.g., automotive, rail, seagoing) are not included. Fundamental research on environmental health effects of combustion products and low-dose radiation exposure) is not included.

bThis funding includes operating, equipment, and construction costs.

- cThe primary applications of the multipurpose laser-pellet effort are for other than energy production (see text).
- dThis entry includes \$1.5 million for dry cooling tower R&D under the AEC's new Non-Nuclear Energy R&D category. Other related work is carried out under Other Civilian Nuclear Power.
- eThe NSF RANN Program includes research on solar energy as well as fundamental energy policy studies.
- Note: The totals in Tables I and II differ from the earlier total reported at the time the FY 1973 budget was released (p. 57, <u>The Budget of The United States Government for FY 1973</u>). The data presented in Tables I and II includes additional budget components, viz., Coal Mine Health and Safety Research is included in the Bureau of Mines budget and capital and equipment as well as operations are included in the Atomic Energy Commission budget.

EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF SCIENCE AND TECHNOLOGY Washington, D.C.

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President Nixon's Science Adviser and a party of leading American science, technology and health experts will make a two week fact-finding trip to Japan, the Republic of China and Korea beginning April 30.

Dr. Edward E. David, Jr., who is also Director of the Office of Science and Technology, said today that the purpose of the trip is:

"... To discuss our respective science and technology policies,

to explore further possibilities for mutually beneficial relationships and to discuss problems such as environment and health

which are common to all of our countries."

The trip was originally scheduled for last fall. It was delayed due to

Dr. David's involvement in developing new technological approaches to national problems.

This effort has since been reflected in President Nixon's State of the Union Message, the Fiscal 1973 Budget and the President's recent Science and Technology Message to Congress.

Other members of the party include:

Dr. John R. Pierce, Professor of Electrical Engineering at the California Institute of Technology and a communications expert; Dr. Ivan L. Bennett, Vice President for Health Affairs at New York University and former Deputy Director of the Office of Science and Technology; Dr. Frederick Seitz, President of Rockefeller University and former President of the National Academy of Sciences; Mr. Herman Pollack, Director of the Bureau of International Scientific and Technological Affairs in the Department of State; and three staff members of the Office of Science and Technology.

The group will arrive in Taipei (Taiwan) April 30, in Seoul (Korea) May 5 and Tokyo (Japan) May 7.

The Taiwan visit is at the invitation of Dr. David's counterpart, Dr. Wu Ta-Yu, Chairman of the National Science Council. It will be the first time in five years that a Presidential Science Adviser has been there.

Dr. David's predecessor, Dr. Donald Hornig, consulted substantially with the Republic of China on its master plan for science development. Dr. David and his delegation will discuss the progress of that plan, as well as visiting research, industrial and academic institutions.

The Korean visit is at the invitation of Science Minister Choi. The group will inspect scientific, industrial and academic centers.

The Office of Science and Technology also played a role in the formation of the world-renowned Korean Institute of Science and Technology (KIST). An industrial research and development center, it was a unique experiment in creating an institution to fill the specific needs of a growing nation.

-2-

And with the aid of former OST Deputy Director Hugh Heffner and others, the Koreans also founded the Korean Advanced Institute of Science, a highly respected academic research center.

The visit to Japan is a continuation of long-standing, mutually beneficial interchanges. The two nations have had close relationships and cooperative programs in science and technology for many years.

The delegation will spend an entire week there visiting scientific and technological policy-makers as well as industrial, research and development groups.

Dr. David said that one of the prime goals of the trip would be to compare Japanese and American approaches to technical problems both nations face in areas of international concern.

A second goal is to discuss the evolving American and Japanese research and development goals, particularly President Nixon's recently issued Science and Technology Policy statement to Congress.

In all three Asian nations, attempts will be made to strengthen and broaden present cooperation while investigating possibilities for new relationships.

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The Boston Globe Friday, April 28, 1972

DAVID DEITCH

Monopoly capital the real culprit.

When the ecology movement burst upon the scene just a few years ago, its entry was welcomed by some leftists as a chance to question the limits of industrial growth. It wasn't long, however, before the corporate state made the ecology movement its own, first by finding ways to pass along the costs of pollution control, then actually coming to take over the entire ideology of "zero economic growth."

To be sure, not every capitalist sector has bought the idea of zero growth, lately advanced is its most sophisticated form by a team of MIT systems analysts in a book published for the Club of Rome, a group of about 70 international industrialists and technocrats. Some continue to fear the regulation of investment proposed by the so-called "nonideological" academics.

The Club of Rome, in fact, says that it "does not seek to express any single ideological, political or national point of view." But its founders and constituents represent the elite of the international capitalist community, including Fiat and Volkswagen, the cream of the European auto industry which just happens to be plagued with industrial stagnation.

"It is no coincidence that their call for lowered consumption as a conservation measure perfectly coincides with government austerity policies," writes Robert Dillion in the April 10-14 "New Solidarity," organ of the National Caucus of Labor

Committees. "For the wage earner this means sustained attacks against his standard of living for the purpose of shoring up faltering credit and national currencies."

The NCLC consistently turns out some of the most interesting analyses of political economy on the left, and its current series on zero growth is no exception. Unfortunately, one major premise of the NCLC thesis is contained elsewhere: an analysis of the present world industrial stagnation, and the fact that the major problem facing world capitalism is a crisis of underproduction.

In order to deal with the crisis of underproduction, capitalist econo-mies resort to massive inputs of money and credit, the result of which is more inflation than real growth, and an increasing tendency to move in the direction of economic depression. Various forms of austerity attacks on working class real incomes - are proposed, the latest of which is a freeze on growth, the beginning of a future new-style fascism

For example, the MIT study understands that a no-growth economy would freeze current living standards at too low a level for major sectors of the population to play a role in advanced technological socie-

"By way of anticipating such objections," Dillon writes, "the MIT group advocates continued industrial growth until 1995 so that a worldwide standard of living measuring half the current US level may prevail before calling a halt to growth. Since the authors certify themselves as egalitarians, presumably they are also advocating a halving of US and European wage-earners' income!"

27

NCLC argues against the idea that exponential growth will finally be halted by finite resources and arbitrary population limits. The MIT scientists who merely extrapolate previous growth trends give no theoretical consideration to the causes of such trends. For example, population control is achieved by raising living standards everywhere in the world, not by destroying living standards. The world can in no way escape the need to industrialize its underdeveloped sectors.

Moreover, resources can be found to achieve the required industrialization and with proper pollution control. Despite the historical trend by which man has continually invented new ways of transforming nature to his purpose, the MIT group claims that the ballgame is over. One promising bit of new technology is nonpolluting fusion power where re-search is presently stagnating.

"The reason for this," writes Dillon, "is that vast government porkbarrels to private utility companies (through the AEC) have built up enormous existing interests in fission reactors. Effective fusion power would render fission reactors obsolete, thus threatening the whole credit structure built upon existing power plants."

The world's problem is not "growth" but monopoly capital.

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FOR IMMEDIATE RELEASE

JANUARY 20, 1972

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

STATE OF THE UNION ADDRESS

OF PRESIDENT RICHARD NIXON TO A JOINT SESSION OF THE CONGRESS

12:34 P.M. TEST and we will assist of the Josefful day

Mr. Speaker, Mr. President, my colleagues in the Congress, our distinguished guests and my fellow Americans:

Twenty-five years ago I sat here as a freshman Congressman -- along with Speaker Albert -- and listened for the first time to the President address the State of the Union.

I shall never forget that moment. The Senate, The Diplomatic Corps, the Supreme Court, the Cabinet entered the chamber, and then the President of the United States. As all of you are aware, I had some differences with President Truman. He had some with me. But I remember that on the day that he addressed that Joint Session of the newly elected Republican Congress, he spoke not as a partisan, but as President of all the people -- calling upon the Congress to put aside partisan considerations in the national interest.

The Greek-Turkish aid program, the Marshall Plan, the great foreign policy initiatives which have been responsible for avoiding a world war for over 25 years were approved by that 80th Congress, by a bipartisan majority of which I was proud to be a part.

1972 is now before us. It holds precious time in which to accomplish good for the Nation. We must not waste it. I know the political pressures in this session of the Congress will be great. There are more candidates for the Presidency in this chamber today than there probably have been at any one time in the whole history of the Republic. And there is an honest difference of opinion, not only between the parties, but within each party, on some foreign policy issues and on some domestic policy issues.

However, there are great national problems that are so vital they transcend partisanship. So let us have our debates. Let us have our honest differences. But let us join in keeping the national interest first. Let us join in making sure that legislation the Nation needs does not become hostage to the political interest of any party or any person.

There is ample precedent, in this election year, for me to present you with a huge list of new proposals, knowing full well that there would not be any possibility of your passing them if you worked night and day.

I shall not do that.

I have presented to the leaders of the Congress today a message of 15,000 words discussing in some detail where the Nation stands and setting forth specific legislative items on which I ask the Congress to act. Much of this is legislation Page 2 (Orderst Standards

which I proposed in 1969, in 1970, and also in the First Session of this 92nd Congress and on which I feel it is essential that action be completed this year.

I am not presenting proposals which have attractive labels but no hope of passage. I am presenting only vital programs which are within the capacity of this Congress to enact, within the capacity of the budget to finance, and which I believe should be above partisanship -- programs which deal with urgent priorities for the Nation, which should and must be the subject of bipartisan action by this Congress in the interests of the country in 1972.

When I took the oath of office on the steps of this building just three years ago today, the Nation was ending one of the most tortured decades in its history.

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and all The 1960s were a time of great progress in many areas. But as we all know, they were also times of great agony -- the agonies of war, of inflation, of rapidly rising crime, of deteriorating cities -- of hopes raised and disappointed, and of anger and frustration that led finally to violence, and to the worst civil disorder in a century.

I recall these troubles not to point any fingers of blame. The Nation was so torn in those final years of the 60s that many in both parties questioned whether America could be governed at all. ៅ ថ្នូននេះ

The Nation has made significant progress in these first years of the 70s. or mutsuring malend

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Our cities are no longer engulfed by civil disorders.

Our colleges and universities have again become places of learning instead of battlegrounds.

A beginning has been made on preserving and protecting our environment.

The rate of increase in crime has been slowed -- and here in the District of Columbia, the one city where the Federal Government has direct jurisdiction, serious crime in 1971 was actually reduced by 13 percent from the year before.

Most important -- because of the beginnings that have been made, we can say today that this year 1972 can be the year in which America may make the greatest progress in 25 years toward achieving our goal of being at peace with all the nations of the world ...

As our involvement in the war in Vietnam comes to an end, we must now go on to build a generation of peace.

To achieve that goal, we must first face realistically the need to maintain our defense.

In the past three years, we have reduced the burden of arms. For the first time in 20 years, spending on defense has been brought below spending on human resources.

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As we look to the future, we find encouraging progress in our negotiations with the Soviet Union on limitation of strategic arms. And looking further into the future, we hope there can eventually be agreement on the mutual reduction of arms. But until there is such a mutual agreement, we must maintain the strength necessary to deter war.

And that is why, because of rising research and development costs, because of increases in military and civilian pay, because of the need to proceed with new weapons systems, my budget for the coming fiscal year will provide for an increase in defense spending.

Strong military defenses are not the enemy of peace. They are the guardians of peace.

There could be no more misguided set of priorities than one which would tempt others by weakening America, and thereby endanger the peace of the world.

In our foreign policy, we have entered a new era. The world has changed greatly in the 11 years since President John Kennedy said in his Inaugural Address, "We shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, to assure the survival and the success of liberty."

Our policy has been carefully and deliberately adjusted to meet the new realities of the new world we live in. We make today only those commitments we are able and prepared to meet.

Our commitment to freedom remains strong and unshakable. But others must bear their share of the burden of defending freedom around the world.

And so this, then, is our policy:

- We maintain a nuclear deterrent adequate to meet any threat to the security of the United States or of our allies.
- We will help other nations develop the capability of defending themselves.
- -- We will faithfully honor all of our treaty commitments.
 - We will act to defend our interests, whenever and wherever they are threatened any place in the world.
- -- But where our interests or our treaty commitments are not involved, our role will be limited.
 - We will not intervene militarily.
- -- But we will use our influence to prevent war.
 - If war comes, we will use our influence to stop it.

our he

-- Once it is over, we will do our share in helping to bind up the wounds of those who have participated in it.

Page 3

As you know, I will soon be visiting the Peoples Republic of China and the Soviet Union. I go there with no illusions. We have great differences with both powers. We shall continue to have great differences. But peace depends on the ability of great powers to live together on the same planet despite their differences.

We would not be true to our obligation to generations yet unborn if we failed to seize this moment to do everything in our power to insure that we will be able to talk about those differences, rather than to fight about them, in the future.

As we look back over this century, let us, in the highest spirit of bipartisanship, recognize that we can be proud of our Nation's record in foreign affairs.

America has given more generously of itself toward maintaining freedom, preserving peace, alleviating human suffering around the globe, than any nation has ever done in the history of man.

We have fought four wars in this century, but our power has never been used to break the peace, only to keep it; never been used to destroy freedom, only to defend it. We now have within our reach the goal of insuring that the next generation can be the first generation in this century to be spared the scourges of war.

Turning to our problems at home, we are making progress toward our goal of a new prosperity without war.

Industrial production, consumer spending, retail sales and personal income all have been rising. Total employment and real income are the highest in history. New home building starts this past year reached the highest level ever. Business and consumer confidence have both been rising. Interest rates are down. The rate of inflation is down. We can look with confidence to 1972 as the year when the back of inflation will be broken.

Now, this is a good record, but it is not good enough -- not when we still have an unemployment rate of six percent.

It is not enough to point out that this was the rate of the early peacetime years of the 1960s, or that if the more than 2 million men released from the Armed Forces and defenserelated industries were still on their wartime jobs, unemployment would be far lower.

Our goal in this country is full employment in peacetime. We intend to meet that goal, and we can.

The Congress has helped to meet that goal by passing our job-creating tax program last month.

The historic monetary agreements we have reached with the major European nations, Canada, and Japan, will help meet it by providing new markets for American products, new jobs for American workers.

Page 4

Our budget will help meet it by being expansionary without being inflationary -- a job-producing budget that will help take up the gap as the economy expands to full employment.

Our program to raise farm income will help meet it by helping to revitalize rural America, by giving to America's farmers their fair share of America's increasing productivity.

We also will help meet our goal of full employment in peacetime by a set of major initiatives to stimulate more imaginative use of America's great capacity for technological advance, and to direct it toward improving the quality of life for every American.

In reaching the moon, we demonstrated what miracles American technology is capable of achieving. Now the time has come to move more deliberately toward making full use of that technology here on earth, of harnessing the wonders of science to the service of man.

I shall soon send to the Congress a special message proposing a new program of Federal partnership in technological research and development -- with Federal incentives to increase private research, and federally supported research on projects designed to improve our everyday lives in ways that will range from improving mass transit to developing new systems of emergency health care that could save thousands of lives annually.

Historically, our superior technology and high productivity have made it possible for American workers to be the highest paid in the world by far, and yet for our goods still to compete in world markets.

Now we face a new situation. As other nations move rapidly forward in technology, the answer to the new competition is not to build a wall around America, but rather to remain competitive by improving our own technology still further and by increasing productivity in American industry.

Our new monetary and trade agreements will make it possible for American goods to compete fairly in the world market, but they still must compete. The new technology program will put to use the skills of many highly trained Americans -- skills that might otherwise be wasted. It will also meet the growing technological challenge from abroad, and thus help to create new industries, as well as creating more jobs for America's workers in producing for the world's markets.

This Second Session of the 92nd Congress already has before it more than 90 major Administration proposals which still await action.

I have discussed these in the extensive written message that I have presented to the Congress today.

They include, among others, our programs to improve life for the aging; to combat crime and drug abuse; to improve health services and insure that no one will be denied needed health care because of inability to pay; to protect workers' pension rights; to promote equal opportunity for members of minorities, and others who have been left behind; to expand consumer protection; to improve the environment; to revitalize

Page 6

rural America; to help the cities; to launch new initiatives in education; to improve transportation, and to put an end to costly labor tie-ups in transportation. at asked of all

The West Coast dock strike is a case in point. This Nation cannot and will not tolerate that kind of irresponsible labor tie-ups in the future. mode that widd's encor

The messages also include basic reforms which are essential if our structure of government is to be adequate. in the decades ahead. testrada to ana optionicand

ALL . They include reform of our wasteful and outmoded welfare system -- and substitution of a new system that provides work requirements and work incentives for those who can help themselves, income support for those who cannot help themselves, and fairness to the working poor.

They include a \$17 billion program of Federal revenue sharing with the States and localities -- as an investment in their renewal, and an investment also of faith in the American people.

Largensel of They also include a sweeping reorganization of the 12:37 Executive Branch of the Federal Government so that it will be more efficient, more responsive, and able to meet the challenges of the decades ahead.

One year ago, standing in this place, I laid before the opening session of this Congress six great goals. One of these was welfare reform. That proposal has been before the Congress now for nearly 2-1/2 years.

My proposals on revenue sharing, government reorganization, health care and the environment have now been before the Congress for nearly a year. Many of the other major proposals that I have referred to have been here that long or longer.

Now, 1971, we can say, was a year of consideration of these measures. Now let us join in making 1972 a year of action on them -- action by the Congress, for the Nation and for the people of America.

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Now, in addition, there is one pressing need which I have not previously covered, but which must be placed on the national agenda. and a taking

We long have looked in this Nation to the local property tax as the main source of financing for public primary and secondary education.

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As a result, soaring school costs and soaring property tax rates now threaten both our communities and our schools. They threaten communities because property taxes -- which more than doubled in the ten years from 1960 to 1970 -- have become one of the most oppressive and discriminatory of all taxes, hitting most cruelly at the elderly and the retired; and they threaten schools, as hard-pressed voters understandably reject new bond issues at the polls.

The problem has been given even greater urgency by four recent court decisions, which have held the conventional method of financing schools through local property taxes discriminatory and unconstitutional.

Nearly two years ago, I named a special Presidential Commission to study the problems of school finance, and I also directed the Federal Departments to look into the same problems. We are developing comprehensive proposals to meet these problems.

This issue involves two complex and inter-related sets of problems: support of the schools and the basic relationships of Federal, State, and local governments in any tax reforms.

