

The original documents are located in Box 65, folder “July 31, 1972 - Clark MacGregor - Inflation and Taxes” of the Robert Teeter Papers at the Gerald R. Ford Presidential Library.

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Committee for the Re-election of the President

MEMORANDUM

July 31, 1972

~~CONFIDENTIAL/EYES ONLY~~

MEMORANDUM FOR:

THE HONORABLE CLARK MacGREGOR

FROM:

ROBERT M. TEETER *RMT*

SUBJECT:

Inflation and TaxesDetermined to be an
Administrative MarkingBy *CCB* NARA, Date *2/8/2010*

While the second wave data is generally very optimistic, two potential problems are apparent. The President's ratings on inflation and taxes have fallen sharply since January and he appears to be vulnerable on the more general issue of change against McGovern. This memorandum summarizes the data on inflation and taxes. The change issue will be covered in a subsequent memorandum.

In all states surveyed the President has experienced a substantial decline in his ratings on his handling of inflation.

<u>Selected States</u>	<u>Percentage Rating the President's Handling of Inflation as Positive</u>		
	<u>Wave I</u>	<u>Wave II</u>	<u>Change</u>
California	62%	45%	-17%
Illinois	*	47	N/A
Maryland	69	48	-21
Missouri	64	45	-19
New Jersey	65	37	-28
New York	62	43	-19
Ohio	69	47	-22
Oregon	59	40	-19
Pennsylvania	70	47	-23
Texas	68	52	-16
Wisconsin	63	49	-14

In January, approximately two-thirds of the voters gave the President positive ratings on handling inflation while today equal numbers of voters give him positive ratings as give him negative ratings. Overall the President's ability to handle inflation has dropped about 17%, across the priority states. A similar decline is also evident in the percentage approving of the way the President handled all economic matters.

* Comparable data on Wave I is not available.

This decline results from the feeling that the problem has worsened during the past six months and that his programs have not slowed rising prices. Half of all voters and more significantly half of the ticket-splitters now share this view. The problem is especially acute with respect to food prices. Seventy-two percent of the voters hold the opinion that rising food prices have not been slowed. This belief is held consistently by all demographic groups and in all geographic regions, although it is particularly pronounced in several large metropolitan areas.

Nearly two-thirds of the voters give the President negative inflation ratings in Chicago, Philadelphia, New York City, St. Louis, Detroit, Newark, Northern California, Milwaukee and Tacoma.

At the same time only 8% of the voters blame the President directly for causing inflation. The greatest mention went to unions blamed by 37% as most responsible for rising prices. Business is seen as the next greatest cause being mentioned by 36%.

In terms of solutions, 66% would favor more drastic measures such as a total freeze on food prices similar to Phase I.

Taken together the above data may indicate that although the voters do not blame the President for causing inflation, they do not think he has been effective in solving it.

Similar to the situation in inflation, the President's perceived ability to handle taxes has declined significantly in most states since the first wave.

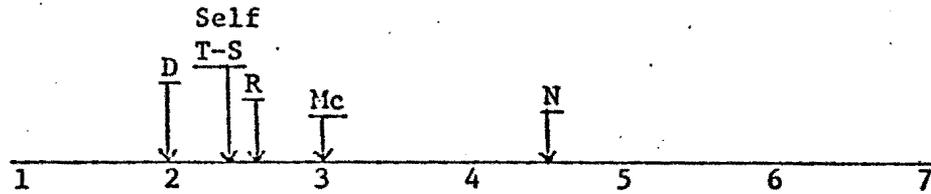
Percentage Rating President's
Handling of Taxes as Positive

<u>Selected States</u>	<u>Wave I</u>	<u>Wave II</u>	<u>Change</u>
California	53%	44%	- 9%
Illinois	*	48	N/A
Maryland	65	48	-17
Missouri	61	53	- 8
New Jersey	48	36	-12
New York	50	43	- 7
Ohio	62	50	-12
Oregon	54	39	-15
Pennsylvania	57	44	-13
Texas	68	56	-12
Wisconsin	54	42	-12

*Taxes not included on Wave I Illinois poll.



