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Cabinet Minutes - 8/27/75



The President entered the room at 11:06 a.m.

The press entered at 11:07 a.m.

At 11:09 a.m. the President opened the meeting indicating there was much business to be done.

The President first called on Director of the Budget Lynn to talk about the 1977 budget.

Director Lynn discussed the need to prepare the budget as early as possible and that recommendations from Cabinet officers should be to him soon. He stated further that there probably will not be an extension on deadlines for the budget this year as in past years. Senator Muskie had indicated in a letter to Director Lynn that the extensions will not be granted and that the deadline must be maintained. Therefore, the budget must be in on the 19th of October and Cabinet officers should have their proposals in by the 30th of September up to the 19th of October.

The second area he discussed was appropriation bills. He mentioned the Education Bill and the fact that it is coming up for an override very soon. He asked the Cabinet to read the President's veto message. He thought that it was very, very good and well written. He also stressed the need to get to the bills and amend the bills per the Administration's desires before they are passed. The Education Bill has grown beyond reasonable bounds and perhaps it did so because Administration people were slow in getting to it. He also stated his strong desire to have both the Secretary and Under Secretary work with the Congress to get Administration priorities passed.

If all bills are passed that are currently contemplated, the deficit for 1977 would be in the 70 to 75 billion dollar area. As a last cautionary note, he mentioned that unless the Cabinet is more active in the Congress, many authorization bills will become appropriation bills and that will mean that the present deficit will continue to soar unabated.

The President then called on Jack Marsh to discuss a legislative review and a look ahead.

Legislative Review

(1) He reviewed the Congress. Economics and energy still

tend to be the focal points for debate in the Congress. If the Congress and the Administration have done any one thing well this year, it is to make energy a national issue.

(2) Foreign Policy and Defense. Congress is not isolationist or anti-defense. Congress is concerned about strong national defense and has voted in accordance with that feeling.

(3) Spending. Marsh's feeling is that large deficits have now become an important issue with most Americans and they are watching more closely the spending habits of the Administration and the Congress.

(4) Congress. The Congress' inability to discuss major issues is now an issue in and of itself. There are many jurisdictional disputes; there is fragmentation, factionalism, and there are problems in the Caucus. Therefore, the public has increased awareness of the inefficiency and lack of productivity in the Congress. That is now an issue.

(5) Cooperation. Marsh stated that there had been some areas of cooperation, particularly in defense and that he could not finish his summary without mentioning that citizenship for Robert E. Lee was granted and was an area of cooperation.

(6) Freshman Class. The Freshman Class is a bit more realistic now than they were eight months ago. While they are still voting as a block, there appear to be some cracks in that block. They are not quite as idealistic as they were when they arrived in the Congress. However, there is a growing dissatisfaction in their home districts because the block may appear to have been a disruptive force in the Congress. That ended Mr. Marsh's review. Then he took a look ahead.

Look Ahead

In his look ahead, Marsh feels that the following topics are important:

- 1) Economy and Energy will continue to be the number one problem.
- 2) Appropriations.
- 3) Assertiveness. Mr. Marsh made a comment here as to the intrusion into the Executive Branch functions by the Congress.



- 4) Consumer Advocacy.
- 5) Investigative Hearings. Mr. Marsh's comment here is that a new direction and new tact is being taken by the Congress. Investigative hearings will need to be followed very closely to determine its long term impact on the Congress and the Executive Branch. End of the look ahead.

Administration Policy

- 1) Financial Responsibility.
- 2) No New Spending.
- 3) Sixty Billion Dollar Ceiling.
- 4) Communications and Openness. In this regard, Mr. Marsh stated that the policy of no recriminations for past votes has been important in the development of good relationships between the President and the Congress. The example he used was that of Senator Mansfield, who worked very, very hard to stop the success of the Administration on the Diego Garcia Base, and then came back two days later to assist the Administration on Turkish aid.
- 5) Administration Initiative.
- 6) A Floating Coalition.



In summary Mr. Marsh stated the basic policy in those six areas will remain the same.

To Be Done

- (1) Take soundings on the Hill. During the first week of September, talk to Jurisdictional Committees, talk to the Authorization Committees and talk to key contacts and close friends on the Hill to find out what the Senators and Congressmen have found in returning to their constituents and how that might change their approach to the end of this legislative session.
- (2) Opinion Makers. Meet, know, and touch base with the key opinion makers on the Hill, even though they may not be people who you know at this time or have involvement with on a regular basis. There are people in the Congress who, on almost any issue, will shape and form blocks of votes and you must know them.

(3) Don't do it all yourself. Get your key Sub-Cabinet people to work regularly with members of Congress before the bills get to the floor and get into committees. Review programs with them so they know precisely how you are thinking. Be certain Sub-Cabinet people know the broad issues and goals of this Administration so they are better informed when they do talk with people on the Hill. End of the Marsh presentation.

