

113

NOTES ON THE PRESIDENT'S MEETING WITH THE CONGRESSIONAL
DEMOCRATIC LEADERSHIP

TUESDAY, MARCH 19, 1968

ATTENDING WERE:

Vice President Humphrey
Speaker John McCormack
Congressman Carl Albert
Senator Mike Mansfield
Senator Russell Long
Senator Robert Byrd
Postmaster General Larry O'Brien
Barefoot Sanders
Mike Manatos
George Christian
Jim Jones

MEETING CONVENED: Cabinet Room at 6:16 p.m.

MEETING ADJOURNED: 7:00 p.m.

The President opened the meeting discussing the excise tax. He asked that the conversation be kept confidential and that there be no leaks. The President said we have a budget of \$186,100,000,000. Of that about \$30 billion is touchable. We would like to, if we had the power to, get the same taxes as we had in 1964. If we did, we would be taking in \$23 billion and would have a surplus of \$3 billion. But it would hit heaviest on the little people. The ugly surtax name has got us in trouble. Nearly all say that there will be no taxes without a cut in expenditures. Everyone Thinks each cut is the wrong one.

The Senate and the House want us to say what we would go along with. I want to let Congress pick what economies they want like we did last year and whatever you lack we will pick up by a formula like the one last year, perhaps 2% payroll, and 10% expenditures or something of that nature. But then the word got out. George Meany was over today and brought this up. I told him let's see this thing - Vietnam is up over last year. Bill Martin says we will have 10-15% interest if we are not careful. We insist on doing more than we can pay for. If we have \$800 billion gross national product, I think we can pay for more but the Congress does not agree with me. It's desirable to get a \$10 billion tax bill and a \$10 billion cut in appropriations which will give a \$4 billion cut in expenditures. To cut more than \$4 billion will really cut someone's scalp.

MORE

I would hope in the next 30 days before we bring housing to a halt and jeopardize the dollar and shove interest rates so high, that we've got to have a tax bill. When Wilbur Mills realizes we've got to have more for Vietnam, I hope we'll have a bill. So what we're looking at is a \$10 billion tax bill, \$10 billion cut in appropriations and cut in expenditures of \$4, 4 1/2 billion or 5 billion.

Of the \$4 billion, about \$2 billion will be for stretching out of non-Vietnam defense. Although they may talk about it, no one will vote against Vietnam expenditures. But we've got to spend more. We'll have 2,700,000 more M-16 rifles needed. We have 900,000 now. Every body condemned the, but now everybody wants them. We need more helicopters, more ammunition.

For next year, we'll have more callups. So far there have been 10,500 and we'll call up others. But there won't be any 400,000 callup to get 200,000 men. But we will have enough to protect our men. Next year's budget will have that money.

If we're going to have a \$20 billion deficit, we've got to have a tax bill. But we won't get a tax bill without reductions. I do not want to initiate the reductions, but I will accept what Congress has guts enough to cut.

I'd like to cut appropriations about \$9 or \$10 billion and raise taxes \$9 or \$10 billion and save expenditures \$4 or \$5 billion. About 1/2 would be non-defense such as the minute-man missile, ABM's and some ships may be deferred. This won't materially hurt anybody. Poverty under this formula would get more than last year. Highways would get as much as last year. AID would be cut about \$500 or \$600 million. If we could get agreement with Mahon, Hayden, Russell, Wilbur Mills and Long we could do this.

So that is where we are on the tax bill. I hope in the next few days to look over our strategic reserves. We did have 12 divisions, and now we're down to 2/3 of a Marine division and 2/3 of an Army division. I want to build this back to about 7 divisions. To do that, we will have to call up a few thousand reserves. We'll have to send some out to Vietnam. There will be some combat and some support troops there.

We will have a 3+ billion dollar supplemental between now and June. Would you add that to the deficit? Even Wilbur must admit that we've got to have a tax bill. However, get Williams, Burns and Ford. It would be most desirable if Wilbur would take it if we would add in the Senate bill.

Carl Albert said we would have a hard time selling that to the House.

The President said it would be easier to amend in the Senate than make each of the cuts in the House.

Albert asked if anyone has talked to Wilbur Mills about repeating the 1964 Tax Bill.

MORE

The President said yes, but Labor would not stand for it.

Senator Russell Long said as of now, it seems that (Senator John) Williams is playing politics. His theory is that we've got to carry out the Vietnam war, violence in the streets and have a deficit in addition to a tax increase...

The President said the only thing worse is to devalue the dollar and have 15% interest rates. We've got to pay for some of the things we are doing or not do some of the things. I don't know if you can get a tax bill that way, but I hope we can. I need your help as my leaders.

