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Don R

to DR

[filed 10/6/75]

EVANS-NOVAK POLITICAL REPORT

WHAT'S HAPPENING . . . WHO'S AHEAD . . . IN POLITICS TODAY

1750 Pennsylvania Ave., N.W. • Room 1312 • Washington, D.C. 20006 • 202-298-7850

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TO: Our Subscribers

FROM: Evans-Novak

The widely-felt concern over the assassination attempts against President Gerald R. Ford obscures a sense of deepening political trouble for Mr. Ford caused, in no small part, by a widespread feeling of Presidential policy drift. Mr. Ford's approval of Vice-President Nelson Rockefeller's Energy Independence Authority has the early earmarks of a political debacle, adding to problems that are alleviated mostly by continued Democratic confusion about their 1976 Presidential nominee.

The third quarter real increase in the nation's industrial output - between 4 and 7% - is going to reassure everyone. But the Administration's top economists are far more worried about major dislocations in the economy in the middle future than they are pleased by the strong signs of recovery from the recession.

We now feel that virtually all doubt about ex-California Gov. Ronald Reagan challenging Mr. Ford in next year's Republican Presidential primaries has disappeared. We feel that RR wants to run, will run and poses a serious threat to the President in the early primaries.

Alabama Gov. George C. Wallace is 100% sure of running. He will announce next month and immediately cause enormous problems in the Democratic primaries. Contrary to rumors assiduously spread by high-level Democrats, we believe Wallace's health is better than at any time since he was shot in 1972.

THE FORD ADMINISTRATION

Policy: An internal criticism of President Ford, steadily gathering force, is that somehow - while restoring credibility to the office - he has failed to set a distinctive tone. We hear from both liberal and conservative Republicans the complaint that Gerald Ford simply does not stand for anything, except the vetoing of bills he does not like. The strong feeling is that the Administration must come across with some more positive steps - whether to the Left or to the Right.

The approval of Rockefeller's energy proposal, which has been hanging fire for months, reveals a certain vagueness about where the Administration is going. The plan already seems more dead than alive, although it isn't even in final shape and no bill has yet been sent to Congress. We find an extraordinary array of talent already lined up against it, and in such a way that it is hurting Rocky's - and Ford's - political posture. To wit:

1) Top oil executives have quietly passed this word to Republican Congressional leaders: Keep the Federal Government out of anything more than guarantees or loans to industry for the conversion of shale and coal to oil and gas and for nuclear power plants.

2) Liberal Democrats are urging that the basically private enterprise devel-

opment plan be turned into a government-owned corporation.

3) In the middle, politicians and the business community - and most particularly Treasury Sec. William Simon, CEA Chairman Alan Greenspan and White House economic aide Bill Seidman - all oppose the plan, despite the President's acceptance of it.

Personnel: Who's up and who's down in the Ford White House -

Donald Rumsfeld: He lacks the pervasive power of a Sherman Adams or a Bob Haldeman but he is clearly the dominant figure in the White House. Secretive to an obsession, he is much more personable than Haldeman but is steadily building enemies. Increasingly, he is spending more time on political matters and the '76 campaign.

Dick Cheney: Rumsfeld's young assistant and protege who is increasingly taking over day-to-day conduct of the White House as his boss moves into the political realm. He is totally devoted to Rumsfeld and a carbon copy of him in many ways.

Bob Hartmann: Rumsfeld's early rival for power in the White House, he has clearly lost out. No administrator, he is a shrewd political analyst and a long-time adviser to the President but is silent in most meetings. He may be giving Mr. Ford close advice on a one-to-one basis, but there is no discernible sign of it. He has been cut out of the '76 campaign.

Ron Nessen: He is in deep trouble with the press and seems to be on a downward glide at the White House. His deputy, William Greener, an old-line bureaucrat, may be coming up with both the press and the Pres.

William Seidman: Mr. Ford's long-time pal from Grand Rapids is in charge of economic affairs, but we see no sign that he attempts any major impact on policy.

Alan Greenspan: He is the heavy on economic policy, far eclipsing Seidman, and is a major reason for the lack of innovative economic policy.

James Lynn: He is not highly regarded by OMB bureaucrats, who think he talks too much. But Mr. Ford likes him, and he has impact on policy matters. In the Rumsfeld mold, he is very secretive and very discreet.

Jack Marsh: Counselor for Congressional affairs, he is much less visible in that job than the flamboyant Larry O'Briens and Clark MacGregors of the past. But Jerry Ford likes and trusts him and remembers that Marsh alone gave him good advice on the Solzhenitsyn Affair.

Phillip Buchen: Avuncular, kindly, intelligent, he is no powerhouse as Counsel.

Foreign Policy: The long delay in Congressional approval of the Sinai agreement is no accident, and we think it portends a new high (or low) point in the Executive-Legislative struggle for supremacy that has been building since Watergate, the Vietnam debacle and the CIA scandals.

At stake is a great deal: the U.S.-Egyptian entente, so carefully nurtured by Richard Nixon-Henry Kissinger-Gerald Ford for six years; Egyptian President Anwar Sadat's standing in the Arab world; Mideast peace which could move out of range if the Congress doesn't act favorably and soon (with Sadat's trip here October 26 at stake).

But the higher stakes are integrity of White House control over foreign policy the right not to show the fine print in every private negotiation and the right to protect state secrets. All those are now under attack both in the Sinai pact reaction and the twin CIA investigations. Kissinger's secret diplomacy and his long build-up of personal power are obviously large factors explaining the attack from the Democratic Congress.