The President then called on Frank Zarb to discuss energy. Mr. Zarb stated his feeling that the major event coming up is the attempt to override the President's veto on De-control. All members of the Cabinet should be prepared to assist in that effort. The opposition has attempted to say that the Administration's program increases prices and helps oil companies, in other words, maintains the status quo. However, the Administration must make the point that the outflow of dollars and jobs to OPEC countries is an overriding concern. The OPEC increase in cost will force oil prices up.

The President then interjected that the Administration has been very flexible in trying to compromise with the Congress. He further stated that the veto will come first in the Senate. The Administration currently has thirty votes. The President feels that there is a need for thirty-five. He cited Percy, Pearson, Johnston, and Bentsen as possible votes. He asked the Cabinet to please use all of their influence in sustaining this veto.

Secretary Morton then mentioned it was his feeling, in talking with many people, that their growing concern was that the Administration will not offer solutions to specific energy problems, but rather allows decontrols to pass on without any effort. It is important for the country and the Congress to know that the Administration will offer very specific energy solutions for unique problems.

Zarb then cautioned the Cabinet against anyone other than the President talking about compromise. To talk about compromise now, weakens the position of sustaining the veto. However, the Cabinet should mention specific legislation areas that the Administration is pushing.

- 1 - Farmers and Propane.
- 2 - Independent Refineries.
- 3 - Airline Jet Fuel.

All of the above will be given specific consideration for assistance.

The President then turned to Phil Buchen to ask him to dis-





discuss the intelligence investigation.

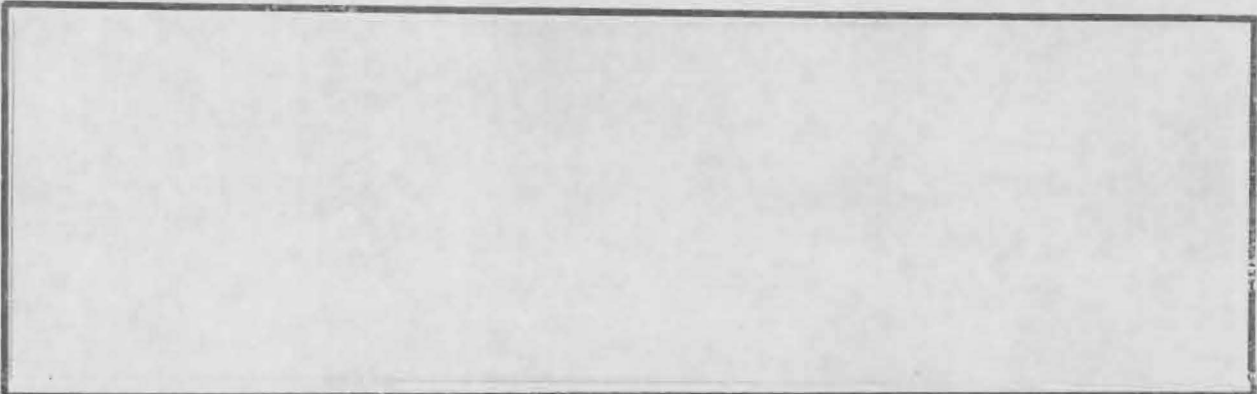
Mr. Buchen stated that Otis Pike in the House and Frank Church in the Senate are heading the two committees which have jurisdictional control over this area. The committees have worked principally in the area of assassinations and there is a report which is due ten days after the session reopens.

1 - The Church Committee. The CIA investigation by Senator Church's Committee has dealt primarily with covert activities vs. intelligence gathering. It is anticipated that they will continue down this line of work.

2 - The Pike Committee. The Pike Committee has spent most of its time with Defense Department interests, the NSA and Intelligence Community and budget related areas. It is anticipated they may shift interest once they have made their report.

Mr. Buchen has reviewed all possible legislation before the House and reviewed it lightly with the Cabinet. He stated that the Administration will be taking initiatives in the intelligence area.

The President called on General Scowcroft to discuss Turkish aid.



Secretary Mathews then raised the point that he believes there is a discrepancy between the Congressional point of view and the constituency point of view. In his work with governors, he finds that while the Congress is reflecting one particular constituency viewpoint or what is perceived to be their viewpoint, the governors are expressing a much different viewpoint and he cited a recent discussion with Jerry Brown, Governor of California.

Jim Lynn then answered Mathews' observation by stating that one of the ways the Administration can make a strong case

for the initiatives it is giving Congress, is to hold public hearings before announcing any policy, thus generating public support for the Administration's policy before it goes to the Congress.

The Cabinet Meeting ended at 12:24 p.m.