Under the leadership of the Secretary of the Treasury, we are carefully reviewing all of the tax aspects; and I have this week enlisted the Advisory Commission on Intergovernmental Relations in addressing the intergovernmental relations aspects.

I have asked this bipartisan Commission to review our proposals for Federal action to cope with the gathering crisis of school finance and property taxes. Later this year, when both Commissions have completed their studies, I shall make my final recommendations for relieving the burden of property taxes and providing both fair and adequate financing for our children's education.

These recommendations will be revolutionary. But all these recommendations, however, will be rooted in one fundamental principle with which there can be no compromise: local school boards must have control over local schools.

As we look ahead over the coming decades, vast new growth and change are not only certainties. They will be the dominant reality of this world, and particularly of our life in America.

Surveying the certainty of rapid change, we can be like a fallen rider caught in the stirrups -- or we can sit high in the saddle, the masters of change, directing it on a course we choose.

The secret of mastering change in today's world is to reach back to old and proven principles, and to adapt them with imagination and intelligence to the new realities of a new age.

That is what we have done in the proposals that I have laid before the Congress. They are rooted in basic principles that are as enduring as human nature, as robust as the American experience; and they are responsive to new conditions. Thus they represent a spirit of change that is truly renewal. As we look back at those old principles, we find them as timely as they are timeless. na poedaenda 1

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We believe in independence, and self-reliance, and in the creative value of the competitive spirit.

We believe in full and equal opportunity for all Americans and in the protection of individual rights and liberties.

We believe in the family as the keystone of the community, and in the community as the keystone of the Nation.

Lacered road We believe in compassion for those in need.

We believe in a system of law, justice and order as the basis of a genuinely free society.

We believe that a person should get what he works for -- and that those who can should work for what they get. to plan in the market

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We believe in the capacity of people to make their own decisions in their own lives, in their own communities -- . and we believe in their right to make those decisions.

In applying these principles, we have done so with the full understanding that what we seek in the 70s, what our quest is, is not merely for more, but for better--for a better quality of life for all Americans.

Thus, for example, we are giving a new measure of attention to cleaning up our air and water, making our surroundings more attractive. We are providing broader support for the arts, helping stimulate a deeper appreciation for what they can contribute to the Nation's activities and to our individual lives.

ermnesdation / L But nothing really matters more to the quality of our lives than the way we treat one another -- than our capacity to live respectfully together as a unified society, with a full and generous regard to the rights of others and also for the feelings of others.

As we recover from the turmoil and violence of recent years, as we learn once again to speak with one another instead of shouting at one another, we are regaining that capacity.

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1 1940 As is customary here, on this occasion, I have been talking about programs. Programs are important. But even more important than programs is what we are as a Nation --- what we mean as a Nation, to ourselves and to the world.

In New York harbor stands one of the most famous statue in the world -- the Statue of Liberty, the gift in 1886 of the people of France to the people of the United States. This statue is more than a landmark; it is a symbol -- a symbol of what America has meant to the world.

It reminds us that what America has meant is not its wealth, not its power, but its spirit and purpose -- a land that enshrines liberty and opportunity, and that has held out a hand of welcome to millions in search of a better and a fuller and above all, a freer life.

The world's hopes poured into America, along with its people -- and those hopes, those dreams, that have been brought here from every corner of the world, have become a part of the hope that we now hold out to the world.

Page 9

Four years from now, America will celebrate the 200th anniversary of its founding as a Nation. There are those who say that the old Spirit of '76 is dead -- that we no longer have the strength of character, the idealism and the faith in our founding purposes that that spirit represents.

Those who say this do not know America.

We have been undergoing self-doubts and self-criticism. But these are only the other side of our growing sensitivity to the persistence of want in the midst of plenty, and of our impatience with the slowness with which age-old ills are being overcome.

If we were indifferent to the shortcomings of our society, or complacent about our institutions, or blind to the lingering inequities -- then we would have lost our way.

But the fact that we have those concerns is evidence that our ideals, deep down, are still strong. And indeed, they remind us that what is really best about America is its compassion. They remind us that in the final analysis, America is great not because it is strong, not because it is rich, but because this is a good country.

Let us reject the narrow visions of those who would tell us that we are evil because we are not yet perfect, that we are corrupt because we are not yet pure, that all the sweat and toil and sacrifice that have gone into the building of America were for naught because the building is not yet done.

Let us see that the path we are traveling is wide, with room in it for all of us, and that its direction is toward a better Nation and a more peaceful world.

Never has it mattered more that we go forward together.

Look at this Chamber. The leadership of America is here today -- the Supreme Court, the Cabinet, the Senate, and the House of Representatives.

Together, we hold the future of the Nation, and the conscience of the Nation in our hands.

Because this year is an election year, it will be a time of great pressure.

If we yield to that pressure and fail to deal seriously with the historic challenges that we face, we will have failed the trust of millions of Americans and shaken the confidence that they have a right to place in us, in their government.

Never has a Congress had a greater opportunity to leave a legacy of a profound and constructive reform for the Nation than this Congress.

Page 10

If we succeed in these tasks, there will be credit enough for all -- not only for doing what is right, but doing it in the right way, by rising above partisan interest to serve the national interest. I compare the reactor of asa you have been wan an each way

And if we fail, more than anyone of us, America will ikung panya kupa pari arawa ang Kabi kungangan arawa kungar be the loser.

That is why my call upon the Congress today is for a high statesmanship -- so that in the years to come Americans will look back and say that because it withstood the intense pressures of a political year, and achieved such great good for the American people and for the future of this Nation -this was truly a great Congress.

END (AT 1:03 P.M. EST)

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Never has a Congress had a grucker opportunity to leave a logecy of a profound and constructive reform for the Recorded bird and acide FOR RELEASE AT 12:30 P.M. EST THURSDAY JANUARY 20, 1972 TO ALL NEWSPAPERS, RADIO AND TELEVISION STATIONS

<u>CAUTION</u>: There should be no premature release of this Message to the Congress, nor should its contents be paraphrased, alluded to or hinted at in earlier stories. There is a total embargo on this message until released, which includes any and all references to any material in this message.

> Ronald L. Ziegler Press Secretary

THE WHITE HOUSE

STATE OF THE UNION MESSAGE

OF

PRESIDENT RICHARD NIXON TO BE PRESENTED TO THE MEMBERS OF THE SECOND SESSION OF THE 92nd CONGRESS January 20, 1972

TO THE CONGRESS OF THE UNITED STATES:

It was just 3 years ago today that I took the oath of office as President. I opened my address that day by suggesting that some moments in history stand out "as moments of beginning," when "courses are set that shape decades or centuries." I went on to say that "this can be such a moment."

Looking back 3 years later, I would suggest that it was such a moment -- a time in which new courses were set on which we now are traveling. Just how profoundly these new courses will shape our decade or our century is still an unanswered question, however, as we enter the fourth year of this administration. For moments of beginning will mean very little in history unless we also have the determination to follow up on those beginnings.

Setting the course is not enough. Staying the course is an equally important challenge. Good government involves both the responsibility for making fresh starts and the responsibility for perseverance.

The responsibility for perseverance is one that is shared by the President, the public, and the Congress.

-- We have come a long way, for example, on the road to ending the Vietnam war and to improving relations with our adversaries. But these initiatives will depend for their lasting meaning on our persistence in seeing them through.

-- The magnificent cooperation of the American people has enabled us to make substantial progress in curbing inflation and in reinvigorating our economy. But the new prosperity we seek can be completed only if the public continues in its commitment to economic responsibility and discipline. -- Encouraging new starts have also been made over the last 3 years in treating our domestic ills. But continued progress now requires the Congress to act on its large and growing backlog of pending legislation.

America's agenda for action is already well established as we enter 1972. It will grow in the weeks ahead as we present still more initiatives. But we dare not let the emergence of new business obscure the urgency of old business. Our new agenda will be little more than an empty gesture if we abandon -- or even de-emphasize -- that part of the old agenda which is yet unfinished.

Getting Ourselves Together

One measure of the Nation's progress in these first years of the Seventies is the improvement in our national morale. While the 1960's were a time of great accomplishment, they were also a time of growing confusion. Our recovery from that condition is not complete, but we have made a strong beginning.

Then we were a shaken and uncertain people, but now we are recovering our confidence. Then we were divided and suspicious, but now we are renewing our sense of common purpose. Then we were surrounded by shouting and posturing, but we have been learning once again to lower our voices. And we have also been learning to listen.

A history of the 1960's was recently published under the title, <u>Coming Apart</u>. But today we can say with confidence that we are coming apart no longer. The "center" of American life has held, and once again we are getting ourselves together.

The Spirit of Reason and Realism

Under the pressures of an election year, it would be easy to look upon the legislative program merely as a political device and not as a serious agenda. We must resist this temptation. The year ahead of us holds precious time in which to accomplish good for this Nation and we must not, we dare not, waste it. Our progress depends on a continuing spirit of partnership between the President and the Congress, between the House and the Senate, between Republicans and Democrats. That spirit does not require us always to agree with one another but it does require us to approach our tasks, together, in a spirit of reason and realism.

Clear words are the great servant of reason. Intemperate words are the great enemy of reason. The cute slogan, the glib headline, the clever retort, the appeal to passion -- these are not the way to truth or to good public policy.

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To be dedicated to clear thinking, to place the interests of all above the interests of the few, to hold to ultimate values and to curb momentary passions, to think more about the next generation and less about the next election -- these are now our special challenges.

Ending The War

The condition of a nation's spirit cannot be measured with precision, but some of the factors which influence that spirit can. I believe the most dramatic single measurement of the distance we have traveled in the last 36 months is found in the statistics concerning our involvement in the war in Vietnam.

On January 20, 1969 our authorized troop ceiling in Vietnam was 549,500. And there was no withdrawal plan to bring these men home. On seven occasions since that time, I have announced withdrawal decisions -- involving a total of 480,500 troops. As a result, our troop ceiling will be only 69,000 by May 1. This means that in 3 years we will have cut our troop strength in Vietnam by 87 percent. As we proceed toward our goal of a South Vietnam fully able to defend itself, we will reduce that level still further.

In this same period, expenditures connected with the war have been cut drastically. There has been a drop of well over 50 percent in American air activity in all of Southeast Asia. Our ground combat role has been ended. Most importantly, there has been a reduction of 95 percent in combat deaths.

Our aim is to cut the death and casualty toll by 100 percent, to obtain the release of those who are prisoners of war, and to end the fighting altogether.

It is my hope that we can end this tragic conflict through negotiation. If we cannot, then we will end it through Vietnamization. But end it we shall -- in a way which fulfills our commitment to the people of South Vietnam and which gives them the chance for which they have already sacrificed so much -- the chance to choose their own future.

The Lessons of Change

The American people have learned many lessons in the wake of Vietnam -- some helpful and some dangerous. One important lesson is that we can best serve our own interests in the world by setting realistic limits on what we try to accomplish unilaterally. For the peace of the world will be more secure, and its progress more rapid, as more nations come to share more fully in the responsibilities for peace and for progress.

America has an important role to play in international affairs, a great influence to exert for good. As we have throughout this century, we must continue our profound concern for advancing peace and freedom, by the most effective means possible, even as we shift somewhat our view of what means are most effective.

This is our policy:

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State States

-- We will maintain a nuclear deterrent adequate to meet any threat to the security of the United States or of our allies.

-- We will help other nations develop the capability of defending themselves.

-- We will faithfully honor all of our treaty commitments.

-- We will act to defend our interests whenever and wherever they are threatened any place in the world.

-- But where our interests or our treaty commitments are not involved our role will be limited.

-- We will not intervene militarily.

-- But we will use our influence to prevent war. -- If war comes we will use our influence to try to stop it.

-- Once war is over we will do our share in helping to bind up the wounds of those who have participated in it.

Opening New Lines of Communication

Even as we seek to deal more realistically with our partners, so we must also deal more realistically with those who have been our adversaries. In the last year we have made a number of notable advances toward this goal.

In our dealings with the Soviet Union, for example, we have been able, together with our allies, to reach an historic agreement concerning Berlin. We have advanced the prospects for limiting strategic armaments. We have moved toward greater cooperation in space research and toward improving our economic relationships. There have been disappointments such as South Asia and uncertainties such as the Middle East. But there has also been progress we can build on.

It is to build on the progress of the past and to lay the foundations for greater progress in the future that I will soon be visiting the capitals of both the Peoples Republic of China and the Soviet Union. These visits will help to fulfill the promise I made in my Inaugural address when I said "that during this administration our lines of communication will be open," so that we can help create "an open world -- open to ideas, open to the exchange of goods and people, a world in which no people, great or small, will live in angry isolation." It is in this spirit that I will undertake these journeys.

We must also be realistic, however, about the scope of our differences with these governments. My visits will mean not that our differences have disappeared or will disappear in the near future. But peace depends on the ability of great powers to live together on the same planet despite their differences. The important thing is that we talk about these differences rather than fight about them.

It would be a serious mistake to say that nothing can come of our expanded communications with Peking and Moscow. But it would also be a mistake to expect too much too quickly.

It would also be wrong to focus so much attention on these new opportunities that we neglect our old friends. That is why I have met in the last few weeks with the leaders of two of our hemisphere neighbors, Canada and Brazil, with the leaders of three great European nations, and with the Prime Minister of Japan. I believe these meetings were extremely successful in cementing our understandings with these governments as we move forward together in a fast changing period.

Our consultations with our allies may not receive as much attention as our talks with potential adversaries. But this makes them no less important. The cornerstone of our foreign policy remains -- and will remain -- our close bonds with our friends around the world.

A Strong Defense: The Guardian of Peace

There are two additional elements which are critical to our efforts to strengthen the structure of peace.

The first of these is the military strength of the United States.

In the last 3 years we have been moving from a wartime to a peacetime footing, from a period of continued confrontation and arms competition to a period of negotiation and potential arms limitation, from a period when America often acted as policeman for the world to a period when other nations are assuming greater responsibility for their own defense. I was recently encouraged, for example, by the decision of our European allies to increase their share of the NATO defense budget by some \$1 billion.

As a part of this process, we have ended the production of chemical and biological weaponry and have converted two of our largest facilities for such production to humanitarian research. We have been able to reduce and in some periods

even to eliminate draft calls. In 1971, draft calls -- which were as high as 382,000 at the peak of the Vietnam war -- fell below 100,000, the lowest level since 1962. In the coming year they will be significantly lower. I am confident that by the middle of next year we can achieve our goal of reducing draft calls to zero.

As a result of all these developments, our defense spending has fallen to 7 percent of our gross national product in the current fiscal year, compared with 8.3 percent in 1964 and 9.5 percent in 1968. That figure will be down to 6.4 percent in fiscal year 1973. Without sacrificing any of our security interests, we have been able to bring defense spending below the level of human resource spending for the first time in 20 years. This condition is maintained in my new budget -- which also, for the first time, allocates more money to the Department of Health, Education, and Welfare than to the Department of Defense.

But just as we avoid extreme reactions in our political attitudes toward the world, so we must avoid over-reacting as we plan for our defense. We have reversed spending priorities, but we have never compromised our national security. And we never will. For any step which weakens America's defenses will also weaken the prospects for peace.

Our plans for the next year call for an increase in defense spending. That increase is made necessary in part by rising research and development costs, in part by military pay increases -- which, in turn, will help us eliminate the draft -- and in part by the need to proceed with new weapon systems to maintain our security at an adequate level. Even as we seek with the greatest urgency stable controls on armaments, we cannot ignore the fact that others are going forward with major increases in their own arms programs.

In the year ahead we will be working to improve and protect, to diversify and disperse our strategic forces in ways which make them even less vulnerable to attack and more effective in deterring war. I will request a substantial budget increase to preserve the sufficiency of our strategic nuclear deterrent, including an allocation of over \$900 million to improve our sea-based deterrent force. I recently directed the Department of Defense to develop a program to build additional missile launching submarines, carrying a new and far more effective missile. We will also proceed with programs to reoutfit our Polaris submarines with the Poseidon missile system, to replace older land-based missiles with Minuteman III, and to deploy the SAFEGUARD Antiballistic Missile System.

At the same time, we must move to maintain our strength at sea. The Navy's budget was increased by \$2 billion in the current fiscal year, and I will ask for a similar increase next year, with particular emphasis on our shipbuilding programs.

Our military research and development program must also be stepped up. Our budget in this area was increased by \$594 million in the current fiscal year and I will recommend a further increase for next year of \$838 million. I will also propose a substantial program to develop and

procure more effective weapons systems for our land and tactical air forces, and to improve the National Guard and Reserves, providing more modern weapons and better training.

In addition, we will expand our strong program to attract volunteer career soldiers so that we can phase out the draft. With the cooperation of the Congress, we have been able to double the basic pay of first time enlistees. Further substantial military pay increases are planned. I will also submit to the Congress an overall reform of our military retirement and survivor benefit programs, raising the level of protection for military families. In addition, we will expand efforts to improve race relations, to equalize promotional opportunities, to control drug abuse, and generally to improve the quality of life in the Armed Forces.

As we take all of these steps, let us remember that strong military defenses are not the enemy of peace; they are the guardians of peace. Our ability to build a stable and tranquil world -- to achieve an arms control agreement, for example -- depends on our ability to negotiate from a position of strength. We seek adequate power not as an end in itself but as a means for achieving our purpose. And our purpose is peace.

In my Inaugural address 3 years ago I called for cooperation to reduce the burden of arms -- and I am encouraged by the progress we have been making toward that goal. But I also added this comment: "...to all those who would be tempted by weakness, let us leave no doubt that we will be as strong as we need to be for as long as we need to be." Today I repeat that reminder.

A Realistic Program of Foreign Assistance

Another important expression of America's interest and influence in the world is our foreign assistance effort. This effort has special significance at a time when we are reducing our direct military presence abroad and encouraging other countries to assume greater responsibilities. Their growing ability to undertake these responsibilities often depends on America's foreign assistance.

We have taken significant steps to reform our foreign assistance programs in recent years, to eliminate waste and to give them greater impact. Now three further imperatives rest with the Congress:

-- to fund in full the levels of assistance which I have earlier recommended for the current fiscal year, before the present interim funding arrangement expires in late February;

-- to act upon the fundamental aid reform proposals submitted by this administration in 1971;

-- and to modify those statutes which govern our response to expropriation of American property by foreign governments, as I recommended in my recent statement on the security of overseas investments.

