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THE WHITE HOUSE

WASHINGTON

March 27, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF

SUBJECT: Tax Reduction Veto



My recommendation is that you sign the bill.

The total figure is fairly close to the House figure and we embraced the House version as compared to the Senate.

I believe the "permanent" agreement will be difficult to sell.

The chances to sustain a veto are good, but not certain. An override would be disastrous, legislatively and politically.

Signing the bill would also strengthen our hand against excess spending proposals.

To protect our Republicans who voted against the bill, you could comment upon signing the bill that you preferred a smaller amount, and now new spending must be deferred.

Also, if the veto is sustained, the Democrat strategy might be to delay reconsideration of a new bill, and blame all the economic ills on the tax cut veto.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

March 28, 1975

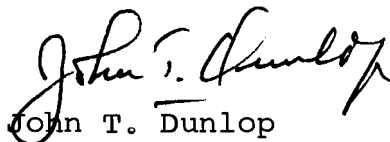
MEMORANDUM TO THE PRESIDENT

The Congress missed the opportunity to do the right thing and make a quick personal and business tax cut and then to move on to energy, tax reform and other issues. The conference report is a mixed bag of a tax cut, welfare program and tax reform in the energy (depletion) area. It meets none of these objectives well. The economy and the American people deserve much better results from its cherished political process. Moreover, the procedures and results of this legislation do not harbingers well for the role of legislation in the difficult economic problems the country faces in the period ahead.

The most urgent need is for the country to recognize better how severe are the fiscal and financial strains on the government and how out of control on the spending side the Congress appears to be. Whether the bill is signed or vetoed, the way in which you handle this bill is the opportunity to help the country to reflect hard on these issues.

This leads to the possibility that your final decision might be delayed until just before April 8th. The defects of the bill and the fiscal dangers need at once to be systematically presented to the public and an attempt made to secure a spending limit from Congressional leaders.

On balance, and at the end of the 10-day period, my judgment would be to sign. This is also the view of business and labor as I have checked on the phone with a few key people.


John T. Dunlop

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 28, 1975

Mr. President:

I recommend that the tax bill be signed but that you simultaneously come down very hard on expenditure increases.



Alan Greenspan




FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D. C. 20461

March 28, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB 

SUBJECT: ACTION ON TAX BILL

RECOMMENDATION:

That you veto the tax bill with a strong statement underscoring fiscal responsibilities and the need for the Congress to return to you a clean bill.

REASONS:

It is clear that the Congress is not prepared to act responsibly in the area of fiscal management, just as it has not been able to work with any normal degree of even-handedness in the energy area. Therefore, the Nation needs to depend upon strong leadership from the President to maintain some semblance of order in these major national policy areas.

It appears as though the only way we can get the Congress' attention is to draw the line where your fundamental principles are being violated. You have set out a principle of reasonable stimulus within the framework of fiscal responsibility. I am afraid that unless you act firmly here we will not only accept a tax bill that has major defects, but set up an atmosphere that will make it less easy to successfully stand firm on subsequent spending items.



THE DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

March 28, 1975

MEMORANDUM TO THE PRESIDENT

Subject: The Tax Reduction Bill

I would, on balance, sign the bill because I believe we will get something about as bad in any event. But I recommend that you use the occasion to dramatize to the fullest extent possible the total budget problem. Take the budget case to the public as quickly as possible and maintain suspense long enough to focus public attention and concern. Ideally, some mechanism could be found to exact from the Congressional leadership some commitment to restraint.

Frederic W. Hickman
Frederic W. Hickman

(Dictated but not read)