THE ECONOMY

Outlook: Although the recovery is clearly much stronger than anticipated three months ago, uncontrolled transfer payments - unemployment compensation, welfare,

food stamps and other federal handouts to citizens, mandated by law - are now threatening to raise the budget deficit to higher levels than anyone in the Administration had anticipated.

Although no one is saying it out loud, CEA, Treasury and Federal Reserve Board experts are more afraid today than at any time in the past that these and other uncontrollable items in the budget are going to lift deficits both this year and next to a point that genuinely threatens the fiscal integrity of this country's Government.

Outright catastrophe is now being talked about privately for the period starting in late 1976 or early 1977.

Energy: The passage of a 75-day extension, until mid-November, of controls reveals these points:

1) Sen. Henry Jackson, the hard-liner on energy, definitely lost to more moderate Democratic elements, led by Senate Majority Leader Mike Mansfield.

2) The President capitulated on the 75-day extension (he wanted 45) rather than risk decontrol. Clearly, he was getting private advice that decontrol was much worse than he was indicating to the public.

3) After the new extension expires, we see very little hope of an Administration-Congressional agreement. Mr. Ford may be willing to phase out decontrol over 44 months instead of 39, but he will never go for the \$9-a-barrel cap now demanded by the Democrats.

4) What happens? Either a) Go to decontrol in mid-November or b) Congress passes a long-term extension - leading to another veto override fight.

5) What is clear out of this year-long fight is that Congress will do some things to increase production but almost nothing to force conservation.

GOP

Ford: We are finding criticism without exception anywhere of Mr. Ford's continuing (though now slightly curtailed) travels, from Ford-lovers both in and out of government, from anti-Ford conservatives and from rank-and-file voters. It boils down to this:

1) In Michigan, where his personal popularity is running far above the national average, Ford's political pals have told him to cut it out: taxpayers think he is running up their debts; politicians are reading anti-Ford editorials in local papers; lawyers see violations of the spirit of the new campaign spending law.

2) Mr. Ford's New Hampshire trip looked disastrous following Louis Wyman's loss in the Special Senate Election.

3) Old friends, including Mel Laird are lobbying hard for a major recasting on the Ford campaign, starting with the President staying in Washington and playing President.

Part and parcel with corking Presidential travels is the growing conviction within the unofficial Ford political retinue that he is losing dangerously in the organizational game for the Presidential primaries. Old GOP pros are dismayed by the seeming lack of direction, orientation and planning of the Ford campaign. Further, there are mushrooming reports of serious problems between Rumsfeld and Rockefeller.

Reagan: Based on our perceptions, conversation with politicians and a private chat with RR in Los Angeles, we feel he wants to run and will run. He is making serious organization gains in New Hampshire and Florida. We attended the California GOP state Central Committee meeting ten days ago and learned that, despite the defection of high-level Republicans to Ford, the grassroots conservative precinct workers are still for RR.

Rockefeller: His position as VP is getting more difficult by the moment, as the Party polarizes. The antis outnumber the pros heavily.

DEMOCRATS

Among the plethora of announced candidates, it shapes up this way: Sen. Birch Bayh, Rep. Morris Udall and ex-Sen. Fred Harris compete for the Left, with Harris the sentimental favorite and Bayh and Udall competing for the vote of those who want a winner. Sargent Shriver is far outdistanced to date. With Sen. Lloyd Bentsen evolving into a largely regional candidate, Sen. Henry Jackson now has the Center. George Wallace is in sole possession of the Right. Ex-Georgia Gov. Jimmy Carter is in an indefinable position ideologically and will be a factor only if he beats Wallace in Florida.

Wallace: After spending two days in Montgomery, we report as follows:

- 1) Despite all rumors to the contrary, Wallace will announce November 10 after his European trip and go into a multi-primary campaign.
- 2) After spending nine hours with him, our conclusion is that, except for being confined to a wheelchair, he is in excellent physical shape and shows a high morale level. He is keen and alert.
- 3) Wallace has put together a strong national organization. There is no comparison between today and his disorganized effort of '72.
- 4) Wallace's people are working closely with a new organization called Freedom of Action, which is seeking to get ballot position in all 50 states for a Third Party candidate - Wallace, if he wants it. If Wallace runs well in the primaries and then is stopped at the convention (as he surely would be), he will probably go Third Party. If he runs indifferently in the primaries, we think he will pass.
- 5) Wallace will bypass New Hampshire, but go strong the following week in Massachusetts, where he figures to capitalize on anti-busing sentiment. Primary campaigns are planned in states where he has never made a serious effort before - New York, California, Illinois - as well as such old faithfuls as Michigan and Pennsylvania.

Bayh: He made a much better showing at last weekend's ADA candidates' gala than two weeks previously, but the liberals clearly do not trust him. He will try to be a bridge between the old and the new.

Harris: We're not laughing quite as loudly at his implausible bid. He is a spell-binder to liberal audiences. To be taken seriously, however, he must win a primary. New Hampshire seems his best shot, a long one.

Udall: A classy candidate who is starting to catch on, he is somewhere between Bayh and Harris as the candidate of the Left's head or heart.

Jackson: By not showing up at either of the ADA meetings, he becomes bracketed in the liberals' mind with Wallace and Bentsen as "conservative" candidates. But we find an increasing number of hard-nosed politicians who feel he has a real shot, particularly after the fall of Bentsen.

Humphrey: Some supporters are begging Sen. Hubert H. Humphrey to run in just one primary - the last one, in California. They forget two things: 1) HHH would have to file in March after only a few primaries and 2) Thanks to proportional representation, California doesn't mean that much anymore. We think that HHH will enter no primaries, relying on a deadlocked convention resulting from a badly split decision emerging from the primaries.

Richard Eason
Robert D. Norder