These actions, taken together, will constitute not an exception to the emerging pattern for a more realistic American role in the world, but rather a fully consistent and crucially important element in that pattern.

As we work to help our partners in the world community develop their economic potential and strengthen their military forces, we should also cooperate fully with them in meeting international challenges such as the menace of narcotics, the threat of pollution, the growth of population, the proper use of the seas and seabeds, and the plight of those who have been victimized by wars and natural disasters. All of these are global problems and they must be confronted on a global basis. The efforts of the United Nations to respond creatively to these challenges have been most promising, as has the work of NATO in the environmental field. Now we must build on these beginnings.

America's Influence for Good

The United States is not the world's policeman nor the keeper of its moral conscience. But -- whether we like it or not -- we still represent a force for stability in what has too often been an unstable world, a force for justice in a world which is too often unjust, a force for progress in a world which desperately needs to progress, a force for peace in a world that is weary of war.

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We can have a great influence for good in our world -and for that reason we bear a great responsibility. Whether we fulfill that responsibility -- whether we fully use our influence for good -- these are questions we will be answering as we reshape our attitudes and policies toward other countries, as we determine our defensive capabilities, and as we make fundamental decisions about foreign assistance. I will soon discuss these and other concerns in greater detail in my annual report to the Congress on foreign policy. Our influence for good in the world depends, of course, not only on decisions which touch directly on international affairs but also on our internal strength -- on our sense of pride and purpose, on the vitality of our economy, on the success of our efforts to build a better life for all our people. Let us turn then from the state of the Union abroad to the state of the Union at home.

The Economy: Toward A New Prosperity

Just as the Vietnam war occasioned much of our spiritual crisis, so it lay at the root of our economic problems 3 years ago. The attempt to finance that war through budget deficits in a period of full employment had produced a wave of price inflation as dangerous and as persistent as any in our history. It was more persistent, frankly, than I expected it would be when I first took office. And it only yielded slowly to our dual efforts to cool the war and to cool inflation.

Our challenge was further compounded by the need to reabsorb more than 2 million persons who were released from the Armed Forces and from defense-related industries and by the substantial expansion of the labor force. In short, the escalation of the Vietnam war in the late 1960's destroyed price stability. And the de-escalation of that war in the early 1970's impeded full employment.

Throughout these years, however, I have remained convinced that both price stability and full employment were realistic goals for this country. By last summer it became apparent that our efforts to eradicate inflation without wage and price controls would either take too long or -- if they were to take effect quickly -- would come at the cost of persistent high unemployment. This cost was unacceptable. On August 15th I therefore announced a series of new economic policies to speed our progress toward a new prosperity without inflation in peacetime.

These policies have received the strong support of the Congress and the American people, and as a result they have been effective. To carry forward these policies, three important steps were taken this past December -- all within a brief 2-week period -- which will also help to make the coming year a very good year for the American economy.

On December 10, I signed into law the Revenue Act of 1971, providing tax cuts over the next 3 years of some \$15 billion, cuts which I requested to stimulate the economy and to provide hundreds of thousands of new jobs. On December 22, I signed into law the Economic Stabilization Act Amendments of 1971, which will allow us to continue our program of wage and price restraints to break the back of inflation.

Between these two events, on December 18, I was able to announce a major breakthrough on the international economic front -- reached in cooperation with our primary economic partners. This breakthrough will mitigate the intolerable strains which were building up in the world's monetary and payments structure and will lead to a removal of trade barriers which have impeded American exports. It also sets the stage for broader reforms in the international monetary system so that we can avoid repeated monetary crises in the future. Both the monetary realignment -- the first of its scope in history -- and our progress in readjusting trade conditions will mean better markets for American goods abroad and more jobs for American workers at home.

A Brighter Economic Picture

As a result of all these steps, the economic picture -which has brightened steadily during the last 5 months -- will, I believe, continue to grow brighter. This is not my judgment alone; it is widely shared by the American people. Virtually every survey and forecast in recent weeks shows a substantial improvement in public attitudes about the economy -- which are themselves so instrumental in shaping economic realities.

The inflationary psychology which gripped our Nation so tightly for so long is on the ebb. Business and consumer confidence has been rising. Businessmen are planning a 9.1 percent increase in plant and equipment expenditures in 1972, more than four times as large as the increase in 1971. Consumer spending and retail sales are on the rise. Home building is booming -- housing starts last year were up more than 40 percent from 1970, setting an all-time record. Interest rates are sharply down. Both income and production are rising. Real output in our economy in the last 3 months of 1971 grew at a rate that was about double that of the previous two quarters. Perhaps most importantly, total employment has moved above the 80 million mark -- to a record high -- and is growing rapidly. In the last 5 months of 1971, some 1.1 million additional jobs were created in our economy and only a very unusual increase in the size of our total labor force kept the unemployment rate from falling.

But whatever the reason, 6 percent unemployment is too high. I am determined to cut that percentage -- through a variety of measures. The budget I present to the Congress next week will be an expansionary budget -- reflecting the impact of new job-creating tax cuts and job-creating expenditures. We will also push to increase employment through our programs for manpower training and public service employment, through our efforts to expand foreign markets, and through other new initiatives.

Expanded employment in 1972 will be different, however, from many other periods of full prosperity. For it will come without the stimulus of war -- and it will come without inflation. Our program of wage and price controls is working. The consumer price index, which rose at a yearly rate of slightly over 6 percent during 1969 and the first half of 1970, rose at a rate of only 1.7 percent from August through November of 1971.

I would emphasize once again, however, that our ultimate objective is lasting price stability without controls. When we achieve an end to the inflationary psychology which developed in the 1960's, we will return to our traditional policy of relying on free market forces to determine wages and prices.

I would also emphasize that while our new budget will be in deficit, the deficit will not be irresponsible. It will be less than this year's actual deficit and would disappear entirely under full employment conditions. While Federal spending continues to grow, the rate of increase in spending has been cut very sharply -- to little more than half that experienced under the previous administration. The fact that our battle against inflation has led us to adopt a new policy of wage and price restraints should not obscure the continued importance of our fiscal and monetary policies in holding down the cost of living. It is most important that the Congress join now in resisting the temptation to overspend and in accepting the discipline of a balanced full employment budget.

I will soon present a more complete discussion of all of these matters in my Budget Message and in my Economic Report.

A New Era in International Economics

Just as we have entered a new period of negotiation in world politics, so we have also moved into a new period of negotiation on the international economic front. We expect these negotiations to help us build both a new international system for the exchange of money and a new system of international trade. These accomplishments, in turn, can open a new era of fair competition and constructive interdependence in the global economy.

10

We have already made important strides in this direction. The realignment of exchange rates which was announced last month represents an important forward step -- but now we also need basic long-range monetary reform. We have made an important beginning toward altering the conditions for international trade and investment -- and we expect further substantial progress. I would emphasize that progress for some nations in these fields need not come at the expense of others. All nations will benefit from the right kind of monetary and trade reform.

Certainly the United States has a high stake in such improvements. Our international economic position has been slowly deteriorating now for some time -- a condition which could have dangerous implications for both our influence abroad and our prosperity at home. It has been estimated, for example, that full employment prosperity will depend on the creation of some 20 million additional jobs in this decade. And expanding our foreign markets is a most effective way to expand domestic employment.

One of the major reasons for the weakening of our international economic position is that the ground rules for the exchange of goods and money have forced us to compete with one hand tied behind our back. One of our most important accomplishments in 1971 was our progress in changing this situation.

Competing More Effectively

Monetary and trade reforms are only one part of this story. The ability of the United States to hold its own in world competition depends not only on the fairness of the rules, but also on the competitiveness of our economy. We have made great progress in the last few months in improving the terms of competition. Now we must also do all we can to strengthen the ability of our own economy to compete.

We stand today at a turning point in the history of our country -- and in the history of our planet. On the one hand, we have the opportunity to help bring a new economic order to the world, an open order in which nations eagerly face outward to build that network of interdependence which is the best foundation for prosperity and for peace. But we will also be tempted in the months ahead to take the opposite course -- to withdraw from the world economically as some would have us withdraw politically, to build an economic "Fortress America" within which our growing weakness could be concealed. Like a child who will not go out to play with other children, we would probably be saved a few minor bumps and bruises in the short run if we were to adopt this course. But in the long run the world would surely pass us by.

I reject this approach. I remain committed to that open world I discussed in my Inaugural address. That is why I have worked for a more inviting climate for America's economic activity abroad. That is why I have placed so much emphasis on increasing the productivity of our economy at home. And that is also why I believe so firmly that we must stimulate more long-range investment in our economy, find more effective ways to develop and use new technology, and do a better job of training and using skilled manpower.

An acute awareness of the international economic challenge led to the creation just one year ago of the Cabinet-level Council on International Economic Policy. This new institution has helped us to understand this challenge better and to respond to it more effectively.

As our understanding deepens, we will discover additional ways of improving our ability to compete. For example, we can enhance our competitive position by moving to implement the metric system of measurement, a proposal which the Secretary of Commerce presented in detail to the Congress last year. And we should also be doing far more to gain our fair share of the international tourism market, now estimated at \$17 billion annually, one of the largest factors in world trade. A substantial part of our balance of payments deficit results from the fact that American tourists abroad spend \$2.5 billion more than foreign tourists spend in the United States. We can help correct this situation by attracting more foreign tourists to our shores -- especially as we enter our Bicentennial era. I am therefore requesting that the budget for the United States Travel Service benearly doubled in the coming year.

The Unfinished Agenda

Our progress toward building a new economic order at home and abroad has been made possible by the cooperation and cohesion of the American people. I am sure that many Americans had misgivings about one aspect or another of the new economic policies I introduced last summer. But most have nevertheless been ready to accept this new effort in order to build the broad support which is essential for effective change.

The time has now come for us to apply this same sense of realism and reasonability to other reform proposals which have been languishing on our domestic agenda. As was the case with our economic policies, most Americans agree that we need a change in our welfare system, in our health strategy, in our programs to improve the environment, in the way we finance State and local government, and in the organization of government at the Federal level. Most Americans are not satisfied with the status quo in education, in transportation, in law enforcement, in drug control, in community development. In each of these areas -- and in others -- I have put forward specific proposals which are responsive to this deep desire for change.

And yet achieving change has often been difficult. There has been progress in some areas, but for the most part, as a nation we have not shown the same sense of self-discipline in our response to social challenges that we have developed in meeting our economic needs. We have not been as ready as we should have been to compromise our differences and to build a broad coalition for change. And so we often have found ourselves in a situation of stalemate -- doing essentially nothing even though most of us agree that nothing is the very worst thing we can do.

Two years ago this week, and again one year ago, my messages on the state of the Union contained broad proposals for domestic reform. I am presenting a number of new proposals in this year's message. But I also call once again, with renewed urgency, for action on our unfinished agenda.

Welfare Reform

The first item of unfinished business is welfare reform.

Since I first presented my proposals in August of 1969, some 4 million additional persons have been added to our welfare rolls. The cost of our old welfare system has grown by an additional \$4.2 billion. People have not been moving as fast as they should from welfare rolls to payrolls. Too much of the traffic has been the other way.

Our antiquated welfare system is responsible for this calamity. Our new program of "workfare" would begin to end it.

Today, more than ever, we need a new program which is based on the dignity of work, which provides strong incentives for work, and which includes for those who are able to work an effective work requirement. Today, more than ever, we need a new program which helps hold families together rather than driving them apart, which provides day care services so that low income mothers can trade dependence on government for the dignity of employment, which relieves intolerable fiscal pressures on State and local governments, and which replaces 54 administrative systems with a more efficient and reliable nationwide approach.

I have now given prominent attention to this subject in three consecutive messages on the state of the Union. The House of Representatives has passed welfare reform twice. Now that the new economic legislation has been passed, I urge the Senate Finance Committee to place welfare reform at the top of its agenda. It is my earnest hope that when this Congress adjourns, welfare reform will not be an item of pending business but an accomplished reality.

Revenue Sharing: Returning Power to the People

At the same time that I introduced my welfare proposals 2-1/2 years ago, I also presented a program for sharing Federal revenues with State and local governments. Last year I greatly expanded on this concept. Yet, despite undisputed evidence of compelling needs, despite overwhelming public support, despite the endorsement of both major political parties and most of the Nation's Governors and mayors, and despite the fact that most other nations with federal systems of government already have such a program, revenue sharing still remains on the list of unfinished business.

I call again today for the enactment of revenue sharing. During its first full year of operation our proposed programs would spend \$17.6 billion, both for general purposes and through six special purpose programs for law enforcement, manpower, education, transportation, rural community development, and urban community development.

As with welfare reform, the need for revenue sharing becomes more acute as time passes. The financial crisis of State and local government is deepening. The pattern of breakdown in State and municipal services grows more threatening. Inequitable tax pressures are mounting. The demand for more flexible and more responsive government -- at levels closer to the problems and closer to the people -- is building.

Revenue sharing can help us meet these challenges. It can help reverse what has been the flow of power and resources toward Washington by sending power and resources back to the States, to the communities, and to the people. Revenue sharing can bring a new sense of accountability, a new burst of energy and a new spirit of creativity to our federal system.

I am pleased that the House Ways and Means Committee has made revenue sharing its first order of business in the new session. I urge the Congress to enact in this session, not an empty program which bears the revenue sharing label while continuing the outworn system of categorical grants, but a bold, comprehensive program of genuine revenue sharing.

I also presented last year a \$100 million program of planning and management grants to help the States and localities do a better job of analyzing their problems and carrying out solutions. I hope this program will also be quickly accepted. For only as State and local governments get a new lease on life can we hope to bring government back to the people -and with it a stronger sense that each individual can be in control of his life, that every person can make a difference.

Overhauling the Machinery of Government: Executive Reorganization

As we work to make State and local government more responsive -- and more responsible -- let us also seek these same goals at the Federal level. I again urge the Congress to enact my proposals for reorganizing the executive branch of the Federal Government. Here again, support from the general public -- as well as from those who have served in the executive branch under several Presidents -- has been most encouraging. So has the success of the important organizational reforms we have already made. These have included a restructured Executive Office of the President -with a new Domestic Council, a new Office of Management and Budget, and other units; reorganized field operations in Federal agencies; stronger mechanisms for interagency coordination, such as Federal Regional Councils; a new United States Postal Service; and new offices for such purposes as protecting the environment, coordinating communications policy, helping the consumer, and stimulating yoluntary service. But the centerpiece of our efforts to streamline the executive branch still awaits approval.

How the government is put together often determines how well the government can do its job. Our Founding Fathers understood this fact -- and thus gave detailed attention to the most precise structural questions. Since that time, however, and especially in recent decades, new responsibilities and new constituencies have caused the structure they established to expand enormously -- and in a piecemeal and haphazard fashion.

As a result, our Federal Government today is too often a sluggish and unresponsive institution, unable to deliver a dollar's worth of service for a dollar's worth of taxes.

My answer to this problem is to streamline the executive branch by reducing the overall number of executive departments and by creating four new departments in which existing responsibilities would be refocused in a coherent and comprehensive way. The rationale which I have advanced calls for organizing these new departments around the major purposes of the government -- by creating a Department of Natural Resources, a Department of Human Resources, a Department of Community Development, and a Department of Economic Affairs. I have revised my original plan so that we would not eliminate the Department of Agriculture but rather restructure that Department so it can focus more effectively on the needs of farmers.

The Congress has recently reorganized its own operations, and the Chief Justice of the United States has led a major effort to reform and restructure the judicial branch. The impulse for reorganization is strong and the need for reorganization is clear. I hope the Congress will not let this opportunity for sweeping reform of the executive branch slip away.

A New Approach to the Delivery of Social Services

As a further step to put the machinery of government in proper working order, I will also propose new legislation to reform and rationalize the way in which social services are delivered to families and individuals.

Today it often seems that our service programs are unresponsive to the recipients' needs and wasteful of the taxpayers' money. A major reason is their extreme fragmentation. Rather than pulling many services together, our present system separates them into narrow and rigid categories. The father of a family is helped by one program, his daughter by another, and his elderly parents by a third. An individual goes to one place for nutritional help, to another for health services, and to still another for educational counseling. A community finds that it cannot transfer Federal funds from one program area to another area in which needs are more pressing.

Meanwhile, officials at all levels of government find themselves wasting enormous amounts of time, energy, and the taxpayers' money untangling Federal red tape -- time and energy and dollars which could better be spent in meeting people's needs.

We need a new approach to the delivery of social services -- one which is built around people and not around programs. We need an approach which treats a person as a whole and which treats the family as a unit. We need to break through rigid categorical walls, to open up narrow bureaucratic compartments, to consolidate and coordinate related programs in a comprehensive approach to related problems.

The Allied Services Act which will soon be submitted to the Congress offers one set of tools for carrying out that new approach in the programs of the Department of Health, Education and Welfare. It would strengthen State and local planning and administrative capacities, allow for the transfer of funds among various HEW programs, and permit the waiver of certain cumbersome Federal requirements. By streamlining and simplifying the delivery of services, it would help more people move more rapidly from public dependency toward the dignity of being self-sufficient.

Good men and good money can be wasted on bad mechanisms. By giving those mechanisms a thorough overhaul, we can help their government.

Protecting the Environment

A central theme of both my earlier messages on the state of the Union was the state of our environment -- and the importance of making "our peace with nature." The last few years have been a time in which environmental values have become firmly embedded in our attitudes -- and in our institutions. At the Federal level, we have established a new Environmental Protection Agency, a new Council on Environmental Quality and a new National Oceanic and Atmospheric Administration, and we have proposed an entire new Department of Natural Resources. New air quality standards have been set, and there is evidence that the air in many cities is becoming less polluted. Under authority granted by the Refuse Act of 1899, we have instituted a new permit program which, for the first time, allows the Federal Government to inventory all significant industrial sources of water pollution and to specify required abatement actions. Under the Refuse Act, more than 160 civil actions and 320 criminal actions to stop water pollution have been filed against alleged polluters in the last 12 months. Major programs have also been launched to build new municipal waste treatment facilities, to stop pollution from Federal facilities, to expand our wilderness areas, and to leave a legacy of parks for future generations. Our outlays for inner city parks have been significantly expanded, and 62 Federal tracts have been transferred to the States and to local governments for recreational uses. In the coming year, I hope to transfer to local park use much more Federal land which is suitable for recreation but which is now underutilized. I trust the Congress will not delay this process.

