

JULY 14, 1967 - 1:35 p.m.

GROUP OF LEADING BUSINESSMEN

L. F. McCollum

Stuart Saunders

J. K. Jamieson

James L. Roche

Roger M. Blough

Birny Mason, Jr.

Crawford H. Greenewalt

Lynn Townsend

George H. Love

Joe Califano

Tom Johnson

MEMORANDUM

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THE WHITE HOUSE

WASHINGTON

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Meeting Began: 1:35 p. m.
Meeting Ended: 3:55 p. m.
Location: Second Floor Mansion

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MEMORANDUM FOR THE PRESIDENT

FROM: ^{Tom} Tom Johnson

Attached are the notes of the President's meeting with L. F. McCollum and the group of leading businessmen in the Family Living Room and later in the Family Dining Room.

Attending the meeting:

Mr. L. F. McCollum	President, Continental Oil
Mr. Stuart Saunders	Chairman, Pennsylvania Railroad
Mr. J. K. Jamieson	President, Standard Oil
Mr. James L. Roche	President, General Motors
Mr. Roger M. Blough	Chairman, U. S. Steel
Mr. Birny Mason, Jr.	Chairman, Union Carbide
Mr. Crawford H. Greenewalt	Chairman, DuPont
Mr. Lynn Townsend	Chairman, Chrysler
Mr. George H. Love	Chairman, Consolidated Coal
Mr. Joe Califano	
Mr. Tom Johnson	

The meeting began at 1:35 p. m. It ended at 3:55 p. m.

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The President:

Sorry we are late. Hope all of you have what you want. The best drink on the market is Fresca. I can say that because nobody is here today from Coca-Cola.

I want the benefit of your judgment on the tax increase.

On the subject of a tax increase, the President said:

- On non-defense spending in fiscal 1968 there will be a \$1 1/2 billion increase because of investment credit, uncontrollables, housing and road fund release.
- Defense spending could be between \$1 and \$10 billion over estimates, although it will more than likely be between \$1 and \$4 billion - \$5 billion.
- Summarizing, the President said that \$8.1 billion was the estimate. If \$6 billion increased spending over estimate is added, this is a total of \$14 billion in additional spending.
- Since January the revenue estimates have been revised downward from \$126.9 billion; and \$5.3 billion in revenue will be lost because of lower corporate profits, lower yields, miscellaneous changes, and Congressional action on investment credit.
- This totals as follows, possibly:

\$141.5 billion expenditures
\$115.0 billion revenue

\$25 Possible deficit

The President said that a 10 percent surcharge on corporate profit and a 10 percent surcharge on individual income would provide 6.7 billion in 1968 and 9.6 billion in 1969.

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In short, the President said this would reduce the deficit from \$25 billion to between \$11 and \$16 billion.

The President said that a tax increase had been recommended by William Martin, Secretary Fowler, Gardner Ackley, and the Bureau of the Budget.

He told the businessmen that all feel that the government ought to act swiftly. The Secretary of Commerce and the Secretary of Defense agree.

The President said he has asked the Secretary of Commerce to call 10 businessmen, all leading businessmen. All 10 endorsed the tax increase, he reported. (The President dispatched Tom Johnson to get a copy of the Secretary's report to the President on the 10 businessmen contacted.)

The President asked for the reactions of the businessmen. Roger Blough said this is a question of a reduction or an extension of expenditures -- things like highways. He said there are very few organizations that can't reduce expenditures. He said if everything else is done, then a tax increase is warranted.

He said the orders for next quarter are very low. On timing, Blough said, sure, if we are going to have a good fourth quarter, then that would be the time. But the signs are doubtful. The economy is not very good right now. The earliest warranted would be in the area of the first of the year.

Blough said he did not favor a tax increase right now.

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Mr. Stuart Saunders, Chairman of the Pennsylvania Railroad commented "this does not look like a short-term tax increase, does it?" The President pointed out that it would mean that the President had reinstated only a half of the taxes which had been reduced since the President came to office.

The President then reviewed with the businessmen the discussions at Hollybush with Chairman Kosygin. One of the most amusing moments of the discussions developed when the President described the type of man Kosygin was:

"He reminded me of Fred Kappel," (much laughter). "He was intelligent, not too emotional, articulate, well organized, tough, and looked after his business just like an American businessman. He didn't give an inch. Neither did I."

