

November 20, 2008

Reference No. 13909

Processing Note

A: represents President Johnson; B: represents Richard Nixon.

Transcript only of this conversation; there is no recording.

A copy of this transcript was interfiled on this date from the Alpha transcript series.

DATE: 1/10/69

TIME: 5:11 PM

CALLER: Richard Nixon

Pages of Transcript: 3 pages

Barbara Cline
Archivist

Open

5:11pm - Friday
January 10, 1969

A - Dick, we are trying to finish off our State of the Union and I thought it would be good to tell you what we had in mind so that the people who play us against one another cannot be very successful. I am proceeding on the same basis I have since Billy Graham came and talked to me. I think you want to make my administration look good and I want you to look good.

I am not going to recommend a bunch of new programs. I am going to review what we have done in a relatively brief address. I hope I can say we have a surplus of between 2 and 3 billion. That was from an 8 billion deficit. I then hope I can estimate a surplus of -- including the pay raise -- I think I can recommend a surplus of about 3 billion plus. You can play with that.

I then point out that I believe that we will have our balance of payments in balance this year. I believe it will be the best year since '57 and maybe since '52 in balance of payments.

McCracken has talked to Barr about this statement. I want us to march out arm in arm insofar as the future is concerned. You don't have to endorse my programs, but I am in effect saying in a good will message that I came here 38 years ago and I would like to say to them tonight that I hope Congress will cooperate with the new President. We are all in this together. I have no criticism or anything like that.

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Now, we are down to this statement -- if we continue the sur-tax. I have got it where we can send the budget up with the pay increase that has been legislated. And it will be about 191 billion and 2.3 billion deficit. I think that is a second choice. And I really think it is from your standpoint.

What I could say in my message is that I have 2.3 this year If I am off in any of the estimate, if you don't end the Vietnam War, if interest goes up, then the public has to figure a deficit, and you have Hell getting the tax. Once you repeal them, you don't get them back, but until you know what the Congress is going to do, it is safer for you if you have the assurance that you have the money there.

McCracken says you agree to this statement: 'It remains my conviction that the surcharge should end as soon as requirements for the war, the budget outlook and economic conditions will permit. However, until the new Administration and the Congress can ascertain that the facts we face justify permitting the surtax to expire or to be reduced, I will support the President's suggestion that the surcharge be continued.' That gives us what we want.

But You dropped a sentence after the first sentence. In the one last night we had 'It is my understanding that President Johnson shares this same view.'

B - That is right. I have no objection to that right after the first sentence.

A - "It is my understanding that President Johnson shares this same view. However, until the new Administration and Congress can ascertain that the facts we face justify permitting the surtax to expire or be reduced, I will support the President's suggestion that the surcharge be continued."

B - That is good and much better than the longer one. There were too many words and more to mis-interpret.

A - You want to bear in mind that this is a Democratic Congress and so you have to have that little cushion. This gives you the flexibility and the safety. It puts both of us as wanting to repeal it as soon as you can. Then you can say as soon as you can justify it.

B - When are you going to send your message?

A - Tuesday, I think. Now before I go I would like for you to issue this statement. Then Wednesday we will come up with the budget itself, and Thursday we can have the economic message. Then from then on it will be your ball game.

B - That is fine. You can count on the statement. You just tell your fellow Jones or Christian.