The most striking fact about environmental legislation in the early 1970's is how much has been proposed and how little has been enacted. Of the major legislative proposals I made in my special message to the Congress on the environment last winter, 18 are still awaiting final action. They include measures to regulate pesticides and toxic substances, to control noise pollution, to restrict dumping in the oceans, in coastal waters, and in the Great Lakes, to create ani effective policy for the use and development of land, to regulate the siting of power plants, to control strip mining, and to help achieve many other important environmental goals. The unfinished agenda also includes our National Resource Land Management Act, and other measures to improve environmental protection on federally owned lands.

The need for action in these areas is urgent. The forces which threaten our environment will not wait while we procrastinate. Nor can we afford to rest on last year's agenda in the environmental field. For as our understanding of these problems increases, so must our range of responses. Accordingly, I will soon be sending to the Congress another message on the environment that will present further administrative and legislative initiatives. Altogether our new budget will contain more than three times as much money for environmental programs in fiscal year 1973 as we spent in fiscal year 1969. To fail in meeting the environmental challenge, however, would be even more costly. I urge the Congress to put aside narrow partisan perspectives that merely ask "whether" we should act to protect the environment and to focus instead on the more difficult question of "how" such action can most effectively be carried out.

Abundant Clean Energy

In my message to the Congress on energy policy, last June, I outlined additional steps relating to the environment which also merit renewed attention. The challenge, as I defined it, is to produce a sufficient supply of energy to fuel our industrial civilization and at the same time to protect a beautiful and healthy environment. I am convinced that we can achieve both these goals, that we can respect our good earth without turning our back on progress.

In that message last June, I presented a long list of means for assuring an ample supply of clean energy -- including the liquid metal fast breeder reactor -- and I again emphasize their importance. Because it often takes several years to bring new technologies into use in the energy field, there is no time for delay. Accordingly, I am including in my new budget increased funding for the most promising of these and other clean energy programs. By acting this year, we can avoid having to choose in some future year between too little energy and too much pollution.

Keeping People Healthy

The National Health Strategy I outlined last February is designed to achieve one of the Nation's most important goals for the 1970's, improving the quality and availability of medical care, while fighting the trend toward runaway costs. Important elements of that strategy have already been enacted. The Comprehensive Health Manpower Training Act and the Nurse Training Act, which I signed on November 18, represent the most far-reaching effort in our history to increase the supply of doctors, nurses, dentists and other health professionals and to attract them to areas which are experiencing manpower shortages. The National Cancer Act, which I signed on December 23, marked the climax of a year-long effort to step up our campaign against cancer. During the past year, our cancer research budget has been increased by \$100 million and the full weight of my office has been given to our all-out war on this disease. We have also expanded the fight against sickle cell anemia by an additional \$5 million.

I hope that action on these significant fronts during the first session of the 92nd Congress will now be matched by action in other areas during the second session. The Health Maintenance Organization Act, for example, is an essential tool for helping doctors deliver care more effectively and more efficiently with a greater emphasis on prevention and early treatment. By working to keep our people healthy instead of treating us only when we are sick, Health Maintenance Organizations can do a great deal to help us reduce medical costs.

Our National Health Insurance Partnership legislation is also essential to assure that no American is denied basic medical care because of inability to pay. Too often, present health insurance leaves critical outpatient services uncovered, distorting the way in which facilities are used. It also fails to protect adequately against catastrophic costs and to provide sufficient assistance for the poor. The answer I have suggested is a comprehensive national plan -- not one that nationalizes our private health insurance industry but one that corrects the weaknesses in that system while building on its considerable strengths. A large part of the enormous increase in the Nation's expenditures on health in recent years has gone not to additional services but merely to meet price inflation. Our efforts to balance the growing demand for care with an increased supply of services will help to change this picture. So will that part of our economic program which is designed to control medical costs. I am confident that with the continued cooperation of those who provide health services, we will succeed on this most important battlefront in our war against inflation.

Our program for the next year will also include further funding increases for health research -- including substantial new sums for cancer and sickle cell anemia -- as well as further increases for medical schools and for meeting special problems such as drug addiction and alcoholism. We also plan to construct new veterans hospitals and expand the staffs at existing ones.

In addition, we will be giving increased attention to the fight against diseases of the heart, blood vessels and lungs, which presently account for more than half of all the deaths in this country. It is deeply disturbing to realize that, largely because of heart disease, the mortality rate for men under the age of 55 is about twice as great in the United States as it is, for example, in some Scandinavian countries.

I will shortly assign a panel of distinguished experts to help us determine why heart disease is so prevalent and so menacing and what we can do about it. I will also recomment an expanded budget for the National Heart and Lung Institute. The young father struck down by a heart attack in the prime of life, the productive citizen crippled by a stroke, an older person tortured by breathing difficulties during his later years -- these are tragedies which can be reduced in number and we must do all that is possible to reduce them.

Nutrition

One of the critical areas in which we have worked to advance the health of the Nation is that of combating hunger and improving nutrition. With the increases in our new budget, expenditures on our food stamp program will have increased ninefold since 1969, to the \$2.3 billion level. Spending on school lunches for needy children will have increased more than sevenfold, from \$107 million in 1969 to \$770 million in 1973. Because of new regulations which will be implemented in the year ahead, we will be able to increase further both the equity of our food stamp program and the adequacy of its benefits.

Coping with Accidents -- and Preventing Them

Last year, more than 115,000 Americans lost their lives in accidents. Four hundred thousand more were permanently disabled and 10 million were temporarily disabled. The loss to our economy from accidents last year is estimated at over \$28 billion. These are sad and staggering figures -- especially since this toll could be greatly reduced by upgrading our emergency medical services. Such improvement does not even require new scientific breakthroughs; it only requires that we apply our present knowledge more effectively. To help in this effort, I am directing the Department of Health, Education and Welfare to develop new ways of organizing emergency medical services and of providing care to accident victims. By improving communication, transportation, and the training of emergency personnel, we can save many thousands of lives which would otherwise be lost to accidents and sudden illnesses.

One of the significant joint accomplishments of the Congress and this administration has been a vigorous new program to protect against job-related accidents and illnesses. Our occupational health and safety program will be further strengthened in the year ahead -- as will our ongoing efforts to promote air traffic safety, boating safety, and safety on the highways.

In the last 3 years, the motor vehicle death rate has fallen by 13 percent, but we still lose some 50,000 lives on our highways each year -- more than we have lost in combat in the entire Vietnam war.

Fully one-half of these deaths were directly linked to alcohol. This appalling reality is a blight on our entire Nation -- and only the active concern of the entire Nation can remove it. The Federal Government will continue to help all it can, through its efforts to promote highway safety and automobile safety, and through stronger programs to help the problem drinker.

Yesterday's Goals: Tomorrow's Accomplishments

Welfare reform, revenue sharing, executive reorganization, environmental protection, and the new national health strategy -- these, along with economic improvement, constituted the six great goals I emphasized in my last State of the Union address -- six major components of a New American Revolution. They remain six areas of great concern today. With the cooperation of the Congress, they can be six areas of great accomplishment tomorrow.

But the challenges we face cannot be reduced to six categories. Our problems -- and our opportunities -- are manifold, and action on many fronts is required. It is partly for this reason that my State of the Union address this year includes this written message to the Congress. For it gives me the chance to discuss more fully a number of programs which also belong ^{ON} our list of highest priorities.

Action for the Aging

Last month, I joined with thousands of delegates to the White House Conference on Aging in a personal commitment to make 1972 a year of action on behalf of 21 million older Americans. Today I call on the Congress to join me in that pledge. For unless the American dream comes true for our older generation it cannot be complete for any generation.

We can begin to make this a year of action for the aging by acting on a number of proposals which have been pending

since 1969. For older Americans, the most significant of these is the bill designated H.R. 1. This legislation, which also contains our general welfare reform measures, would place a national floor under the income of all older Americans, guarantee inflation-proof social security benefits, allow social security recipients to earn more from their own work, increase benefits for widows, and provide a 5-percent acrossthe-board increase in social security. Altogether, H.R. 1 -as it now stands -- would mean some \$5.5 billion in increased benefits for America's older citizens. I hope the Congress will also take this opportunity to eliminate the \$5.80 monthly fee now charged under Part B of Medicare -- a step which would add an additional \$1.5 billion to the income of the elderly. These additions would come on top of earlier social security increases totalling some \$3 billion over the last 3 years.

A number of newer proposals also deserve approval. I am requesting that the budget of the Administration on Aging be increased five-fold over last year's request, to \$100 million, in part so that we can expand programs which help older citizens live dignified lives in their own homes. I am recommending substantially larger budgets for those programs which give older Americans a better chance to serve their countrymen -- Retired Senior Volunteers, Foster Grandparents, and others. And we will also work to ease the burden of property taxes which so many older Americans find so inequitable and so burdensome. Other initiatives, including proposals for extending and improving the Older Americans Act, will be presented as we review the recommendations of the White House Conference on Aging. Our new Cabinet-level Domestic Council Committee on Aging has these recommendations at the top of its agenda.

We will also be following up in 1972 on one of the most important of our 1971 initiatives -- the crackdown on substandard nursing homes. Our follow-through will give special attention to providing alternative arrangements for those who are victimized by such facilities.

The legislation I have submitted to provide greater financial security at retirement, both for those now covered by private pension plans and those who are not, also merits prompt action by the Congress. Only half the country's work force is now covered by tax deductible private pensions; the other half deserve a tax deduction for their retirement savings too. Those who are now covered by pension plans deserve the assurance that their plans are administered under strict fiduciary standards with full disclosure. And they should also have the security provided by prompt vesting -- the assurance that even if one leaves a given job, he can still receive the pension he earned there when he retires. The legislation I have proposed would achieve these goals, and would also raise the limit on deductible pension savings for the selfemployed.

The state of our Union is strong today because of what older Americans have so long been giving to their country. The state of our Union will be stronger tomorrow if we recognize how much they still can contribute. The best thing our country can give to its older citizens is the chance to be a part of it, the chance to play a continuing role in the great American adventure.

Equal Opportunity for Minorities

America cannot be at its best as it approaches its 200th birthday unless all Americans have the opportunity to be at their best. A free and open American society, one that is true to the ideals of its founders, must give each of its citizens an equal chance at the starting line and an equal opportunity to go as far and as high as his talents and energies will take him.

The Nation can be proud of the progress it has made in assuring equal opportunity for members of minority groups in recent years. There are many measures of our progress.

Since 1969, we have virtually eliminated the dual school system in the South. Three years ago, 68 percent of all black children in the South were attending all black schools; today only 9 percent are attending schools which are entirely black. Nationally, the number of 100 percent minority schools has decreased by 70 percent during the past 3 years. To further expand educational opportunity, my proposed budget for predominantly black colleges will exceed \$200 million next year, more than double the level of 3 years ago.

On the economic front, overall Federal aid to minority business enterprise has increased threefold in the last 3 years, and I will propose a further increase of \$90 million. Federal hiring among minorities has been intensified, despite cutbacks in Federal employment, so that one-fifth of all Federal employees are now members of minority groups. Building on strong efforts such as the Philadelphia Plan, we will work harder to ensure that Federal contractors meet fair hiring standards. Compliance reviews will be stepped up, to a level more than 300 percent higher than in 1969. Our proposed budget for the Equal Employment Opportunity Commission will be up 36 percent next year, while our proposed budget for enforcing fair housing laws will grow by 20 percent. I also support legislation to strengthen the enforcement powers of the EEOC by providing the Commission with authority to seek court enforcement of its decisions and by giving it jurisdiction over the hiring practices of State and local governments.

Overall, our proposed budget for civil rights activities is up 25 percent for next year, an increase which will give us nearly three times as much money for advancing civil rights as we had 3 years ago. We also plan a 42 percent increase in the budget for the Cabinet Committee on Opportunities for the Spanish Speaking. And I will propose that the Congress extend the operations of the Civil Rights Commission for another 5-year period.

Self-Determination for Indians

One of the major initiatives in the second year of my Presidency was designed to bring a new era in which the future for American Indians is determined by Indian acts and Indian decisions. The comprehensive program I put forward sought to avoid the twin dangers of paternalism on the one hand and the termination of trust responsibility on the other. Some parts of this program have now become effective, including a generous settlement of the Alaska Native Claims and the return to the Taos Pueblo Indians of the sacred lands around Blue Lake. Construction grants have been authorized to assist the Navajo Community College, the first Indian-managed institution of higher education. We are also making progress toward Indian self-determination on the administrative front. A newly reorganized Bureau of Indian Affairs, with almost all-Indian leadership, will from now on be concentrating its resources on a program of reservation-by-reservation development, including redirection of employment assistance to strengthen reservation economies, creating local Indian Action Teams for manpower training, and increased contracting of education and other functions to Indian communities.

I again urge the Congress to join in helping Indians help themselves in fields such as health, education, the protection of land and water rights, and economic development. We have talked about injustice to the first Americans long enough. As Indian leaders themselves have put it, the time has come for more rain and less thunder.

Equal Rights for Women

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This administration will also continue its strong efforts to open equal opportunities for women, recognizing clearly that women are often denied such opportunities today. While every woman may not want a career outside the home, every woman should have the freedom to choose whatever career she wishes -- and an equal chance to pursue it.

We have already moved vigorously against job discrimination based on sex in both the private and public sectors. For the first time, guidelines have been issued to require that Government contractors in the private sector have action plans for the hiring and promotion of women. We are committed to strong enforcement of equal employment opportunity for women under Title VII of the Civil Rights Act. To help carry out these commitments I will propose to the Congress that the jurisdiction of the Commission on Civil Rights be broadened to encompass sex-based discrimination.

Within the Government, more women have been appointed to high posts than ever before. As the result of my directives issued in April 1971 the number of women appointed to highlevel Federal positions has more than doubled -- and the number of women in Federal middle management positions has also increased dramatically. More women than ever before have been appointed to Presidential boards and commissions. Our vigorous program to recruit more women for Federal service will be continued and intensified in the coming year.

Opportunity for Veterans

A grateful nation owes its servicemen and servicewomen every opportunity it can open to them when they return to civilian life. The Nation may be weary of war, but we dare not grow weary of doing right by those who have borne its heaviest burdens.

The Federal Government is carrying out this responsibility in many ways: through the G.I. Bill for education -- which will spend 2-1/2 times more in 1973 than in 1969; through home loan programs and disability and pension benefits -which also have been expanded; through better medical services -including strong new drug treatment programs; through its budget for veterans hospitals, which is already many times the 1969 level and will be stepped up further next year.

We have been particularly concerned in the last 3 years with the employment of veterans --- who experience higher unemployment rates than those who have not served in the Armed Forces. During this past year I announced a six-point national program to increase public awareness of this problem, to provide training and counseling to veterans seeking jobs and to help them find employment opportunities. Under the direction of the Secretary of Labor and with the help of our Jobs for Veterans Committee and the National Alliance of Businessmen, this program has been moving forward. During its first five months of operation, 122,000 Vietnam-era veterans were placed in jobs by the Federal-State Employment Service and 40,000 were enrolled in job training programs. During the next six months, we expect the Federal-State Employment Service to place some 200,000 additional veterans in jobs and to enroll nearly 200,000 more in manpower training programs.

But let us never forget, in this as in so many other areas, that the opportunity for any individual to contribute fully to his society depends in the final analysis on the response -- in his own community -- of other individuals.

Greater Role for American Youth

Full participation and first class citizenship -- these must be our goals for America's young people. It was to help achieve these goals that I signed legislation to lower the minimum voting age to 18 in June of 1970, and moved to secure a court validation of its constitutionality. And I took special pleasure a year later in witnessing the certification of the amendment which placed this franchise guarantee in the Constitution.

But a voice at election time alone is not enough. Young people should have a hearing in government on a day-by-day basis. To this end, and at my direction, agencies throughout the Federal Government have stepped up their hiring of young people and have opened new youth advisory channels. We have also convened the first White House Youth Conference -- a wide-open forum whose recommendations have been receiving a thorough review by the Executive departments.

Several other reforms also mean greater freedom and opportunity for America's young people. Draft calls have been substantially reduced, as a step toward our target of reducing them to zero by mid-1973. Already the lottery system and other new procedures, and the contributions of youth advisory councils and younger members on local boards have made the draft far more fair than it was. My educational reform proposals embody the principle that no qualified student who wants to go to college should be barred by lack of money --- a guarantee that would open doors of opportunity for many thousands of deserving young people. Our new career education emphasis can also be a significant springboard to good jobs and rewarding lives.

Young America's "extra dimension" in the sixties and seventies has been a drive to help the less fortunate -- an activist idealism bent on making the world a better place to live. Our new ACTION volunteer agency, building on the successful experiences of constituent units such as the Peace Corps and Vista, has already broadened service opportunities for the young -- and more new programs are in prospect. The Congress can do its part in forwarding this positive momentum by assuring that the ACTION programs have sufficient funds to carry out their mission.

The American Farmer

As we face the challenge of competing more effectively abroad and of producing more efficiently at home, our entire Nation can take the American farmer as its model. While the productivity of our non-farm industries has gone up 60 percent during the last 20 years, agricultural productivity has gone up 200 percent, or nearly 3-1/2 times as much. One result has been better products and lower prices for American consumers. Another is that farmers have more than held their own in international markets. Figures for the last fiscal year show nearly a \$900 million surplus for commercial agricultural trade.

The strength of American agriculture is at the heart of the strength of America. American farmers deserve a fair share in the fruits of our prosperity.

We still have much ground to cover before we arrive at that goal -- but we have been moving steadily toward it. In 1950 the income of the average farmer was only 58 percent of that of his non-farm counterpart. Today that figure stands at 74 percent -- not nearly high enough, but moving in the right direction.

Gross farm income reached a record high in 1971, and for 1972 a further increase of \$2 billion is predicted. Because of restraints on production costs, net farm income is expected to rise in 1972 by 6.4 percent or some \$1 billion. Average income per farm is expected to go up 8 percent -- to an all-time high -- in the next 12 months.