Tax reform may be especially important in the campaign because it is an issue on which McGovern's perceived position is closer to the general population's position than Nixon's and one which is related to the change issue. The data from the seven large states is almost identical to Illinois which is demonstrated below.



Need Tax Reform				Do not need Tax Reform	
Self:	2.4	Total Rating Nixon:	4.4	Total Rating McGovern:	3.0
Rep.:	2.6	Rep. Rating Nixon	3.6	Rep. Rating McGovern:	2.9
T-S:	2.4	T-S Rating Nixon:	4.2	T-S Rating McGovern:	2.9
Dem.:	2.0	Dem. Rating Nixon:	4.9	Dem. Rating McGovern:	3.2

(See Attachment for other states)

In Illinois 77% of the voters favor tax reform with only 11% opposed. The important point is not so much that a large majority favor major tax reform as it is that the President is seen as being opposed to tax reform. Although McGovern enjoys a better position overall than Nixon on tax questions, 63% of the voters specifically oppose the McGovern proposal to give direct financial aid to those with less than \$12,000 income and thereby resulting in higher taxes for those with incomes over \$12,000.

With regard to local property taxes, 51% favor continuation of it as the means to finance public education compared to 40% who are opposed. Those opposed would favor a national sales tax to replace local property taxes followed by federal income tax and sales tax as alternatives.

Conclusions

Inflation and taxes are clearly related in the minds of the voters and are the greatest potential problems evident in the data. While we do not appear to be losing any significant number of votes on these issues now, it is definitely a potential problem and one we should act to solve soon. I have seen instances where this kind of attitude shift has not immediately resulted in loss of ballot strength but later caught up with the candidate and cost him votes. Should McGovern begin to gain strength and segments of the Democratic coalition begin to come back together, inflation and taxes appear to be the issues that could be most effectively be used against us.



We should keep in mind that while inflation is related to all elements of the rising cost of living, including taxes, most voters relate it directly to food prices.

I think that the President should take some action dealing with the inflation problem immediately and that the tax reform problem should be handled some time early in the campaign before McGovern has a chance to get a hold of it. If the President can boost his rating on inflation near the January level, it should carry through the election. While I do not think tax reform is as urgent as inflation, it is an important issue and one on which we are especially vulnerable to McGovern. Tax reform seems to be related to the general issue of economic and social change and to the concentration of power issue on which McGovern appears to have an advantage.

Inflation and tax reform are problems the President should handle personally. They are important with virtually every significant group in the electorate and he should get the direct benefit of any action he takes. The key criteria of whatever action he takes should be that it be clearly seen as being in the interests of the individual worker and consumers and not for any special interest group.

The surrogate program should then continue to communicate the President's action on inflation and taxes in those geographic areas of the country where they are particularly important and where the President receives low ratings on his ability to handle these issues.

I believe that the President would gain in overall strength if he were to take strong action against rising food prices, even though there might be some temporary decline in strength from the farm belt. However, there are simply many more food purchasers than farmers, particularly in the top priority states.

