Correspondence · Gelb, Morris, 1972
Richard M. Nixon July

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MORRIS B. GELB
MOREY M. MYERS
DONALD G. DOUGLASS
RICHARD S. BISHOP

July 3rd,
1972.

Honorable Richard M. Nixon
President of the United States
Washington, D. C.

My dear Mr. President:

The attached Memorandum, to be supported by social, economic and legal factors to be submitted, intends to suggest a simple solution to major flood and other disasters, when, as and if same are determined by the President.

The suggestion contained in the Memorandum may not be a solution to all problems, but may very well be less costly and more equitable.

The contents of the Memorandum has not been disclosed to any one but I may show a copy of same to my good friend, Governor Scranton.

COPY

Respectfully yours,

Morris B. Gelb

MBG/pd

Enclosure

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MORRIS B. GELB
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July 7, 1972

Honorable William W. Scranton
Northeastern National Bank Building
Scranton, Pennsylvania 18503

Dear Governor:

The Memorandum which I mailed you a copy is probably less than 1% of the project, and together with notes in my possession, perhaps no more than 10% of the project; my only purpose of the first draft is to "test" the general concept.

I see no difficulty in defining the term "condemnation" to suit the situation, and of course, the name of the term may be "DISASTER CONDEMNATION."

I do not wish to burden any one with the details unless the concept is workable notwithstanding the fact that I feel that it is much more economical and much more equitable to the Government and the persons involved than any other concept.

If "DISASTER CONDEMNATION" were to be defined to include damage or destruction to the extent of 33% of original status of assets destroyed, or even if the definition of the term is somewhat more complicated, I still feel it is workable.

To the extent that the term does not apply to situations where disaster has taken place, it may be necessary to employ a special phase of Small Business Administration Loans (name not too desirable) available pursuant to a new Act of Congress which gives security to potential sufferers.

I did not emphasize in my Memorandum the fact that I sincerely believe that a good lawyer can prove a claim against the United States, if the country were an individual or corporate entity on account of its failure to perform adequately once the realization of a disaster or possibility of a disaster is known.

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Certainly, such knowledge should or could have existed for many areas along the Susquehanna River.

I am not mailing a copy of this letter.

With best personal regards, I am

Sincerely yours,

Morris B Gelb

Morris B. Gelb

MBG/ts

FLOOD OR MAJOR CATASTROPHE

- - - - -

TYPES OF LOSSES:

I. Ordinary Losses by the average citizen owning no real or substantial amount of personal property.

II. Substantial losses (as defined) by owners of leaseholds and/or real property; particularly, residences and stores.

III. Substantial losses to manufacturing plants, running into large sums, even up to $10,000,000.00.

Rather than employing the fiction of including 1972 losses in a 1971 Tax Return, the matter should be approached directly, and pursuant to appropriate Acts of Congress, actual cost is to be allocated as between United States and various states and/or municipalities under a well-considered formula.

The basic idea is that upon occurrence of a major flood or catastrophe, an appropriate certification by the President of the United States all destroyed or damaged property shall be considered to have been condemned by the United States with title to the destroyed property vested in the United States, and with replacement thereof to take the cost bases at which same was carried by the prior owner.

Under this Program is:

A) There will be no gift to any one but fair compensation, which need not represent payment for tangible assets.

B) Fair compensation to the owner of a home or place of business, with replacements to be carried at the same cost basis as the destroyed property was reflected on the books of the taxpayer.

Memorandum (Cont.)
Re: Flood or Major Catastrophe

C) Substantially the same procedure with respect to the plants running into millions of dollars, it being properly assumed that some of these plants may never be rebuilt (even with inexpensive loans) and as a result there will be no dislocation of industry and/or population.

D) Low cost basis will help all concerned:

(1) Owner will have more efficient building or operation;

(2) Government will not suffer because of a higher than old book value tax base.

E) Retroactivity phase of the program may be employed to accomplish condemnation results of uncompensated losses of 1971.

F) Condemnation usually results because of the desire of Governmental Agencies (Federal, State and Local) to improve environment, clean up housing accommodations, and properly located population, workers and industry. The windfall to taxpayers is never as great, and is always more realistic, than a loan at economically unsound rates and terms.

Participation, direct or indirect by Federal, State and Local Governmental Agencies cannot be discussed in a brief Memorandum.

G) Since there is no difference between a semi-abandoned or fully-abandoned piece or real estate (one that has been a menace to the community for upwards of twenty (20) years) and a beautiful residental community or industrial operations destroyed by an Act of God, the moral and economic reason for employing the Doctrine of Condemnation is just as strong in the latter cases and perhaps stronger as in the normal condemnation cases.

WITH THE ASSISTANCE OF TWO EXPERTS, BASIC NOTES PREPARED IN THIS MATTER, AND WITH SOME EXPERT ADVISE ON LEGISLATION AND TAXATION, THE PROGRAM CAN BE ON ITS WAY TO FULL ACCOMPLISHMENT IN A MATTER OF DAYS.