Still there are very serious farm problems -- and we are taking strong action to meet them.

I promised 3 years ago to end the sharp skid in farm exports -- and I have kept that promise. In just 2 years, farm exports climbed by 37 percent, and last year they set an all-time record. Our expanded marketing programs, the agreement to sell 2 million tons of feed grains to the Soviet Union, our massive aid to South Asia under Public Law 480, and our efforts to halt transportation strikes -- by doing all we can under the old law and by proposing a new and better one -- these efforts and others are moving us toward our \$10 billion farm export goal.

I have also promised to expand domestic markets, to improve the management of surpluses, and to help in other ways to raise the prices received by farmers. I have kept that promise, too. A surprisingly large harvest drove corn prices down last year, but they have risen sharply since last November. Prices received by dairy farmers, at the highest level in history last year, will continue strong in 1972. Soybean prices will be at their highest level in two decades. Prices received by farmers for hogs, poultry and eggs are all expected to go higher. Expanded Government purchases and other assistance will also provide a greater boost to farm income.

With the close cooperation of the Congress, we have expanded the farmers' freedom and flexibility through the Agricultural Act of 1970. We have strengthened the Farm

Credit System and substantially increased the availability of farm credit. Programs for controlling plant and animal disease and for soil and water conservation have also been expanded. All these efforts will continue, as will our efforts to improve the legal climate for cooperative bargaining -- an important factor in protecting the vitality of the family farm and in resisting excessive government management.

Developing Rural America

In my address to the Congress at this time 2 years ago, I spoke of the fact that one-third of our counties had lost population in the 1960's, that many of our rural areas were slowly being emptied of their people and their promise, and that we should work to reverse this picture by including rural America in a nationwide program to foster balanced growth.

It is striking to realize that even if we had a population of one billion -- nearly five times the current level -our area is so great that we would still not be as densely populated as many European nations are at present. Clearly, our problems are not so much those of numbers as they are of distribution. We must work to revitalize the American countryside.

We have begun to make progress on this front in the last 3 years. Rural housing programs have been increased by more than 450 percent from 1969 to 1973. The number of families benefiting from rural water and sewer programs is now 75 percent greater than it was in 1969. We have worked to encourage sensible growth patterns through the location of Federal facilities. The first biennial Report on National Growth, which will be released in the near future, will further describe these patterns, their policy implications and the many ways we are responding to this challenge.

But we must do more. The Congress can begin by passing my \$1.1 billion program of Special Revenue Sharing for Rural Community Development. In addition, I will soon present a major proposal to expand significantly the credit authorities of the Farmers Home Administration, so that this agency -which has done so much to help individual farmers -- can also help spur commercial, industrial and community development in rural America. Hopefully, the FHA will be able to undertake this work as a part of a new Department of Community Development.

In all these ways, we can help ensure that rural America will be in the years ahead what it has been from our Nation's beginning -- an area which looks eagerly to the future with a sense of hope and promise.

A Commitment to Our Cities

Our commitment to balanced growth also requires a commitment to our cities -- to old cities threatened by decay, to suburbs now sprawling senselessly because of inadequate planning, and to new cities not yet born but clearly needed by our growing population. I discussed these challenges in my special message to the Congress on Population Growth and the American Future in the summer of 1969 -- and I have often discussed them since. My recommendations for transportation, education, health, welfare, revenue sharing, planning and management assistance, executive reorganization, the environment -- especially the proposed Land Use Policy Act -- and my proposals in many other areas touch directly on community development. One of the keys to better cities is better coordination of these many components. Two of my pending proposals go straight to the heart of this challenge. The first, a new Department of Community Development, would provide a single point of focus for our strategy for growth. The second, Special Revenue Sharing for Urban Community Development, would remove the rigidities of categorical project grants which now do so much to fragment planning, delay action, and discourage local responsibility. My new budget proposes a \$300 million increase over the full year level which we proposed for this program a year ago.

The Department of Housing and Urban Development has been working to foster orderly growth in our cities in a number of additional ways. A Planned Variation concept has been introduced into the Model Cities program which gives localities more control over their own future. HUD's own programs have been considerably decentralized. The New Communities Program has moved forward and seven projects have received final approval. The Department's efforts to expand mortgage capital, to more than double the level of subsidized housing, and to encourage new and more efficient building techniques through programs like Operation Breakthrough have all contributed to our record level of housing starts. Still more can be done if the Congress enacts the administration's Housing Consolidation and Simplification Act, proposed in 1970.

The Federal Government is only one of many influences on development patterns across our land. Nevertheless, its influence is considerable. We must do all we can to see that its influence is good.

Improving Transportation

Although the executive branch and the Congress have been led by different parties during the last 3 years, we have cooperated with particular effectiveness in the field of transportation. Together we have shaped the Urban Mass Transportation Assistance Act of 1970 -- a 12-year, \$10 billion effort to expand and improve our common carriers and thus make our cities more livable. We have brought into effect a 10-year, \$3 billion ship construction program as well as increased research efforts and a modified program of operating subsidies to revamp our merchant marine. We have accelerated efforts to improve air travel under the new Airport and Airway Trust Fund and have been working in fresh ways to save and improve our railway passenger service. Great progress has also been made in promoting transportation safety and we have moved effectively against cargo thefts and skyjacking.

I hope this strong record will be even stronger by the time the 92nd Congress adjourns. I hope that our Special Revenue Sharing program for transportation will by then be a reality -- so that cities and States can make better longrange plans with greater freedom to achieve their own proper balance among the many modes of transportation. I hope, too, that our recommendations for revitalizing surface freight transportation will by then be accepted, including measures both to modernize railway equipment and operations and to update regulatory practices. By encouraging competition, flexibility and efficiency among freight carriers, these steps could save the American people billions of dollars in freight costs every year, helping to curb inflation, expand employment and improve our balance of trade.

One of our most damaging and perplexing economic problems is that of massive and prolonged transportation strikes. There is no reason why the public should be the helpless victim of such strikes -- but this is frequently what happens. The dock strike, for example, has been extremely costly for the American people, particularly for the farmer for whom a whole year's income can hinge on how promptly he can move his goods. Last year's railroad strike also dealt a severe blow to our economy.

Both of these emergencies could have been met far more effectively if the Congress had enacted my Emergency Public Interest Protection Act, which I proposed in February of 1970. By passing this legislation in this session, the Congress can give us the permanent machinery so badly needed for resolving future disputes.

Historically, our transportation systems have provided the cutting edge for our development. Now, to keep our country from falling behind the times, we must keep well ahead of events in our transportation planning. This is why we are placing more emphasis and spending more money this year on transportation research and development. For this reason, too, I will propose a 65 percent increase -to the \$1 billion level -- in our budget for mass transportation. Highway building has been our first priority -and our greatest success story -- in the past two decades. Now we must write a similar success story for mass transportation in the 1970's.

Peace at Home: Fighting Crime

Our quest for peace abroad over the last 3 years has been accompanied by an intensive quest for peace at home. And our success in stabilizing developments on the international scene has been matched by a growing sense of stability in America. Civil disorders no longer engulf our cities. Colleges and universities have again become places of learning. And while crime is still increasing, the rate of increase has slowed to a 5-year low. In the one city for which the Federal Government has a special responsibility --Washington, D.C. -- the picture is even brighter, for here serious crime actually fell by 13 percent in the last year. Washington was one of 52 major cities which recorded a net reduction in crime in the first nine months of 1971, compared to 23 major cities which made comparable progress a year earlier.

This encouraging beginning is not something that has just happened by itself -- I believe it results directly from strong new crime fighting efforts by this administration, by the Congress, and by State and local governments.

Federal expenditures on crime have increased 200 percent since 1969 and we are proposing another 18 percent increase in our new budget. The Organized Crime Control Act of 1970, the District of Columbia Court Reform Act, and the Omnibus Crime Control Act of 1970 have all provided new instruments for this important battle. So has our effort to expand the Federal strike force program as a weapon against organized crime. Late last year, we held the first National Conference on Corrections -- and we will continue to move forward in this most critical field. I will also propose legislation to improve our juvenile deliquency prevention programs. And I again urge action on my Special Revenue Sharing proposal for law enforcement. By continuing our stepped-up assistance to local law enforcement authorities through the Law Enforcement Assistance Administration, by continuing to press for improved courts and correctional institutions, by continuing our intensified war on drug abuse, and by continuing to give vigorous support to the principles of order and respect for law, I believe that what has been achieved in the Nation's capital can be achieved in a growing number of other communities throughout the Nation.

Combating Drug Abuse

A problem of modern life which is of deepest concern to most Americans -- and of particular anguish to many -is that of drug abuse. For increasing dependence on drugs will surely sap our Nation's strength and destroy our Nation's character.

Meeting this challenge is not a task for government alone. I have been heartened by the efforts of millions of individual Americans from all walks of life who are trying to communicate across the barriers created by drug use, to reach out with compassion to those who have become drug dependent. The Federal Government will continue to lead in this effort. The last 3 years have seen an increase of nearly 600 percent in Federal expenditures for treatment and rehabilitation and an increase of more than 500 percent in program levels for research, education and training. I will propose further substantial increases for these programs in the coming year.

In order to develop a national strategy for this effort and to coordinate activities which are spread through nine Federal agencies, I asked Congress last June to create a Special Action Office for Drug Abuse Prevention. I also established an interim Office by Executive order, and that unit is beginning to have an impact. But now we must have both the legislative authority and the funds I requested if this Office is to move ahead with its critical mission.

On another front, the United States will continue to press for a strong collective effort by nations throughout the world to eliminate drugs at their source. And we will intensify the world-wide attack on drug smugglers and all who protect them. The Cabinet Committee on International Narcotics Control -- which I created last September -- is coordinating our diplomatic and law enforcement efforts in this area.

We will also step up our program to curb illicit drug traffic at our borders and within our country. Over the last 3 years Federal expenditures for this work have more than doubled, and I will propose a further funding increase next year. In addition, I will soon initiate a major new program to drive drug traffickers and pushers off the streets of America. This program will be built around a nationwide network of investigative and prosecutive units, utilizing special grand juries established under the Organized Crime Control Act of 1970, to assist State and local agencies in detecting, arresting, and convicting those who would profit from the misery of others.

Strengthening Consumer Protection

Our plans for 1972 include further steps to protect consumers against hazardous food and drugs and other dangerous products. These efforts will carry forward the campaign I launched in 1969 to establish a "Buyer's Bill of Rights" and to strengthen consumer protection. As a part of that campaign, we have established a new Office of Consumer Affairs, directed by my Special Assistant for Consumer Affairs, to give consumers greater access to government, to promote consumer education, to encourage voluntary efforts by business, to work with State and local governments, and to help the Federal Government improve its consumer-related activities. We have also established a new Consumer Product Information Coordinating Center in the General Services Administration to help us share a wider range of Federal research and buying expertise with the public.

But many of our plans in this field still await Congressional action, including measures to insure product safety, to fight consumer fraud, to require full disclosure in warranties and guarantees, and to protect against unsafe medical devices.

Reforming and Renewing Education

It was nearly 2 years ago, in March of 1970, that I presented my major proposals for reform and renewal in education. These proposals included student assistance measures to ensure that no qualified person would be barred from college by a lack of money, a National Institute of Education to bring new energy and new direction to educational research, and a National Foundation for Higher Education to encourage innovation in learning beyond high school. These initiatives are still awaiting final action by the Congress. They deserve prompt approval.

I would also underscore my continuing confidence that Special Revenue Sharing for Education can do much to strengthen the backbone of our educational system, our public elementary and secondary schools. Special Revenue Sharing recognizes the Nation's interest in their improvement without compromising the principle of local control. I also call again for the enactment of my \$1.5 billion program of Emergency School Aid to help local school districts desegregate wisely and well. This program has twice been approved by the House and once by the Senate in different versions. I hope the Senate will now send the legislation promptly to the conference committee so that an agreement can be reached on this important measure at an early date.

This bill is designed to help local school districts with the problems incident to desegregation. We must have an end to the dual school system, as conscience and the Constitution both require -- and we must also have good schools. In this connection, I repeat my own firm belief that educational quality -- so vital to the future of all of our children -- is not enhanced by unnecessary busing for the sole purpose of achieving an arbitrary racial balance.

Financing Our Schools

I particularly hope that 1972 will be a year in which we resolve one of the most critical questions we face in education today: how best to finance our schools.

In recent years the growing scope and rising costs of education have so overburdened local revenues that financial crisis has become a way of life in many school districts. As a result, neither the benefits nor the burdens of education have been equitably distributed.

The brunt of the growing pressures has fallen on the property tax -- one of the most inequitable and regressive of all public levies. Property taxes in the United States represent a higher proportion of public income than in almost any other nation. They have more than doubled in the last decade and have been particularly burdensome for our lower and middle income families and for older Americans.

These intolerable pressures -- on the property tax and on our schools -- led me to establish the President's Commission on School Finance in March of 1970. I charged this Commission with the responsibility to review comprehensively both the revenue needs and the revenue resources of public and non-public elementary and secondary education. The Commission will make its final report to me in March.

At the same time, the Domestic Council -- and particularly the Secretaries of the Treasury and of Health, Education, and Welfare -- have also been studying this difficult and tangled problem. The entire question has been given even greater urgency by recent court decisions in California, Minnesota, and Texas, which have held the conventional method of financing schools through local property taxes discriminatory and unconstitutional. Similar court actions are pending in more than half of our States. While these cases have not yet been reviewed by the Supreme Court, we cannot ignore the serious questions they have raised for our States, for our local school districts, and for the entire Nation.

The overhaul of school finance involves two complex and interrelated sets of problems: those concerning support of the schools themselves, and also the basic relationships of Federal, State and local governments in any program of tax reform.

We have been developing a set of comprehensive proposals to deal with these questions. Under the leadership of the Secretary of the Treasury, we are carefully reviewing the tax aspects of these proposals; and I have this week enlisted the Advisory Commission on Intergovernmental Relations in addressing the intergovernmental relations aspects. Members of the Congress and of the executive branch, Governors, State legislators, local officials and private citizens comprise this group.

Later in the year, after I have received the reports of both the President's Commission on School Finance and the more Advisory Council on Intergovernmental Relations, I shall make my final recommendations for relieving the burden of property taxes and providing both fair and adequate financing for our children's education -- consistent with the principle of preserving the control by local school boards over local schools.

A New Emphasis on Career Education

Career Education is another area of major new emphasis, an emphasis which grows out of my belief that our schools should be doing more to build self-reliance and selfsufficiency, to prepare students for a productive and fulfilling life. Too often, this has not been happening. Too many of our students, from all income groups, have been "turning off" or "tuning out" on their educational experiences. And -- whether they drop out of school or proceed on to college -- too many young people find themselves unmotivated and ill equipped for a rewarding social role. Many other Americans, who have already entered the world of work, find that they are dissatisfied with their jobs but feel that it is too late to change directions, that they already are "locked in."

One reason for this situation is the inflexibility of our educational system, including the fact that it so rigidly separates academic and vocational curricula. Too often vocational education is foolishly stigmatized as being less desirable than academic preparation. And too often the academic curriculum offers very little preparation for viable careers. Most students are unable to combine the most valuable features of both vocational and academic education; once they have chosen one curriculum, it is difficult to move to the other.

The present approach serves the best interests of neither our students nor our society. The unhappy result is high numbers of able people who are unemployed, underemployed, or unhappily employed on the one hand -- while many challenging jobs go begging on the other.

We need a new approach, and I believe the best new approach is to strengthen Career Education.

Career Education provides people of all ages with broader exposure to and better preparation for the world of work. It not only helps the young, but also provides adults with an opportunity to adapt their skills to changing needs, changing technology, and their own changing interests. It would not prematurely force an individual into a specific area of work but would expand his ability to choose wisely from a wider range of options. Neither would it result in a slighting of academic preparation, which would remain a central part of the educational blend.

Career Education is not a single specific program. It is more usefully thought of as a goal -- and one that we can pursue through many methods. What we need today is a nationwide search for such methods -- a search which involves every area of education and every level of government. To help spark this venture, I will propose an intensified Federal effort to develop model programs which apply and test the best ideas in this field. There is no more disconcerting waste than the waste of human potential. And there is no better investment than an investment in human fulfillment. Career Education can help make education and training more meaningful for the student, more rewarding for the teacher, more available to the adult, more relevant for the disadvantaged, and more productive for our country.

Manpower Programs: Tapping our Full Potential

Our trillion dollar economy rests in the final analysis on our 88 million member labor force. How well that force is used today, how well that force is prepared for tomorrow -these are central questions for our country.

They are particularly important questions in a time of stiff economic challenge and burgeoning economic opportunity. At such a time, we must find better ways to tap the full potential of every citizen.

This means doing all we can to open new education and employment opportunities for members of minority groups. It means a stronger effort to help the veteran find useful and satisfying work and to tap the enormous talents of the elderly. It means helping women -- in whatever role they choose -- to realize their full potential. It also means caring for the unemployed -- sustaining them, retraining them and helping them find new employment.

This administration has grappled directly with these assignments. We began by completely revamping the Manpower Administration in the Department of Labor. We have expanded our manpower programs to record levels. We proposed -- and the Congress enacted -- a massive reform of unemployment insurance, adding 9 million workers to the system and expanding the size and duration of benefits. We instituted a Job Bank to match jobs with available workers. The efforts of the National Alliance of Businessmen to train and hire the hard-core unemployed were given a new nationwide focus. organization has also joined with our Jobs for Veterans That program in finding employment for returning servicemen. We have worked to open more jobs for women. Through the Philadelphia Plan and other actions, we have expanded equal opportunity in employment for members of minority groups. Summer jobs for disadvantaged youths went up by one-third last summer. And on July 12 of last year I signed the Emergency Employment Act of 1971, providing more than 130,000 jobs in the public sector.

In the manpower field, as in others, there is also an important unfinished agenda. At the top of this list is my Special Revenue Sharing program for manpower -- a bill which would provide more Federal dollars for manpower training while increasing substantially the impact of each dollar by allowing States and cities to tailor training to local labor conditions. My welfare reform proposals are also pertinent in this context, since they are built around the goal of moving people from welfare rolls to payrolls. To help in this effort, H.R. 1 would provide transitional opportunities in community service employment for another 200,000 persons. The Career Education program can also have an important long-range influence on the way we use our manpower. And so can a major new thrust which I am announcing today to stimulate more imaginative use of America's great strength in science and technology.