Long said before we add an amendment to the Senate bill, I hope we can explore with Wilbur (Mills) to see if he would take it.

Mike Mansfield said I do not see why Wilbur can't see that inflation...

Carl Albert said the tax bill is one area where the House is free historically and they will put this up in May...

The President said I do not think that you can pass a tax bill if you can not get Wilbur and Russell to agree. I asked to see Wilbur for breakfast, but he was tied up.

The President said we are not going to ask for legislation from Congress on troop deployment in any numbers of 400,000 and 200,000. We are going to call up a few thousand for Vietnam and our strategic reserves. We will add to our deficit several billion dollars, probably between 8-12 billion and that will be added to the \$20 billion deficit. We expect 186.1 and add 10 to that for 197, which gives you a deficit of 31 billion. Our revenues will be 166.

The President said I do not think Mills will come up to that figure. I think he will be on the high figure until we can talk to Wilbur, Russell etc. I would not vote on the tax bill.

Carl Albert said I do not know where we are on the Civil Rights Bill, but it's being put off for some time.

The meeting adjourned at 7:00 p.m.


MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 19, 1968
Tuesday, 5:20 p.m.

FOR THE PRESIDENT

FROM: Barefoot Sanders 

LEADERSHIP AGENDA
Tuesday, March 19

1. This week's schedule:

House: Coast Guard Authorization
Inter-American Development Bank
Hazardous Radiation

Senate: Ethics Bill
Excise Tax Extension (probable but unlikely)

The Coast Guard Authorization passed the House on a voice vote this afternoon, as did the Inter-American Development Bank measure.

A rule was granted on Hazardous Radiation, which is an Administration bill. I anticipate no problems on the floor.

The Ethics bill will probably occupy the Senate floor this week.

2. Expenditure Reduction - Tax Increase.

The press has given considerable play to possible Administration proposals to reduce expenditures in order to obtain Mills' support for a Tax Increase. I hear that Mills is talking of a \$10 billion appropriations cut, involving a \$5 billion expenditure reduction, as the price for Ways and Means approval of the Tax bill.

SERVICE SET

I recommend that you ask the Leadership their views, and their interpretation of Congressional views, on a substantial expenditure reduction. What will it mean politically - that is, will it drive our normal liberal supporters away from the Administration and toward Kennedy and McCarthy?

In this connection you may wish to mention whether there is any prospect of increased expenditures in Vietnam and the effect of those on the budget.

Also, in this same regard, you may wish to discuss with the Leadership the significance of the Gold agreement made over the week-end and the urgent need for a Tax bill to set our fiscal house in order.

3. Civil Rights.

House Rules Committee today set April 9 as the date to report the rule which will enable the House to concur in the Senate amendments. This will probably put the House floor vote over until after Easter.

I recommend that you emphasize to the House Leadership your great concern for this legislation and your interest in a prompt and successful vote to concur with the Senate amendments - which are, essentially, Anti-Riot and Open Housing.

4. Urgent Supplemental Appropriation.

This bill is in conference. The Senate added the following amendments: Summer Program (\$75 million), Head Start (\$25 million), Impacted Areas (\$90 million) and Farmers Home Administration lending authority (\$25 million). We have not clarified the Administration position with respect to these Senate amendments - although the Impacted Areas amendment is clearly contrary to the budget. You may wish to express Administration opposition to this amendment and leave the others open.

5. Conference Committees.

We have the following two bills in conference on which we would like to obtain early action:

Truth in Lending
Elected School Board for D. C.

SERVICE SET

We hope the Leadership can get these conferees moving.

6. D. C. Revenue bill.

This bill went to the House last week but has not been introduced. We need the Leadership's help in having the bill introduced and early hearings set.

Without enactment of this bill there will be no funds available for the increases in Police and Firemen's pay which have passed the House nor for increases in the teachers salaries which the Administration has recommended.

7. Vietnam Policy.

In view of all the publicity about "escalation" and increases in troop strength in Vietnam, you may wish to advise the Leadership of the present Administration position on this matter. (As I understand it, no decisions have been reached.) The Leadership will also be interested, of course, in the costs and the increased appropriations which may be necessary for additional troops in Vietnam.

8. Crime Legislation.

We urgently need Senate Judiciary approval of and Senate action on the Safe Streets bill. Can the Senate Leadership help move this legislation?

9. Political Situation. Nine Congressman, led by Carl Albert, took the floor today to endorse you for reelection and renomination. The Speaker, of course, has made his endorsement of you clear many times and most recently on Saturday.

We would hope that the Leadership will encourage Senators and Congressmen to express publicly their support of the President for renomination and reelection.

We can be sure that the Kennedy forces are trying to pick up Senators and Congressmen and we want to hold off this effort, particularly in the North and East.