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THE PRESIDENT HAS BEEN *Max L. Friedersdorf*

THE WHITE HOUSE
WASHINGTON

DATE: 12-5-79

TO: *The President*

FROM: Max L. Friedersdorf

Please handle _____

Please see me _____

For your information ✓

Other

Max L. Friedersdorf

U.S. House of Representatives
1616 Longworth Building
Washington, D.C. 20515
202-225-6168

Republican Policy Committee
Rep. Barber B. Conable, Jr.
(R-N.Y.) Chairman

93rd Congress
Second Session

December 3, 1974
Statement #14

CONGRESS AND THE ECONOMY: MORE DRIFT OR DECISIVE POLICY?

The steadily worsening economic situation is the most critical the nation has faced since the end of World War II. Many feel that in November, the electorate signalled their dissatisfaction with the state of the economy -- and ~~wants~~ the Government to deal promptly and decisively with the combined menace of soaring inflation, deepening recession and growing unemployment.

Congress, however, has thus far ignored this cry for help from the electorate. The Democratic leaders of the Legislative Branch have been openly critical of the initiatives proposed by the President, but they have not articulated any concrete alternatives, much less a comprehensive economic program, of their own. Their unwillingness to abandon legislation favoring the special interests upon whose support they rely is matched only by their steadfast refusal to face up to the stern action required to reverse the worsening economic trends.

The Congress reconvened after the elections, ostensibly to address itself to economic remedies. The legislation scheduled by the Democratic leadership, however, has been disappointingly irrelevant to the economic issue which should be the first priority.

This is not because proposals are lacking; there are a number of ~~pending legislative actions~~ which the 93rd Congress should take before it leaves Washington in December. The President has asked for measures ~~reducing FY 1975 federal spending by \$4.6 billion.~~ A bill dealing with

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taxation of any excess profits of big oil companies and easing the tax burden for lower income people is ready for final House action.

The Congressional Democratic majority has evidenced no inclination to address these items; only relatively minor legislation has been scheduled. If we do not act now, the problems of reorganizing a new Congress will delay action at least two months.

We urge the majority party -- which controls the actions of Congress -- to assume the responsibilities of leadership and either support the President's economic program or clearly enunciate one of its own. The Democratic majority in Congress has the authority, under our Constitution, to initiate and enact an economic program. It does not have to depend on White House proposals if it has other ideas. It can cut federal spending, extend unemployment compensation, revise the tax structure, provide public employment or allocate credit, or any other combination of measures it may wish to devise. It can even impose wage and price controls if the majority so desires.

The time has come for hard choices. Criticism is cheap. The Democrat-controlled Congress must either act firmly and promptly or bear the responsibility for the consequences of allowing the nation's economy to drift.