Marshalling Science and Technology

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As we work to build a more productive, more competitive, more prosperous America, we will do well to remember the keys to our progress in the past. There have been many, including the competitive nature of our free enterprise system; the energy of our working men and women; and the abundant gifts of nature. One other quality which has always been a key to progress is our special bent for technology, our singular ability to harness the discoveries of science in the service of man.

At least from the time of Benjamin Franklin, American ingenuity has enjoyed a wide international reputation. We have been known as a people who could "build a better mousetrap" -- and this capacity has been one important reason for both our domestic prosperity and our international strength.

In recent years, America has focused a large share of its technological energy on projects for defense and for space. These projects have had great value. Defense technology has helped us preserve our freedom and protect the peace. Space technology has enabled us to share unparalleled adventures and to lift our sights beyond earth's bounds. The daily life of the average man has also been improved by much of our defense and space research -- for example, by work on radar, jet engines, nuclear reactors, communications and weather satellites, and computers. Defense and space projects have also enabled us to build and maintain our general technological capacity, which -as a result -- can now be more readily applied to civilian purposes.

America must continue with strong and sensible programs of research and development for defense and for space. I have felt for some time, however, that we should also be doing more to apply our scientific and technological genius directly to domestic opportunities. Toward this end, I have already increased our civilian research and development budget by more than 40 percent since 1969 and have directed the National Science Foundation to give more attention to this area.

I have also reoriented our space program so that it will have even greater domestic benefits. As a part of this effort, I recently announced support for the development of a new earth orbital vehicle that promises to introduce a new era in space research. This vehicle, the space shuttle, is one that can be recovered and used again and again, lowering significantly both the cost and the risk of space operations. The space shuttle would also open new opportunities in fields such as weather forecasting, domestic and international communications, the monitoring of natural resources, and air traffic safety.

The space shuttle is a wise national investment. I urge the Congress to approve this plan so that we can realize these substantial economies and these substantial benefits. Over the last several months, this administration has undertaken a major review of both the problems and the opportunities for American technology. Leading scientists and researchers from our universities and from industry have contributed to this study. One important conclusion we have reached is that much more needs to be known about the process of stimulating and applying research and development. In some cases, for example, the barriers to progress are financial. In others they are technical. In still other instances, customs, habits, laws, and regulations are the chief obstacles. We need to learn more about all these considerations -- and we intend to do so. One immediate step in this effort will be the White House Conference on the Industrial World Ahead which will convene next month and will devote considerable attention to research and development questions.

But while our knowledge in this field is still modest, there are nevertheless a number of important new steps which we can take at this time. I will soon present specific recommendations for such steps in a special message to the Congress. Among these proposals will be an increase next year of \$700 million in civilian research and development spending, a 15 percent increase over last year's level and a 65 percent increase over 1969. We will place new emphasis on cooperation with private research and development, including new experimental programs for cost sharing and for technology transfers from the public to the private sector. Our program will include special incentives for smaller high technology firms, which have an excellent record of cost effectiveness.

In addition, our Federal agencies which are highly oriented toward technology -- such as the Atomic Energy Commission and the National Aeronautics and Space Administration -- will work more closely with agencies which have a primary social mission. For example, our outstanding capabilities in space technology should be used to help the Department of Transportation develop better mass transportation systems. As has been said so often in the last 2 years, a nation that can send three people across 240,000 miles of space to the moon should also be able to send 240,000 people 3 miles across a city to work.

Finally, we will seek to set clear and intelligent targets for research and development, so that our resources can be focused on projects where an extra effort is most likely to produce a breakthrough and where the breakthrough is most likely to make a difference in our lives. Our initial efforts will include new or accelerated activities aimed at:

-- creating new sources of clean and abundant energy;

-- developing safe, fast, pollution-free transportation;

-- reducing the loss of life and property from earthquakes, hurricanes and other natural disasters;

-- developing effective emergency health care systems which could lead to the saving of as many as 30,000 lives each year;

-- finding new ways to curb drug traffic and rehabilitate drug users.

And these are only the beginning.

I cannot predict exactly where each of these new thrusts will eventually lead us in the years ahead. But I can say with

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assurance that the program I have outlined will open new employment opportunities for American workers, increase the productivity of the American economy, and expand foreign markets for American goods. I can also predict with confidence that this program will enhance our standard of living and improve the quality of our lives.

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Science and technology represent an enormous power in our life -- and a unique opportunity. It is now for us to decide whether we will waste these magnificent energies -or whether we will use them to create a better world for ourselves and for our children.

A Growing Agenda for Action

The danger in presenting any substantial statement of concerns and requests is that any subject which is omitted from the list may for that reason be regarded as unimportant. I hope the Congress will vigorously resist any such suggestions, for there are many other important proposals before the House and the Senate which also deserve attention and enactment.

I think, for example, of our program for the District of Columbia. In addition to proposals already before the Congress, I will soon submit additional legislation outlining a special balanced program of physical and social development for the Nation's capital as part of our Bicentennial celebration. In this and other ways, we can make that celebration both a fitting commemoration of our revolutionary origins and a bold further step to fulfill their promise.

I think, too, of our program to help small businessmen, of our proposals concerning communications, of our recommendations involving the construction of public buildings, and of our program for the arts and humanities -- where the proposed new budget is 6 times the level of 3 years ago.

In all, some 90 pieces of major legislation which I have recommended to the Congress still await action. And that list is growing longer. It is now for the Congress to decide whether this agenda represents the beginning of new progress for America -- or simply another false start.

The Need for Reason and Realism

I have covered many subjects in this message. Clearly, our challenges are many and complex. But that is the way things must be for responsible government in our diverse and complicated world.

We can choose, of course, to retreat from this world, pretending that our problems can be solved merely by trusting in a new philosophy, a single personality, or a simple formula. But such a retreat can only add to our difficulties and our disillusion.

If we are to be equal to the complexity of our times we must learn to move on many fronts and to keep many commitments. We must learn to reckon our success not by how much we start but by how much we finish. We must learn to be tenacious. We must learn to persevere. If we are to master our moment, we must first be masters of ourselves. We must respond to the call which has been a central theme of this message -- the call to reason and to realism.

To meet the challenge of complexity we must also learn to disperse and decentralize power -- at home and abroad -allowing more people in more places to release their creative energies. We must remember that the greatest resource for good in this world is the power of the people themselves -not moving in lockstep to the commands of the few -- but providing their own discipline and discovering their own destiny.

Above all, we must not lose our capacity to dream, to see, amid the realities of today, the possibilities for tomorrow. And then -- if we believe in our dreams -- we also must wake up and work for them.

RICHARD NIXON

THE WHITE HOUSE,

January 20, 1972.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY

WASHINGTON, D.C. 20506

November 5, 1971

MEMORANDUM FOR PSAC MEMBERS

From: Leonard Laster

Re: White House Conference on Aging

The White House Conference on Aging will open on November 28. There will undoubtedly be strong pressure to increase federal support for research into the medical and sociological problems related to aging. In anticipation of this, we have asked the National Institute for Child Health and Human Development to formulate its views on the scientific opportunities in this field. They have developed suggestions and programs in the following areas related to aging:

- 1. Immunology and Aging
- 2. Psychopharmacology of Aging
- 3. Cellular Programming (Genetics) and Aging
- 4. Cellular Responsiveness and Rate-Limiting Processes
- 5. Aging in Women
- 6. Nutrition and Environmental Factors
- 7. Social Aspects of Aging

Groups of three consultants will be brought in to review all of these areas and an over-all description of the opportunities will be prepared in time for the White House staff to consider this issue before the conference starts.

FOR IMMEDIATE RELEASE

APRIL 23, 1971

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced that he has named Arthur S. Flemming to be Chairman of the 1971 White House Conference on Aging which will be held in Washington the week of November 28. Dr. Flemming, who served as Secretary of the Department of Health, Education and Welfare under the Eisenhower Administration, is concluding his presidency of Macalester College in St. Paul, Minnesota. In his new assignment, Dr. Flemming will work closely with John B. Martin, U.S. Commissioner on Aging, who continues to serve as Director of all Conference activities preliminary to, and following the November Conference.

Born June 12, 1905, in Kingston, New York, Flemming is a former member of the Civil Service Commission and past president of both Ohio Wesleyan University and the University of Oregon. He has served on over ten national advisory boards and councils, most recently as a member of the Peace Corps National Advisory Council.

As Secretary of HEW during the last years of the Eisenhower Administration, Dr. Flemming was responsible for carrying out President Eisenhower's directive to organize and convene the first decennial White House Conference on Aging in January, 1961. He has already played a key role in the 1971 Conference, first as Chairman of the 28-member National Advisory Committee of the Conference, and later as Chairman of the 95-member Conference Planning Board, of which the Advisory Committee is a part.

The President called for a 1971 White House Conference on the Aging on October 6, 1969, to fully consider the many factors which have a special influence on the lives of the aging and to submit recommendations to all levels of government and the private and voluntary sectors as well. He reemphasized his support in his proclamations designating Senior Citizens Month in both 1970 and 1971.

With nearly two years of extensive pre-conference activity, State White House Conferences are scheduled to begin in May and June. Also in May, 20 task forces representing more than 300 national voluntary organizations with an interest in older people will be meeting. Over 3,000 delegates are expected to attend the November Conference in Washington.

As Conference Chairman, Dr. Flemming will bring together the hundreds of policy proposals developed in the preliminary sessions. These proposals will serve as the groundwork from which the November Conference will develop specific recommendations for action as requested by the President.

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FOR IMMEDIATE RELEASE

APRIL 23, 1971

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE

OF

ELLIOT L. RICHARDSON, SECRETARY OF HEALTH, EDUCATION AND WELFARE; JOHN B. MARTIN, COMMISSIONER, ADMINISTRATION ON AGING, AND DR. ARTHUR S. FLEMMING, CHAIRMAN, 1971 WHITE HOUSE CONFERENCE ON AGING.

THE BRIEFING ROOM

AT 10:32 A.M. EST.

MR. WARREN: Good morning.

As some of you know who were in on the photo opportunity, the President has just met with Secretary Richardson; Mr. John Martin, who is the Commissioner on Aging, and Director of the White House Conference on the Aging, and also a Special Assistant to the President on Aging, and with Dr. Arthur S. Flemming, former Secretary of Health, Education and Welfare, who will become, as the release you have indicates, the Chairman of the White House Conference on Aging.

The President is announcing this appointment today and that was the subject of the discussion in the President's Office.

I will turn this over to Secretary Richardson, who will have to leave very shortly because he has a plane to catch at 11:00.

SECRETARY RICHARDSON: Thank you, Jerry. I would like to make a long speech, because it is not often that I have the opportunity to present a man who is both a warm friend and a former boss.

President Nixon has just asked Dr. Arthur Flemming to serve on a full-time basis as Chairman of the White House Conference on Aging. It is a great personal pleasure for me, on the President's behalf, to announce that Dr. Flemming has accepted.

He has already, as many of you know, played a key role in the 1971 Conference as Chairman of the National Advisory Committee of 28 distinguished older Americans, and later as Chairman of the 95-member Conference Planning Board, of which the Advisory Committee is a part.

His willingness to join the Conference full time will add strength to the program at a time when the activities are beginning to accelerate and when the delegates will be nominated. His background as the former Secretary of Health, Education and Welfare, who organized the first White House Conference on the Aging in 1961, will be particularly helpful in the 1971 Conference.

As you know, of course, he has had a rich background in Government and in private life as the head of three colleges and universities, as the President of the World Council of Churches, the National Council of Churches, the American Council on Education and a long list of other distinguished achievements.

He will work closely with Conference Director John Martin, standing on my left, the Special Assistant to the President for the Aging, and the Administrator of the agency on aging in HEW.

Dr. Flemming and Mr. Martin together will develop final plans for the National Conference, which will bring some 3,000 delegates to Washington. They will make a strong team and will make it possible to maintain the broadest contact with the many groups and organizations developed in the Conference at the present time.

This combination of expertise will provide an effective Conference which will provide useful recommendations for the aging to be acted upon when the Conference is over.

The theme of the Conference is "A National Policy on Aging." Action following the Conference is an essential ingredient of its success.

I look forward to the renewal of my close association with Arthur Flemming, and I am happy to present him to you now.

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DR. FLEMMING: Thank you, Secretary Richardson.

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In issuing a formal call for the second White House Conference on the Aging, the President stated that with careful advance planning and with broad representative participation, this Conference can help develop a more adequate National policy for older Americans.

He also stated that he hoped the Conference will address precise recommendations, not only to the Federal Government, but also to government at other levels and to the private and voluntary sectors as well.

I am very appreciative of the opportunity that President Nixon has accorded me of helping to achieve these objectives by serving from this point on as full time Chairman of the Conference.

As Secretary of Health, Education and Welfare under President Eisenhower, I was called upon to formulate and to support programs designed to deal with the issues that will confront this forthcoming Conference. In the discharge of my responsibilities, I received tremendous help from Secretary Richardson, who for a portion of that time occupied the position of Assistant Secretary in Charge of Program Planning and Congressional Liaison. I likewise received vigorous support within the Cabinet for the programs I was seeking to advance from President Nixon, who was then serving as Vice President.

Because of this association with the President and with Secretary Richardson, I am not surprised that President Nixon has signed into law bills that have provided substantial increases in Social Security benefits, that he has recommended that in the future Social Security benefits should be at least kept up to date automatically with increases in prices, and that he has recommended a Family Assistance Program which, if adopted, will represent a revolutionary reform in our welfare program.

In my new position, I will not be involved in dealing with these issues in the same manner as I was as Secretary of Health, Education and Welfare. From now until the Conference is over I will do everything possible to serve the Conference by endeavoring to make sure that it receives the inputs that will enable it, first, to develop a more adequate policy for older Americans; second, to address precise recommendations, not only to the Federal Government, but also to Government at other levels, and to the private and voluntary sector as well.

Then, after the Conference, I will be delighted to have the opportunity to react to the recommendations, and I am sure as far as many of them are concerned, to work in any way I can for their implementation.

As Chairman of the Conference Planning Board, I want to express my deep appreciation for the work that John Martin, the Commissioner on the Aging, and his associates have done to date in preparation for the Conference.

I am happy to acCept what I regard as a challenging assignment from the President of the United States and the Secretary of Health, Education, and Welfare. MR. WARREN: Do you have any questions?

I would like to ask: Mr. Secretary, as you are 0 well aware, the National Conference on Children and Youth produced some rather stormy sessions and had to do considerably with politics, with National issues such as the war in Vietnam, drugs, the use of marijuana, that kind of thing. Do you expect that this Conference will also discuss those kinds of issues, or will it be primarily dealing with the areas of welfare and health for older people?

DR. FLEMMING: The indication so far is that it will be the latter, but one can never make a firm prediction these days as to what is going to happen at a conference.

MR. WARREN: Mr. Martin, would you like to address that question, also?

MR. MARTIN: The Conference has scheduled some 14 areas of discussion and these take up the various concerns that older people have, all the way from income and housing, health, education, to problems of how do you carry out some of the recommendations of the Conference.

So, it is a very broad agenda. I think that the Conference will be very busy and we are hopeful that it will come up with some very productive recommendations that will be useful for implementation and that we can work on together.

Q Can we get a salary figure for Dr. Flemming?

MR. WARREN: Has that been discussed, Dr. Flemming?

DR. FLEMMING: I don't know what it is. I am sure as soon as it is determined it will be public property.

THE PRESS: Thank you very much, gentlemen.

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END (AT 10:42 A.M. EST)

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Ever since Benjamin Franklin, at the age of seventy, served on the committee which drafted the Declaration of Independence, older Americans have played a vitally important role in the life of this nation.

Since Franklin's time the United States of America has grown in size and complexity. With that growth have come new challenges and new opportunities for the older citizens of this country. They have met these challenges and seized these opportunities with great determination and energy. At the same time, the entire nation and its government have increasingly recognized their responsibility for helping older Americans to play active and constructive roles in our society.

This Administration is fully committed to carrying out that responsibility. It was in keeping with this commitment that I recently asked the Congress to raise Social Security benefits by ten percent and to provide for automatic increases thereafter, so that payments will always keep pace with the cost of living. These measures, and other improvements which I have proposed for the Social Security system, will protect older Americans -- so many of whom live on fixed incomes -- against one of their worst enemies, the rising cost of living caused by inflation. My specific recommendations give maximum protection without further aggravating inflationary pressures. I earnestly hope that Congress will give these proposals its prompt consideration and approval.

Social Security improvements are an important first step in our program for the older generation. But there are also other areas in which we must move forward. We must fully explore and carefully consider a variety of suggestions for helping the more than 19 million Americans who are now 65 and over -- and the many millions more who will soon be in that category -to live healthier and more productive lives. We must find better ways for our society to tap their wisdom and talent and experience.

Much of the progress which has been made can be traced back to the last White House Conference on Aging which was called by President Eisenhower and held nearly a decade ago. Remembering that landmark conference and the valuable findings which it produced, the Congress last year authorized a new White House Conference on Aging. I enthusiastically supported such a conference in my campaign a year ago.

Today I am issuing a formal call for the second White House Conference on Aging to meet in Washington, D. C., in November in 1971. With careful advance planning and with broad, representative participation, this Conference can help develop a more adequate national policy for older Americans. I hope that it will fully consider the many factors which have a special influence on the lives of the aging and that it will address precise recommendations, not only to the Federal government, but also to government at other levels and to the private and voluntary sectors as well. The Conference will be directed by John B. Martin, Commissioner on Aging and Special Assistant to the President on Aging.

Members of the older generation have given much to their country. Through the White House Conference on Aging, a grateful nation can recognize these contributions. More than that, the Conference can move this nation toward the goal of making old age a time of contribution and satisfaction.

FOR IMMEDIATE RELEASE

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OCTOBER 6, 1969

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE

OF

JOHN MARTIN, COMMISSIONER ON AGING DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

AT 4:30 P.M.

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MR. ZIEGLER: You have the statement by the President, which is a formal call for the second White House Conference on Aging to meet in Washington, D. C., in November, 1971.

Mr. John Martin, Commissioner on Aging, with the Department of Health, Education and Welfare, is here toay to discuss this with you.