Shifting from the Family Living Room to the Family Dining Room, the conversation changed from taxes and the Summit talks to the Proposal which the businessmen brought for the President's consideration.

Mr. George Love, Chairman of Consolidated Coal Company, said that he had been in four different industries. He said these businessmen had met recently and "took seriously the President's message on Pollution. We called together a group of coal, electrical, oil, chemical and other industries to see what we could do about improving the quality of our environment.

Mr. Love said: "We want to find out how you feel about this before we make any formal move. The important thing, Mr. President, is that business does not want to be cast in the public role of fighting the bill. We want to help solve the problem which we have created."

The President responded:

- "I applaud your interest.
- "The problem now is how to do it properly.
- "First, we must get Secretary Gardner and Wilbur Cohen to see how your efforts can best fit into what they are doing.

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- "There is no period in American history when the leadership of American business had been more helpful or cooperative with the government.
- "We will get Ramsey Clark, Wilbur Cohen, Secretary Udall, Secretary Gardner, and even IRS to look at it and work with you fully on the program. "

Roger Blough, Chairman of U. S. Steel, said that his firm already has a large program underway to combat pollution and that new ways are being learned to handle the problem.

He said:

- "American industry is just as concerned about this problem as is anybody. Purer air and purer water is a thing we're all for.
- "This group wants to be on-record on an affirmative basis. "

(The President was interrupted at 2:44 by a phone call. The President later advised the group that the call was in reference to the U. S. position before the U. N. on a U. N. vote concerning Jerusalem.)

Mr. Blough continued: "Mr. President, we realize that the problem is too great for government alone. We also realize that we do not want it to appear like business has joined together in a group on this matter. Wouldn't it be better if the President asked business to cooperate on this. I can assure you that we would respond favorably to that call. "

The President pointed out how industry was responsible for so much of the success of the beautification program. The President reiterated that industrial leadership has been very helpful to their government. "

On the matter of pollution, the President assured the businessmen that "we'll certainly do our part. "

Mr. Wilbur Cohen, Under Secretary of HEW, arrived in the dining room, having been asked earlier by the President to come by for a discussion with the group.

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Secretary Cohen said:

- Secretary Gardner feels there is a research and technological gap in the pollution field.
- Government wants to join industry in advancing the knowledge in this field.
- He hopes the Muskie bill on pollution passes the Congress. It will provide the money needed for more research in this field by government.
- There is money in the '68 appropriations to get together staff people and industry people to explore what ways the research money can be used.
- It would be good to collect the information from industry about what industry already knows. There are no trade secrets, according to Crawford Greenwalt of DuPont, and the firms would be happy to make available what it already knows.

Mr. Crawford Greenwalt of DuPont said "we want the public to know that we want to help on this problem. "

The President directed Secretary Cohen to make up a list of the top technical people in government and a list of the best in industry to have a preliminary meeting.

This preliminary meeting would discuss what is known in the field and what could be accomplished by a larger conference, perhaps at HEW, on the Pollution subject.

Secretary Cohen and Mr. George Love said a list would be developed within two weeks of the 10-15 people with the best knowledge of the problem and a preliminary meeting called with Secretary Cohen and the government representatives.

The President then shifted to the tax question: He went around the table asking the opinions of the businessmen on a tax increase.

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Mr. Crawford Greenwalt of DuPont: Yes, I would increase taxes but for the \$6-7-8 billion amount.

Mr. George Love of Consolidated Coal: Yes, I would raise taxes but I would get more out in reduction of government expenditures than now planned.

Mr. Lynn Townsend of Chrysler: I would raise taxes but take out all possible in non-defense spending.

Mr. Stuart Sanders of Pennsylvania Railroad: Yes, I would raise taxes but at the first of the year. I do not see an upturn of the economy in the fourth quarter.

Mr. Birny Mason of Union Carbide: Concerned about timing of the tax increase. I would not favor it now because of business turndowns recently.

Mr. James Roche, President of General Motors: Taxes must be raised. There are signs that business is depressed but we have had signs of improvement since March. What is most important to us is that there not be a strike. Without that, we are confident about the fourth quarter.

Mr. J. K. Jamieson of Standard Oil Company of New Jersey: In oil industry, there is a domestic boom but the foreign segment is down because of Mideast and other factors.

The President concluded the meeting by saying that the administration needs the leadership and the help of business when a tax decision is made. "This is a matter which we have to face up to within the next 10 days."

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