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OCTOBER 17, 1967 - 5:35 p.m.

CONGRESSIONAL LEADERSHIP

VP

Senator Mansfield

Speaker McCormack

Congressman Albert

Postmaster General O'Brien

Joe Califano

Mike Manatos

Barefoot Sanders

October 17, 1967  
9:30 p.m., Tuesday

MEMORANDUM FOR THE PRESIDENT

Tom  
FROM: Tom Johnson

Attached are notes of the President's Meeting with Congressional Leadership. Those attending included the following:

The Vice President  
Senator Mansfield  
Speaker McCormack  
Congressman Albert  
Postmaster General O'Brien  
Joe Califano  
Mike Manatos  
Barefoot Sanders

(Cong. Hale Boggs in hospital)

The Meeting started at 5:35 p.m. and ended at 6:55 p.m.

NOTES OF THE PRESIDENT'S MEETING  
WITH CONGRESSIONAL LEADERS

October 17, 1967

The President opened the meeting with a discussion of the Participation Sales Certificates. The President said he could see why Republicans wanted to play politics on this issue, but he did not see how Democrats could conceivably make a political issue out of it.

President: They obviously do not understand this. There are two reasons why I want this measure:

1. We want to involve private financing in government credit programs.
2. This is a more efficient way of selling financial assets.

Congressman Albert: We are in very bad shape on Continuing Resolution. George Mahon has the liberal Democrats mad with him now on his proposal.

President: Mahon's Resolution does not save anything like what we should save. I would take the \$20 billion in controllable expenditures and place a 12% reduction on all of that. This would produce an across the board reduction which would be felt in every District. George Mahon said he did not want a 12% slice. I advised him to try 6%.

Congressman Albert: We have the Mahon Resolution up for action tomorrow. It is better than the Bow Resolution.

President: We are an experienced national party. We need to make up our minds and agree what course of action all of us should take.

Congressman Albert: Mahon is trying to get around Bow and run the government for the next thirty days. We need to show the advantages of his proposal over the Bow approach.

President: Congressman Mills wants to cut 5 to 10 billion dollars in expenditures and then in programs. This would be very difficult to do. Can you imagine our going back and cutting out programs we have passed in the last three years.

Congressman Albert: Mills says that we have to have an image of economy. The issue is one of cost reduction.

President: I cut out \$27 billion before I sent the budget to the Congress. I have about "imaged out." If Mills has an answer then let's see it. I understand that you are even considering a 30% cut in foreign aid.

Congressman Albert: I do know that it looks as though poverty will be cut to \$1.2 billion. We have had three test votes, all of which knocked the devil out of poverty.

President: What we need most is a party position on the budget. Mills is putting all of the heat on the Democratic Party. My formula is simple. Stay with my budget request and do not exceed it. Otherwise it may be necessary to freeze every contract.

This week we were denounced 21 times by Democrats in the Senate. There were 21 separate stories denouncing our conduct of the war and our operations on the domestic front.

We are in an all-out, knock-down war. I don't want it repeated, but it appears we may need \$4 billion more for the war this year in a supplemental. We must make it clear that we cannot fight a war, send children to school and meet all of our other responsibilities without a tax increase.

Congressman Albert: This message has not gotten through to the American people. What we need to do is get all of the bills passed then the President can look at them, the Congress can say what should be rescinded and all of us can see what we should do.

President: Telephoned Mahon and discussed with him the current budgetary difficulties. The President retraced his position on the budget. He said he spent 16-18 hours a day on the budget back in September in order to get all of the Department heads to reduce to a bare minimum their requests. The product of that was a \$27 billion reduction from what the Departments were requesting and what was shown in the budget.

The President pointed out that he had invited all of the House and Senate leadership to the White House and had spent a significant amount of time with Mills and Byrnes on the tax message.

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Speaker McCormack: Suggested that the President may want to invite additional Congressional groups to the White House and explain the need for a tax bill again.

President: That proposal is one which I am a bit reluctant to undertake. All of the Congress says that I am twisting their arm and taking unfair advantage of them.

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