Mr. Martin?

MR. MARTIN: I have a very short statement which I would like to read.

President Nixon has called today for a White House Conference on Aging in November 1971 which gives this country an opportunity to develop a long overdue national policy on aging. This conference, which is the second in our history, will build upon the results of the first which was held in January 1961 at the call of President Eisenhower.

In the years between, this country has moved well forward in serving its older people in Medicare and Medicaid and the Administration on Aging, itself, which I head, grew out of that earlier conference.

The President has recently taken major steps with respect to Social Security benefits and the creation of a \$90 Federal floor under the aging. There are now State agencies on aging in almost every State and new programs and opportunities for the elderly in thousands of local communities.

So we start preparations for the Conference from an advanced position.

State and regional surveys, hearings, and conferences will proceed to National Conference. Older people themselves will be represented in the meetings at all levels as will the providers of service in the professional field of aging and national organizations and churches of the Nation.

There are still great problems to meet on behalf of older people in the fields of income, health, housing, employment and retirement roles and activities.

The major and overriding problem, I believe, is that as a people we have still not developed a real philosophy of aging.

The President in calling the Conference gives us a magnificent opportunity to make such a commitment to our older Americans as first-class citizens fully participating in our national life. This will assure a firm place for older people in the Administration's broad and continuing development of national goals.

This will be a most satisfying experience to take part in the Conference. I am very grateful to the President for this opportunity.

Q Sir, this has to do with the general system of payments. Is it true that some people get by with having more than one Social Security card and they may be bringing this in as claims from different cities?

MR. MARTIN: I don't think that would be true in any serious number of cases.

Q You don't think it is possible?

MR. MARTIN: I don't know whether it would be possible or not. But I don't think it is a serious problem.

Q Is there any way to check on this to see if it is happening?

MR. MARTIN: The Social Security Administration does a good job of checking. So far as I know, they have not regarded this as a major problem.

Q As a major problem, but it does happen; right?

MR. MARTIN: I don't know.

Q Mr. Martin, how do you react to the 15 percent benefit increase with a January 31 effective date?

MR. MARTIN: The President has suggested a ten percent increase. The ten percent increase would, I think, fairly well take care of the increase in the cost of living and the anticipated increase to that point. Congress, of course, has the responsibility for making its own decisions. What they will do, I don't know.

But the President has made his suggestion in the light of what he consideres to be the resources that are available to take of it.

Q So you are saying you feel it would really be too much and too soon?

MR. MARTIN: No, I am not saying that. I am saying that Congress will examine the situation as of the time that it acts and make its own decision in the light of the President's recommendation.

Q You talk about the need of developing a philosophy on aging. What kind of philosophy would you like to see developed? MR. MARTIN: I would like to see a philosophy develop that recognizes that 40 percent of our older people are either poor or near poor and that a good share of them became that way when they retired. They had a modest standard of living and they do not have a modest standard of living and they have no options, no choices whatever, and the President has taken a major step toward lifting these people from the bottom of the heap, out of poverty, when he suggested this \$90 floor.

I think that is a step in the right direction and that is the direction I would like to see us move in.

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Q Would you advocate a no mandatory retirement

MR. MARTIN: I don't think people should have mandatory retirement age. I think this has arisen because -- it arose, as a matter of fact, in the depression when they wanted to get people out of the labor market.

Today, retirement age ought to reflect people's abilities and whether they are ready to retire or whether they are not. Some of them want to retire before 65 and many of them are able to be able to retire and function properly after age 65 and still stay in the labor market.

Q John, the ten percent Social Security, the \$90 a month floor, and the White House Conference two years from now, is that the extent of the President's program for aging or will there be other proposals?

MR. MARTIN: I assume there will be other proposals because the President is also appointing a task force under Dr. Burns which will be of assistance to him in reaching the conclusions as to further programs in 1970 and beyond. That task force will undoubtedly have some suggestions to make. to the President.

Q Do you think this Conference may be able to have some influence on the country in encouraging employers not to say to people, "Well, you are too old"?

MR. MARTIN: I think so. I think that is one of the questions that will be discussed. This business of aging covers all kinds of areas: income, employment, education and so on. That is one of the areas that will certainly be under discussion.

Q Mr. Martin, is there any reason for the scheduling of this two years in advance?

MR. MARTIN: Yes, there is. The reason is that we want to involve people from the local communities and from the States and from the regions in the discussion that goes on as to what recommendations should be made to the President. This takes time.

We expect to get our planning underway immediately and the assembling of a staff is necessary. Then, we expect that there will be State surveys, State conferences, State hearings. We may want to hold some hearings ourselves. And by the time those things are done and the recommendations are ready to bring to Washington, we will be ready to hold the White House Conference.

MORE

What was the experience of the First White Q House Conference in terms of constructive or lasting results?

MR. MARTIN: Medicare was one of the outcomes of that Conference. The passage of the Older Americans Act of 1965 was one of the outcomes of that Conference. I think Medicaid probably was also a result from it. And the things that resulted from the passage of that legislation, of course, have other consequences, too.

So that the White House Conference in 1961 unquestionably was an important mark.

We are launching now a study to see if we can't develop some social indicators, much as there are economic indicators today, because we would like to be able to establish a benchmark to determine where we are in relation to what the need is.

This is a technical and difficult thing to do, but we think that we can establish social indicators as accurate as economic indicators. We think this is very important. This will be fed into the Conference procedures if we are able to do it, as we think we can.

Q Mr, Martin, when were you designated as Special Assistant?

MR. MARTIN: I was designated as Commissioner on Aging back in April 14, I believe, and then on June 24, I was designated as Special Assistant to the President for Aging.

I assume it was because the two are so closely related and there was an opportunity to put them together. That seemed like a good idea.

Q Are you really saying that Medicare is an outgrowth of the Eisenhower Conference on Aging?

MR. MARTIN: I am saying that that was one of the influences that was important in the passage of Medicare, yes, I am. That was not the only thing. There were other people and other influences, of course.

THE PRESS: Thank you.

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EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF SCIENCE AND TECHNOLOGY Washington, D. C. 20506

ADVANCE FOR MONDAYA. M. FOR USE AFTER 6:30 P.M., SUNDAY, SEPTEMBER 19, 1971

Washington -- A new program of Presidential Internships in Science and Engineering was announced today by the White House.

The one-year internships are expected to open more than 400 training opportunities in federally-funded laboratories across the country. Recipients will be matched to tasks where high degrees of specialization can provide innovation and new insights in meeting pressing national problems.

Dr. Edward E. David, Jr., Science Adviser to the President, said "we would hope to expose the trainees to both the problems and the capabilities of government research and development and put them in positions where they can best benefit the nation and themselves."

Labor Secretary J. D. Hodgson, whose department is funding the \$3 million effort from its Technology Mobilization and Reemployment Program, said "the internships greatly strengthen the nation's effort to hold onto its pool of trained scientists and engineers."

David, whose Office of Science and Technology developed the program, said "these people provide a unique pool of skills and resources, much of it developed at taxpayers' expense in colleges, universities and various laboratories. They represent a vital national resource." He pointed out that the Internships should be particularly beneficial for unemployed younger scientists and engineers who hold advanced degrees. Those under 30 are among the hardest hit by the current job squeeze; they have an unemployment rate of 5.3 per cent according to a recent National Science Foundation survey.

The fields in which they would have the greatest impact, David said, are those of current social concern. These include pollution, trash disposal, management and integration of large projects, and the nuclear field in areas as diverse as new power systems or criminal and medical laboratories where nuclear techniques are making major contributions.

The internship program was the second Administration initiative this month aimed at enhancing the utilization of scientific and engineering techniques through existing manpower programs.

On Sept. 1, Dr. David called his first formal meeting of the governors' science advisers here and outlined an employment program under which states, counties and local governments could hire scientists and engineers under Federal matching programs.

That effort had a double goal: reemployment of scientists and engineers and the seeding of technological specialists into the mainstream of those governmental units which have not, until now, been able to afford such expertise.

Under the new program candidates may apply directly to federallyfinanced laboratories for one-year, non-renewable internships which will be administered by the National Science Foundation. Veterans and those from high unemployment areas will receive preference.

The laboratories will be allotted \$7,000 for each intern and must match that amount with either cash or research support.

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FOR IMMEDIATE RELEASE

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SEPTEMBER 9, 1971

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT BEFORE A JOINT SESSION OF THE 92ND CONGRESS

12:32 P.M. EDT

Mr. Speaker, Mr. President, my colleagues in the Congress, our distinguished guests:

I come before this special Joint Session to ask the cooperation of the Congress in achieving a great goal: A new prosperity without war and without inflation.

In this century, Americans have never before had a full generation of peace.

In the past 40 years, we have had only two years with real prosperity, without war and without inflation.

As a result of major initiatives in the field of foreign policy, I believe that as America is bringing to a conclusion the longest and most difficult war in its history, we can look forward with confidence to a generation of peace today.

Yet we confront this irony: As the dangers of war recede, the challenges of peace increase.

It is customary for a President to ask the Congress for bipartisan support in meeting the challenges of war. Today I come before you to ask bipartisan support in meeting the challenges of peace.

In achieving our goal, we find ourselves confronted at the outset by three problems:

The first is a legacy of war. Two million men have been cut back from our Armed Forces and defense plants because of our success in winding down the war in Vietnam. As part of the transition from a wartime to a peacetime economy, we now have to find jobs for these men -- jobs producing for peace instead of war.

The second problem is also a legacy of war. We must stop the rise in the cost of living.

The third problem is a legacy not of war, but of peaceful progress in the world over the past 25 years -progress which has altered dramatically the balance in the economic relationships between the United States and the other great trading nations of the world. As a result, we today are challenged to protect the value of the dollar and to learn once again to be competitive in the world.

Twenty-five days ago I took action to attack these problems, and to advance the goal of a new prosperity without war and without inflation.

I ordered a 90-day freeze on prices and wages.

I ordered a \$4.7 billion cut in Federal spending to allow for tax cuts to create new jobs.

On the international front, I ordered a temporary 10 percent surcharge on products imported from abroad, and I ordered the convertibility of the dollar into gold suspended.

Now, in taking these actions, I knew there were great risks. There were dire predictions of massive resentment, non-cooperation at home, and of turmoil and retaliation from abroad. But that did not happen.

Here at home, we can be proud of the fact that millions of Americans have shown that they are willing to give up wage increases and price increases that would benefit some of the people in order to stop the rise in the cost of living for all of the people.

And then, as we look abroad, we find that adjustments are being made and actions are being taken to set up a new monetary system within which America can compete fairly once again. Instead of continued talk about the weakness of the American dollar, we now find in the world a new understanding of the strength of the American economy.

The reaction of the American people to the new economic policy has been unselfish and courageous. The reaction of our trading partners abroad has been measured and constructive. I ask the Congress to respond in a similar spirit, as the Congress has to so many other great challenges in the past. This is a time to set aside partisanship. Let us join together in placing the national interest above special interests in America.

I ask the Congress to consider as its first priority -before all other business -- the enactment of three tax proposals that are essential to the new prosperity. These three measures will create 500,000 new jobs in the coming year.

First, I urge the Congress to remove the 7 percent excise tax on automobiles so that the more than 8 million people in this country who will buy new, American-built cars in the next year will save an average of \$200 each. This is a sales tax, paid by the consumer. Its removal will stimulate sales, and every 100,000 additional automobiles sold will mean 25,000 additional jobs for American workers.

Second, I urge the Congress to adopt a Job Development Credit to encourage investment in machinery and equipment that will generate new jobs. This credit was advocated by a Democratic President and enacted by a Democratic Congress in the 1960's. It was enormously effective then in creating new jobs. It will be just as effective in creating new jobs now, today. First, it will be an incentive to business to hire more workers. It will enable wage earners to work more productively, and it will make American products more competitive in the world's markets.

Third, I urge the Congress to create more consumer purchasing power by permitting the planned \$50 increase in the personal income tax exemption scheduled for 1973 to take effect next January 1, one full year ahead of schedule. For a family of four, this could mean an additional \$200 increase in tax exemptions beginning less than four months from now.

Taken together, these tax proposals that I ask the Congress to enact would reduce taxes now paid by individuals by \$3.2 billion, and would provide \$2.7 billion in incentives to companies to invest in job-producing equipment.

There is another vital area in which I ask the cooperation of the Congress, and that is the area of budget restraint. Tax cuts to stimulate employment must be accompanied by spending cuts to restrain inflation.

Among the spending cuts that I have ordered are the following:

I have ordered a postponement of scheduled pay raises for Federal employees.

I have ordered a 5 percent reduction in Government employment and I have ordered a 10 percent cut in foreign economic aid.

Because the Congress has not yet enacted two of my principal legislative proposals -- welfare reform and revenue sharing -- I have recommended that their effective dates be postponed, three months for revenue sharing and one year for welfare reform. This adjustment recognizes that there is no longer sufficient time to get the administrative machinery in place by the previously scheduled dates.

Now, in the coming year this Congress will face many temptations to raise spending and to cut taxes in addition to the recommendations I have made. I understand those temptations. In the short run, they will be very popular proposals. But as we look at the realities of our budget at this time, we must face up to this hard fact: Any additional spending increases not accompanied by tax increases -and any additional tax cuts not accompanied by spending cuts -will be certain to start us again on a spiral of higher prices.

To spend more than we can afford, or to tax less than we can afford, is the sure route to prices higher than we can afford. I ask, therefore, that the Congress be responsible in recognizing these realities. There are two other matters in which I seek the cooperation of the Congress. The first concerns the immediate future, and the second the long-range future of America in the world.

The 90-day freeze on wages and prices that I announced on August 15 was a temporary measure, to hold the line while the next phase of stabilization was discussed. I am announcing today that the freeze will not be extended beyond 90 days.

But I assure the Congress and the American people that when this temporary and necessarily drastic action is over, we shall take all the steps needed to see that America is not again afflicted by the virus of runaway inflation.

The system of wage and price stabilization that follows the freeze will require the fullest possible cooperation not only between the Executive and Legislative branches, but also by all Americans. I am announcing today that I have invited representatives of the Congress, of business, of labor, and of agriculture to meet with me within the next few days for the purpose of helping plan the next phase. They have all accepted the invitation. In addition, I have directed the members of the Cost of Living Council to continue meeting with representatives of all other interested groups.

As we consider what follows the freeze, let us bear in mind that prosperity is a job for everyone -- and that fighting inflation is everybody's business. Let us remember also that nothing would be more detrimental to the new prosperity in the long run than to put this Nation's great, strong free enterprise system in a permanent straitjacket of Government controls.

Regimentation and Government coercion must never become a way of life in the United States of America. That means that price and wage stabilization, in whatever form it takes, must be only a way-station on the road to free markets and free collective bargaining in a new prosperity without war. Freedom brought America where it is today, and freedom is the road to the future for America.

Now, the long-term matter on which I seek the cooperation of the Congress centers on this fact: We must set as our goal today an economy that within 10 years will provide 100 million jobs for Americans. To meet that goal, we need new tax incentives other than the one I have discussed today, for the creation of additional jobs.

And to meet that goal, we need new programs to ensure that America's enormous wealth of scientific and technological talent is used to its fullest in the production for peace.

Later today, in this great chamber, the Congress will pay tribute to three splendid Americans back from the moon. Theirs was a magnificent achievement, a stunning testament to their personal skill and courage, and also to what American technology can achieve.

Let us find the means to ensure that in this decade of challenge, the remarkable technology that took these Americans to the moon can also be applied to reaching our goals here on earth.

That is why, in the next session of the Congress, I shall present new proposals in both of these areas: tax reform to create new jobs, and new programs to ensure the maximum enlistment of America's technology in meeting the challenges of peace.

Achieving these goals will be in the vital interest of the United States not just for the next year, not just for the next 10 years, but for the balance of this century, and beyond. I look forward to working with the Congress and getting the best thinking of the Congress in preparing for this great experiment. As we consider these new economic policies, it is important that all of us here today consider the stakes that are involved.

America has entered a new era in its economic relationships with the rest of the world.

For a quarter of a century, now, since the end of World War II, America has borne the principal burden of free world defense, of foreign aid, of helping old nations back onto their feet and new nations to take their first, sometimes faltering steps. We have paid out nearly \$150 billion in foreign aid, economic and military, over the past 25 years. We have fought two costly and grueling wars. We have undergone deep strains at home as we have sought to reconcile our responsiblities abroad with our own needs here in America.

In this quarter century, America has given generously of itself and of its resources -- and we have done this because we are Americans, and America is a good and a generous nation.

In the years ahead, we will remain a good and a generous nation -- but the time has come to give a new attention to America's own interests here at home.

Fifteen years ago a prominent world statesman put this problem that we confronted then in a very effective way. He commented to me that world trade was like a poker game in which the United States then had all the chips, and that we had to spread them around so that others could play. What he said was true in the 1940's. It was partially true in the 50's and also even partially true in the early 60's. It is no longer true today. We have generously passed out the chips. Now others can play on an equal basis -- and we must play the game as we expect and want them to do. We must play, that means, the best we know how. The time has passed for the United States to compete with one hand tied behind her back.

This new era is a time of new relationships in the world; of a changed balance of economic power; of new challenges to our leadership and to our standard of living.

And, my colleagues in the Congress, we should not be resentful of these changes. They mean that more of the world's people are living better than before. They help make the world a better and amore stable and a safer place for all of us. But they also present us with a new set of challenges -- the challenges of peace.

The time has come for the United States to show once again that spirit that transformed a small nation, a weak nation, a nation of 3 million people on the precarious edge of an untamed continent, into the world's strongest and richest power.

In this new era, we must find the roots of our national greatness once again.

In order to meet the challenges of peace, we must have a healthy America -- a strong America.

MORE

We need a healthy and productive economy in order to achieve the great goals to which we all are so firmly committed.

-- To help those who cannot help themselves.

-- To feed the hungry.

- -- To provide better health care for the sick.
- -- To provide better education for our children.
- -- To provide more fully for the aged.
- -- To restore and renew our national environment.
- -- To provide more and better jobs and more and greater opportunity for all of our people.