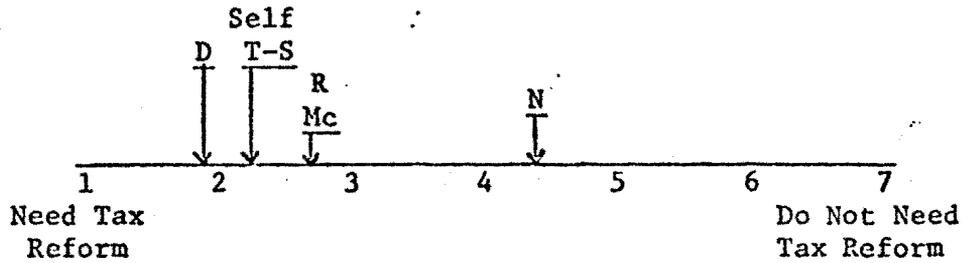
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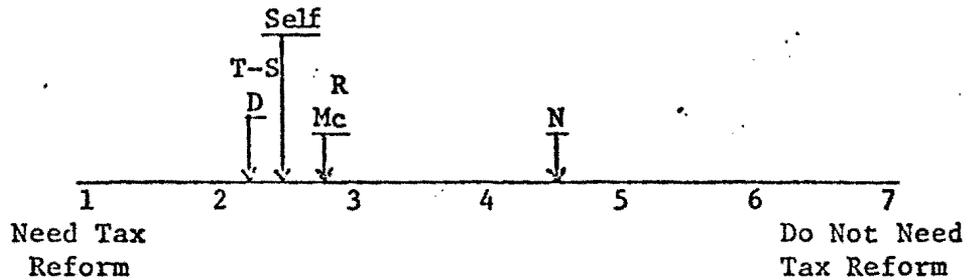
ATTACHMENT
(Tax Reform)

CALIFORNIA



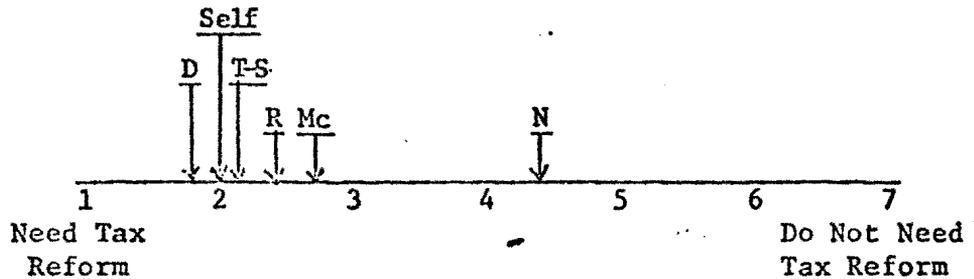
Self: 2.2	Total Rating Nixon: 4.4	Total Rating McGovern: 2.8
Rep: 2.8	Rep. Rating Nixon: 3.5	Rep. Rating McGovern: 2.6
T-S: 2.2	T-S Rating Nixon: 4.4	T-S Rating McGovern: 2.9
Dem: 1.9	Dem. Rating Nixon: 4.9	Dem. Rating McGovern: 2.8

NEW JERSEY



Self: 2.2	Total Rating Nixon: 4.5	Total Rating McGovern: 2.7
Rep: 2.7	Rep. Rating Nixon: 4.0	Rep. Rating McGovern: 2.5
T-S: 2.1	T-S Rating Nixon: 4.4	T-S Rating McGovern: 2.9
Dem: 2.1	Dem. Rating Nixon: 4.8	Dem. Rating McGovern: 2.6

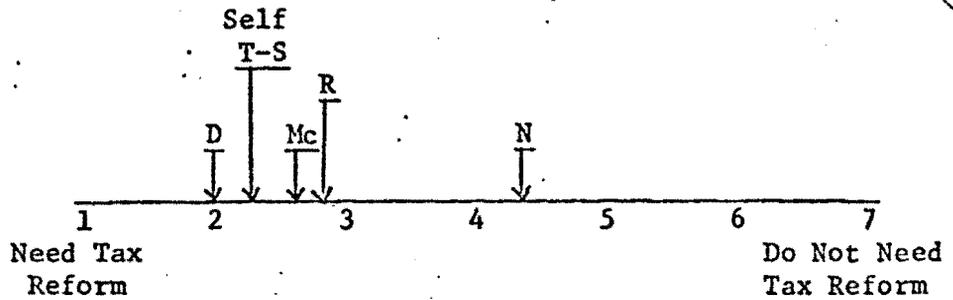
NEW YORK



Self: 2.0	Total Rating Nixon: 4.4	Total Rating McGovern: 2.7
Rep: 2.4	Rep. Rating Nixon: 3.5	Rep. Rating McGovern: 2.7
T-S: 2.1	T-S Rating Nixon: 4.2	T-S Rating McGovern: 2.6
Dem: 1.8	Dem. Rating Nixon: 5.0	Dem. Rating McGovern: 2.6

