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THE PRESIDENT HAS SEEN *MM*

THE WHITE HOUSE

WASHINGTON

September 19, 1974

JMR

MEMORANDUM FOR: THE PRESIDENT

FROM: JACK MARSH

SUBJECT: Summary of Views
Senate Working Dinner
Tuesday evening, September 17, 1974

Percy

- urges no tax cuts
- increase taxes on oil industry
- try to cut the Budget by \$5 billion
- supports Federal pay deferrals as a symbol to the Nation
- industry should hold their own summit conference with labor
- roll back oil prices

Robert Byrd

- very short statement raised question if whether the Executive Branch should submit entitlement programs to be cut

Long

- urged interest equalization, i. e., domestic vs. foreign
- deficit is not the problem but the money supply of \$250 billion
- inflation also works to our advantage in regard to the national debt which must be paid off in inflationary dollars
- disagreed that proposed trade and tax bills do not create jobs
- major task is to do those things which create jobs

Javits

- argues that "demonstration of restraint" is needed
- urges a look at rescheduling and referring to the future as a means of redoing spending.
- argues for special taxes
- would go after the oil industry as tie-in effort with conservation

At this point in responding the President appeared to hold out a possible compromise in regard to federal pay deferrals.

Muskie

- spoke at length on budget reform proposals
- opposes the Ash budget reduction proposals
- sees an enlargement of Executive power by this approach
- views it as a legal proposal that is similar to "impoundment" and that is bad
- argues that the impoundment issue is before the Supreme Court for decision and the Ash proposals will undermine their decision
- urges that the Administration follow the new budget procedures in reference to water pollution funds
- suggests a meeting before the President sends his proposal to the Hill
- suggests that compassion be shown in cutting social programs
- states that slash wage-price restraints are needed

McGee

- made a short presentation as to why federal wage increases should not be deferred

Curtis

- suggests moratorium on authorizing new programs
- advises that you cannot take away any new benefits that have only been authorized
- suggests tax increases with special consideration to a surtax

McClellan

- don't raise taxes
- high interest rates are the problem. "They are the clot in the bloodstream in the national economy."
- disagrees with Burns and advises that legislative surgery may be necessary in regard to Burns' authority
- stop appropriations is the best cure to overspending
- identify precisely the areas to be cut
- stop authorizing higher spending and newer programs
- Cited proposed national health plan as an example which he opposes
- predicts a depression coming soon unless we control the interest problem

Mansfield

- we are in a recession and on the road to Depression if something is not done
- the Congress and the Executive Branch must work together* stated the Senator erred by adding \$175 million to HEW appropriations bill
- praised Muskie for his comments on budget reform committee
- urges Executive to cut supplemental requests
- Executive must provide relationship and the Senate will do its part