To accomplish these great goals requires many billions of dollars. We cannot accomplish them without a healthy economy. We cannot accomplish them without the revenues generated by the work of more than 80 million Americans. And, my colleagues in the Congress, we cannot accomplish these goals if we make the mistake of disparaging and undermining "the system" that produces America's wealth -- of casting it in the false light of an oppressor and exploiter of human beings.

We can be proud of the fact that the much maligned American "system" has produced more abundance, more widely shared and more opportunity for more people than any other system, any time, any place in the history of man. It is that very system that makes it possible for us to help the poor. It makes it possible for us to feed the hungry, to clean up our environment and to meet all the other great goals which we have set for ourselves as a nation. As we correct what is wrong in this nation, let us always speak up for what is right about America.

To be a healthy nation, a strong nation, we need also to restore the health of our government institutions.

That is why I again urge the Congress to act in this Session on the sweeping reorganization of the Executive Branch which I proposed, in order to make it more efficient, more manageable, more responsive to the needs and wishes of the people.

That is why I again urge the Congress to act in this session on the far-reaching proposals of revenue sharing which I have proposed, to help revitalize our State and local governments and to ease the crushing rise in the burden of property taxes in this country.

That is why I again urge the Congress to act in this Session on welfare reform. Let us bring under control a system that has become a suffocating burden on State and local taxpayers and a massive outrage against the people it was designed to help. Let us get rid of a system where going on welfare is more profitable than going to work. The postponements that I have recommended in the funding of these programs have been made necessary by past legislative delays. Let us make sure that there will be no further delays.

All of these programs -- all of our new economic programs that I have described today -- will mean nothing, however, unless the American spirit is strong and healthy, the spirit of our people across this land.

In recent weeks I have traveled back and forth across this country -- in Maine and New Hampshire, New York, Idaho, Wyoming, California, Texas, Ohio, Illinois -- and I can say with confidence that on the farms, in the cities, in the towns and in the factories throughout this nation the spirit of the American people is strong. It is healthy.

A strong and healthy spirit means a willingness to sacrifice, as Americans are willing to sacrifice, when a shortterm personal sacrifice is needed in the long-term public interest.

A strong and healthy spirit means a willingness to work.

Hard work is what made America great. There could be no more dangerous delusion than the notion that we can maintain the standard of living that our own people sometimes complain about, but the rest of the world envies, without continuing to work hard. The "good life" is not the lazy life or the empty life or the life that consumes without producing. The good life is the active, productive, working life -- the life that gives as well as gets.

No work is demeaning or beneath a person's dignity if it provides food for his table and clothes and shelter for his children. The thing that is demeaning is for a man to refuse work and then to ask someone else who works to pay taxes to keep him on welfare.

Let us recognize once and for all in America that any work is preferable to welfare.

A strong and healthy spirit means having a sense of destiny.

As we look ahead five, ten, twenty years, what do we see?

We could see an America grown old and weary, past its prime, in its declining years. Or, we could see an America proud and strong, as vigorous in its maturity as it was in its youth.

We hold the future in our hands.

We have consulted our fears too much. Now let us be inspired by our faith.

If our forefathers had consulted their fears we would not be here today.

America would never have been discovered.

The West would never have been explored.

MORE

Our freedom would never have been defended.

Our abundance would never have been created.

As we renew our faith, let the challenge of competition give a new lift to the American spirit.

A nation becomes old only when it stops trying to be great.

This is why we cannot remain a great nation if we build a permanent wall of tariffs and quotas around the United States and let the rest of the world pass us by. We cannot live behind a wall that shuts out the rest of the world. The world is too small and the United States is too important a part of that world. If we were not a great power, we would not be the America we know. If we do not stay a great power, the world will not stay safe for free men.

We cannot turn inward. We can not drop out of competition with the rest of the world and remain a great nation. Because when a nation ceases to compete, when it ceases to try to do its best, then that nation ceases to be a great nation. America today is number one in the world economically. Let's keep America number one in the world economically.

General DeGaulle once said that France is never her true self unless she is engaged in a great enterprise.

My colleagues in the Congress, America can be her true self only when she is engaged in a great enterprise.

To build a full generation of peace is a great enterprise.

To help the poor and feed the hungry, to provide better health and housing and education, to clean up the environment, to bring new dignity and security to the aging, to guarantee equal opportunity for every American -- all these are great enterprises.

To build the strong economy that makes all these possible -- to meet the new challenges of peace, to move to a new prosperity without war and without inflation -- this truly is a great enterprise, worthy of our sacrifice, worthy of our cooperation and worthy of the greatness of a great people.

END

(AT 1:00 P.M. EDT)

Commission on Government Procurement Information #1 November 20, 1970

ORGANIZING FOR PROCUREMENT COMMISSION STUDIES

This paper covers some of the background and techniques involved in organizing to conduct the studies required to support the activities of the Commission on Government Procurement.

WHY DO WE HAVE A COMMISSION ON GOVERNMENT PROCUREMENT?

Congressman Holifield introduced the original bill calling for the creation of a Commission on Government Procurement. Hearings which followed the proposal stretched out over two sessions of Congress. In the final version of the bill which was approved by both the House and the Senate, the continuing concerns of Congress in establishing a Commission were to:

- 1. Promote economy, efficiency and effectiveness in the procurement of goods, services and facilities.
- 2. Improve industry-government relationships in the procurement area.
- 3. Enhance the public understanding of the procurement process.

WHO IS THE COMMISSION?

Only the Commissioners speak for the Commission and they speak conclusively only through their final report to Congress. To be sure there may be much individual speculation about the content of this report; the report itself may express various points of view, alternatives, majority and minority positions, and so on. But it would be premature to speculate on substantive content at this time and it is important to emphasize that the final product of this Commission is the product of the Commissioners themselves, not the staff or Study Groups.

The Commissioners are:

E. Perkins McGuire - Consultant and Corporate Director

Richard E. Horner - President and Director of the E. F. Johnson Company, Waseca, Minnesota.

Paul W. Beamer - Vice President, Wyman-Gordon Company, Worcester, Massachusetts

Honorable Frank Horton - U. S. Congressman, 36th District of New York Joseph W. Barr - President, American Security and Trust Company

Elmer B. Staats - Comptroller General of the United States

Honorable Henry M. Jackson - United States Senator from the State of Washington

Robert L. Kunzig - Administrator, General Services Administration

Honorable Edward J. Gurney - United States Senator from the State of Florida

Honorable Chet Holifield - U. S. Congressman, 19th District of California

Frank Sanders - Assistant Secretary of the Navy (Installations and Logistics)

Peter Dierks Joers - Assistant to the President, Weyerhauser Company, Hot Springs, Arkansas

WHAT IS UNIQUE ABOUT THE COMMISSION ON GOVERNMENT PROCUREMENT?

The biggest misconception to correct, is that this is another Presidential Commission. IT IS NOT. It was created by Congress; its report goes to the Congress; it is NOT a part of the Executive Branch. IT IS NOT A PRESIDENTIAL COMMISSION.

It is completely independent and completely objective. Objectivity was specifically designed by Congress in specifying the composition of the Commission. The same interest in maintaining objectivity is reflected both in the selection of the staff for the Commission and in the composition of the Study Groups supporting Commission work.

The Commissioners have many of the powers of a Committee of Congress if they choose to exercise them; among them, the power to convene hearings, subpoena witnesses and make findings and recommendations.

Another unique characteristic in terms of most of our experience, is the comprehensiveness of the Commission. It covers all Government, all agencies, all procurement activities, all sizes and kinds of business which support Government needs, and related interests in the academic and professional society community. It most distinctly is not limited to a simple "shopping list" of procurement problems, no matter how extensive that list might be. The Study Groups are problem oriented. The concept of the Commission studies includes basic, underlying economic and organizational implications, which are the foundation of the entire process. We are studying not only the evidence of issues but also the issues themselves.

WHAT IS THE PRODUCT OF THE COMMISSION?

The specific product is a report to Congress. The report will probably make recommendations which are both statutory and regulatory in nature. Hopefully, a most important byproduct of Commission activity will be to generally raise the level of understanding of the procurement process, so it can be dealt with more effectively. This may be done in several ways, possibly including some new tools of analysis which will assist in communicating on procurement issues.

WHAT IS THE COMMISSION'S OPERATIONAL ORGANIZATION?

STAFF

The permanent staff is divided into three areas of responsibility: an administrative area headed by the EXECUTIVE SECRETARY, Mr. Hugo Eskildson, the OFFICE OF GENERAL COUNSEL, headed by Mr. Paul Barron, and the STUDY AREAS, headed by Don Sowle. We will of course be emphasizing the Study Areas in this discussion. Assisting Don on his staff are five coordinators, who track the activities of the Study Groups and provide liaison between Study Groups and the entire studies area, as well as collectively working on tools of analysis, report structuring, and other staff concerns.

We are developing some interesting methods of supporting the study activities, such as an extensive library, a bibliography that is in development, files of resource materials organized by study group area, and an accumulation of background information on individual consultants or organizations, who might be utilized for aspects of the study, should their services be required.

CONTACT POINTS

We have established an elaborate contact point structure with more than 40 government agencies and more than 40 industry or professional society groups with whom we communicate on a regular basis and through whom we make known our requirements for study group staffing.

PROBLEM IDENTIFICATION

In order to prepare for the studies we undertook to identify all those problems which had come to the attention of Committees in Congress for the past two sessions who were looking at the Commission proposal, plus the up-dating of testimony by individuals and association witnesses, individual letters that had been written on specific subjects, and so on, so that we developed a list of perhaps 450 problem areas in the procurement area. This was, as you might guess, a "mixed bag" and would range all the way from specific issues like suggesting that "all procurements under \$2,500 be automatically set aside for small business" to very philisophical discussions about the proper utilization of contract definition techniques in major systems procurements. Through a scrub-down of these 450 problem areas we ended up with approximately 300, grouped into thirteen study areas which collectively represent the scope of our procurement studies. You may note the marriage of some issues in a single group was a "marriage of convenience". For example, Study Group No. 13 includes commercial items, architects and engineers, construction and service contracts, none of which necessarily has a direct relationship to the other, but all of which are carried in a single grouping for administrative convenience.

Having got a fix on what we thought the problems were, and their structure into Study Group areas, we then tried to scope the experience, professional discipline, organizational affiliation, and, of course, numbers of people that we thought were necessary to operate a Study Group effectively and objectively. Always our standard was objectivity; we wanted the statesman, not the instructed delegate; we wanted a great deal of flexibility in the system; we wanted to maintain the highest professional standards; we are not interested in opinions, we want in-depth substantiation of any recommendations.

We then made our requirements known for the staffing of the Study Groups through our 84 contact points in both industry, professional societies, Government, academic instructions, etc., and we are now in the process of receiving recommendations for the staffing of various groups. Study Group members are "on loan" from their parent organizations. Their salaries continue to be paid by the parent organizations, their travel and per diem expenses are paid by the Commission. We have four of our Study Groups in operation as of November 1970, Organization and Personnel, Regulations, Remedies and a legal staff directed study of Statutes. The next ones to be chartered will be Research and Development and Major Systems Acquisitions. All of the Study Groups should be under way by the first of February 1971, and their reports should be completed by November 1971. The average length of a Study Group's operation will probably be eight months.

HELP

From the concept of the studies which I have described, you can see that we need a great deal of help; we are not attempting to perform the studies in-house; we don't have the professional staff to conduct detailed studies if we wanted to. Counting all of the Study Group activity that we have scoped, the actions of the Staff and the consideration of the Commissioners, we are talking about approximately 300 man-years of effort, with perhaps 170 volunteers on Study Groups, donated by their parent organizations. It is quite clear that we are depending upon highly motivated individuals to support our activities. We would like to note especially that we are not yet complete in staffing the requirements of the remaining Study Groups.

COMMISSIONERS

It is interesting to note that each one of the Commissioners has expressed a personal interest in three or four of the Study areas, so that at least three of the Commissioners appear as Advisors to each one of the Study Groups.

Study Groups will be reporting eventually to the full Commission, who will in turn debate and consider the findings of the Study Groups. During their deliberations, the Commissioners are able to "fix areas" where they think the reports might be thin or unsubstantiated. The Commissioners have the power to convene hearings, subpoena witnesses, and in any case probably will review findings directly with appropriate Study Groups. I think it is important to note that we probably may expect a period of time for Commissioner deliberations which is almost as long as the study period itself, perhaps up to six months. Again, this would be another measure of the objectivity and professional standard of the product which will characterize the final report to Congress.

WHAT IS YOUR RELATIONSHIP TO THE PROCUREMENT COMMISSION?

As someone who is vitally interested in the procurement process of the Federal Government, at least in some aspects of it, we may assume that you have a professional interest in the activities of the Commission. More than that, we hope that many of you will have an opportunity to serve on Study Groups, hopefully as full time participants, but also perhaps as part time advisors. If full time participation is ruled out for some reason, then we hope that many of you will take the initiative to write what you think the most important considerations in the procurement processes are to you, the real issues that you see should be considered by the Commission. We are asking here for you to stretch your mind beyond the specifics of individual problems that you might itemize from your daily experiences, to stand back from these, to take a statesman-like view, to apply some creative thought to what the basic issues are for which the daily problems are only evidences.

What is best for the procurement process, in our opinion, is yet to be discovered. We hope that you will assume a responsibility to help in this great professional adventure and discovery.

Prepared by RMKI Robert R. Judson

Deputy Director of Commission Studies

Adkins, John

Edgar Edelsack (backup)

Carter, Daniel D.

Goldwater, William H.

Goodwin, Harry B.

Hall, Harold H.

Hughes, Robert E.

Newton, Robert D.

Price, William J.

Redecke, Leonard A.

Smith, C. Branson

Wheeler, George

Wile, Howard

Assistant Chief Scientist Office of Naval Research, USN

ATTACHMENT III

Chief, Procurement Policy and Management Division USAF

Special Assistant Office of Associate Director National Institute of Health

Assistant Director Battelle Memorial Institute

Vice President and Chief Technical Officer Singer-General Precision

Director Materials Science Center Cornell University

Contracts Administrator National Science Foundation

Executive Director AF Office of Scientific Research

Director Industrial Contracts Division Atomic Energy Commission

Corporate Technical Staff United Aircraft Corporation

Director, Special Studies Bell Telephone Laboratories

Executive Director National Association of College and University Business Officers Commission on Government Procurement Research and Development Study Group Study Topics as of 1 February 1971

- A. Federal Sponsorship of Research: Role of Various Agencies in Research: The basic and applied research requirements of the Federal Government are now procured through a multiagency structure in which there is some degree of coordination of activity in areas of overlapping concern. Assess the advantages and disadvantages of this system and consider the relative merits of alternative systems such as, for example, centralized program management by a vastly expanded NSF. Consider the effects of specific constraints imposed upon the procurement policies of mission oreinted agencies by legislation such as Section 203 of the FY '70 Military Authorization Bill.
- B. Federally Initiated--Privately Operated R&D Centers: Functions and Relationship with Sponsor: Evaluate the special relationship of Federally Initiated--Privately Operated R&D Centers, and their Agency sponsors. Analyze the proper role of these Centers, their advantages and disadvantages, and applicability for different agencies. Evaluate the procedures for contracting and administering study contracts (think tanks).
- C. Independent Research and Development: Evaluate present statutes, policies, and procedures including recent Armed Services Authorization legislation, regarding independent research and development and bid and proposal costs. Analyze such matters as legislated limitations on amount of such allowances, relevance of work, the impact of cost sharing (particularly with respect to work having no commercial potential) and the desirability of standardized procedures.
- D. <u>R&D</u> Procurement in Social, Environmental and Technological <u>Areas for Newly Emerging Agency Programs</u>: Analyze special requirements and problems--current and anticipated--in the growing R&D programs in new areas and in agencies which have had relatively little commitment to R&D procurement.
- E. Types of Contracts Required for R&D:
 - Differences from Commodity Procurement: Evaluate policies and procedure and determine if R&D is being procured with unduly commodity oriented procedures. If so determine whether such procedures are appropriate, and in what circumstances they are inappropriate. Recommend alternatives as necessary.

2. Variation in Contract Types Across R&D Spectrum: Evaluate the applicability of various contract types, now in use or proposed, to the variations of risk and uncertainty presented by R&D objectives, with special attention to the differing requirements at various parts of the R&D spectrum.

F. Use of Grants;

- 1. Grants or Research Contracts: Guidelines for Use: Evaluate the use of grants versus research contracts and analyze the cost principles, administration, and audit of each type.
- 2. Grants: Use of by Civilian Agencies: Evaluate the use of grants by the civilian agencies such as demonstration projects.
- G. Specifications for R&D Contracts: Analyze the adequacy of specifications and work statements for R&D contracts. Evaluate the policies and procedures which apply to "Impossibility of Performance" situations.
- H. Competition in R&D Contracting:
 - Economic Costs and Benefits of Competition in R&D: Analyze source selection procedures with a view toward comparing the benefits of competition against its costs in R&D procurement.
 - 2. Formal Advertised Bidding vs Negotiated Procurement: Consider whether advertised bidding should be the preferred method for procurement.
- I. R&D Source Selection Problems:
 - 1. For Follow-on Production: Analyze ways and means to assure the fullest competition possible for production contracts which follow R&D contracts.
 - 2. <u>Hardware Exclusion Clause:</u> Examine and determine the values and detriments of soliciting industry contractual support in the development of agency/department requirements and needs through the use of contracts which contains the subject clause.
- J. Procurement Time Cycle for R&D: Determine the usual length of time in various agencies between the decision to buy and the contractual commitment necessary to permit start of work. Examine causes and, if indicated, possible improvements.

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- K. Research and Development Costs: Government Recovery of Cost if Commercial Product Results: Evaluate the use of the FAA Clause which provides that if a commercial product results from an R&D contract, the Government may get its money back out of royalties on contractor's sales.
- L. Cost Growth or Overruns in R&D: Analyze the extent of cost growth and overruns in research and development contracts, and if the extent is substantial, the causes of such overruns.
- M. Required Cost Sharing in R&D: Analyze the effect of costsharing in R&D procurement, including that which is required by law in certain grant authorities, that which is a mandatory condition of a performer obtaining a contract, and that which may arise under other circumstances.
- N. Technical Manager/Procuring Contracting Officer/Administrative Contracting Officer/Auditor Relationships: Analyze the effect on R&D procurement of various divisions of responsibility between the technical management and the contract administration personnel.