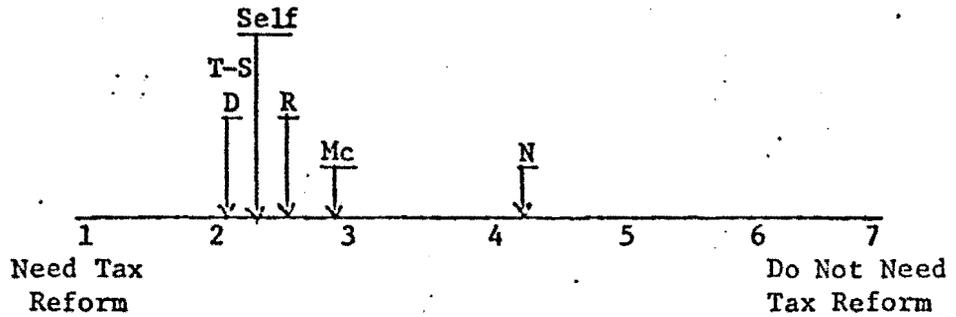


OHIO



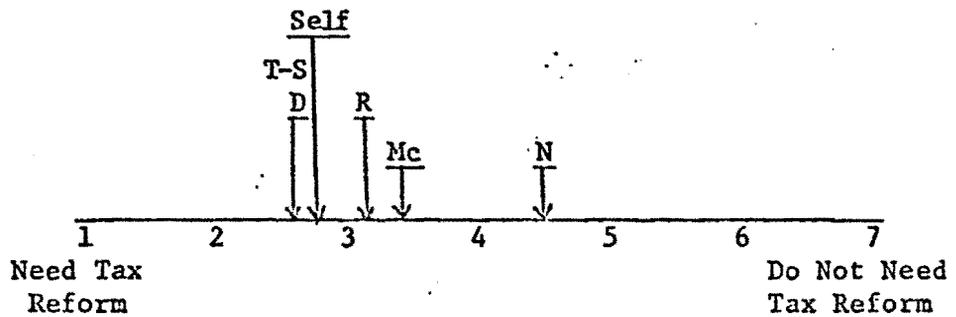
Self: 2.3	Total Rating Nixon: 4.3	Total Rating McGovern: 2.7
Rep: 2.8	Rep. Rating Nixon: 3.7	Rep. Rating McGovern: 2.4
T-S: 2.3	T-S Rating Nixon: 4.2	T-S Rating McGovern: 2.7
Dem: 2.0	Dem. Rating Nixon: 4.7	Dem. Rating McGovern: 2.9

PENNSYLVANIA



Self: 2.2	Total Rating Nixon: 4.2	Total Rating McGovern: 2.9
Rep: 2.5	Rep. Rating Nixon: 3.6	Rep. Rating McGovern: 3.1
T-S: 2.1	T-S Rating Nixon: 4.2	T-S Rating McGovern: 2.7
Dem: 2.1	Dem. Rating Nixon: 4.5	Dem. Rating McGovern: 2.9

TEXAS



Self: 2.7	Total Rating Nixon: 4.4	Total Rating McGovern: 3.4
Rep: 3.1	Rep. Rating Nixon: 4.0	Rep. Rating McGovern: 3.2
T-S: 2.6	T-S Rating Nixon: 4.4	T-S Rating McGovern: 3.4
Dem: 2.6	Dem. Rating Nixon: 4.4	Dem. Rating McGovern: 3.3