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THE WHITE HOUSE

WASHINGTON

January 19, 1976

MEETING WITH BIPARTISAN CONGRESSIONAL LEADERS

Tuesday, January 20, 1976

5:00-6:00 p.m. (60 minutes)

The Blue Room

From: Max L. Friedersdorf *M. L.*

I. PURPOSE

To brief the Congressional leaders on the President's 1977 budget recommendations.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: The President's 1977 Budget message will be released on Wednesday, January 21, 1976.
- B. Participants: See TAB A
- C. Press Plan: Press Office to announce the meeting - White House photographer only.

III. TALKING POINTS

See TAB B



PARTICIPANTS

The President
The Vice President

SENATE

Jim Eastland
Mike Mansfield
Bob Byrd
Bob Griffin
John McClellan
Milt Young
Ed Muskie
Henry Bellmon
Russell Long
Carl Curtis
Frank Moss
Bob Stafford
John Tower

HOUSE

Carl Albert
Tip O'Neill
John McFall
John Rhodes
Bob Michel
George Mahon
Al Cederberg
Brock Adams
Del Latta
Al Ullman
Herm Schneebeli
John Anderson
Phil Burton
Barber Conable

STAFF

Bob Hartmann
Jack Marsh
Rog Morton
Dick Cheney
Jim Lynn
Jim Cannon
Max Friedersdorf
Ron Nessen
Alan Greenspan
Brent Scowcroft
Bill Baroody
Paul O'Neill
Vern Loen
Bill Kendall

Pat O'Donnell
Alan Kranowitz
Charles Leppert
Tom Loeffler
Russ Rourke
Bob Wolthuis

REGRETS

Senator Hugh Scott
Secretary Simon
Bill Seidman

TALKING POINTS

I am pleased that you could be here. The 1977 budget has unusual importance. In a procedural sense, it is a landmark budget.

- . It is the first budget under the October to September Fiscal Year, and
- . It is the first budget for which rules of the Congressional Budget Act of 1974 are mandatory.

Every one of us here is completely dedicated to helping make that Act a resounding success. I pledge to you again the full cooperation of my Administration in your work toward that objective.

The substance of the 1977 Budget is also unusually important. The Budget Message states the philosophy and goals of the budget as clearly and as succinctly as I know how.

- . The budget for 1977 and the direction it proposes meet the test of responsible fiscal policy. Its combination of tax and spending changes sets a course that not only leads to a balanced budget within three years, but also improves the prospects for the economy to stay on a growth path that can be sustained.

This prudent, balanced approach has already begun to prove itself, and it will continue to prove itself-if we stick with it.

- . Over the years, the trend toward bigger and bigger government has been unmistakable. While the predominant growth has been at the State and local level, the Federal Government has contributed its share. Continued drift in the direction will sap the initiative and vitality of our private sector.
- . The budget for 1977 proposes to reverse this trend by cutting the rate of growth in Federal spending to 5-1/2% between 1976 and 1977 -- less than half the average growth rate of the last 10 years. At the same time, the budget proposes further, permanent income tax reductions so that individuals and businesses can spend and invest these dollars.
- . The 1977 budget achieves fairness and balance among the allocation of resources between the private sector and the public sector, the allocation of resources within the public sector, and the manner and timing of the choices it proposes.

Over the past two decades, there have been diverging, largely offsetting trends within the budget totals, with --nondefense spending increasing rapidly in both absolute and relative terms, and --defense spending declining in both real terms and as a share of the total.

Continuation along this path for several more years would erode our military strength and our foreign policy.

The 1977 budget would not allow this erosion to continue and, in fact, provides for a necessary increase in real resources provided for defense. There is no realistic alternative.

The budget also meets our urgent domestic needs. In the domestic area, my objective has been to achieve a balance between all the things we would like to do and those things we can realistically afford to do.

My budget is a tough one, but it is a compassionate one, too. Let me illustrate this point.

- . It proposes that, to help slow down the runaway increases in federally funded medical expenses, Medicare beneficiaries contribute more for the care they receive--

and it proposes that we take steps to dispel the haunting fear of our elderly that a prolonged illness would cost them and their children everything they have.

- . It proposes grant consolidation and spending in the fields of health, education, child nutrition, and social services--

but, in every case, it makes certain that the disadvantaged, the handicapped, and the needy are cared for.

I do not expect you to agree with every detail in my budget. But I do hope that you can accept its direction and the basic priorities that it reflects. It is a tough budget, a compassionate one, and -- above all -- a responsible one.

I look forward to working closely with you on it and to persuading you that it is the proper budget for our Nation at this time.