

The original documents are located in Box C28, folder “Presidential Handwriting, 10/8/1975 (1)” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Jim -

Note - President's figures --

I plan to just keep in

handwriting --- OK?

A handwritten signature in black ink, appearing to be 'Trudy', with a stylized, cursive-like structure.

Trudy

THE PRESIDENT HAS SEEN....

TALKING POINTS FOR USE WITH THE GOP LEADERS AT 5:30 P.M.
AND THE CABINET AT 6:15 P.M.

1. As you know, we have been working for several weeks now on questions relating to Federal taxes and Federal spending. Tonight I have asked for television time to announce my decisions to the American people:

-- First, I will propose a substantial and permanent reduction in Federal taxes, going far beyond the temporary tax cut in effect this year.

-- Second, I will propose a substantial reduction in Federal spending below the levels now projected for FY 1977.

2. The theme I will stress tonight is that this package represents our first major effort to reverse the trend toward big government. We are saying, in effect, that we want the American people to stop giving more and more of their money and their freedom to the government. We want to give the country back to the people. There is, I am convinced, a fundamental philosophical difference between us and our political opponents and I want to make sure that people understand what that choice is.

3. I also want to emphasize how important it is that these two proposals be regarded as one package. I am asking the Congress to act on them both now and I am insisting that only if the Congress is willing to adopt a spending ceiling for FY 1977 will I sign a major tax cut. It would be dangerous and irresponsible to cut taxes and not cut the growth in spending. That would only leave us with huge deficits and more inflation -- and eventually more unemployment. So the two proposals are tied together, and I think all of us must always join them together when we talk about our economic program.

4. Specific Information

A. Tax Cut -- As you know, the temporary 1975 tax cut will expire at the end of this year, and in January, unless we act, taxes will go up again. I am proposing that we replace the temporary cut with a permanent cut that is much larger and fairer, especially for working people. Specifically, I am asking for a reduction of \$27.7 billion -- the biggest single tax cut in our history.

About three quarters of this permanent reduction will be for individual taxpayers. And the chief beneficiaries will be working men and women, taxpayers in the middle income range. I am asking that we lighten the tax load for them and for everybody else in three ways:

- By raising everyone's personal tax exemption from \$750 to \$1000;
- By making the standard deduction for single people \$1800 and for married couples \$2500; and
- By lowering our basic personal income tax rates.

These measures will not only decrease everyone's taxes but they will also help to make up for the ravages of inflation and they will simplify our tax returns. The reductions below the rates that would otherwise take effect this January are very substantial. As I will say tonight, a typical family of four earning a total of \$14,000 a year would be entitled to a permanent tax reduction of \$412 a year -- a 27 percent reduction.

The other quarter of the tax reduction will be for business, and we are stressing that these reductions will help to create jobs, as they will. Included in this business package is a permanent increase in the investment tax credit and a two percent reduction in the corporate tax rate.

B. Cuts in Spending Growth -- Our best calculation of the spending that will be required in FY 1977 because of existing programs and where Congress has been heading is that, unless we act,

the budget will reach an estimated \$423 billion. That represents an increase of over \$50 billion above FY 1976 figures. What I am proposing tonight is that we cut that huge increase by \$28 billion. That means that we must hold FY 1977 spending to a limit of \$395 billion.

Let me talk about a few of the specifics:

(1) In the next few weeks, we will have to decide how the spending increases that will take place even with the \$395 billion ceiling -- some \$25 billion worth over FY 1976 -- can be fairly apportioned. We will be working with each of you in determining that.

(2) The spending discipline that we apply must be across the board: no department or program is exempt.

(3) At the same time, we will continue to give the help our elderly, the poor, our veterans and others really need. In addition, while discipline must be applied to the defense budget, we will not make any defense cuts that will jeopardize national security.

423
50
473

473
28
496

5. Request for Help from the GOP Leaders: I need your help in the following ways:

(1) If you can support my recommendations, and I earnestly hope you can because I believe strongly in the merits of the program, I hope you can help me advance these proposals in the Congress.

(2) Also, inform your constituents about the details of my recommendations. I believe we need to achieve wide support and this can be accomplished through your educational and informational opportunities as you travel your Districts, States and other sections of the Nation.

(3) Help me take this program to the American people. With you as key spokesmen, joining me in a team effort, we can be successful.

6. Request for Help from the Cabinet: I need your help in three ways:

(1) I want you to work closely with me, with OMB, the Domestic Council and others in determining how this policy decision should best be applied to your department. That is essential.

(2) I want your help in persuading the Congress of the wisdom and urgency of this program. This will be a very tough fight, but I think we're on the right side of the issue and I think we can win.

(3) It is also essential that you help me in taking this program to the American people. A majority of them will support it but we have to be effective in presenting it to them and you are our key spokesmen. I am counting on you to make this a team effort, just as it must be a national effort.

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

October 7, 1975

CABINET MEETING

Wednesday, October 8, 1975

11:00 a.m.

The Cabinet Room

From: James E. Connor



I. BACKGROUND, PARTICIPANTS & PRESS PLAN

1. Background: You last met with the Cabinet on Monday, October 6th, when you briefed them on your tax speech of that evening. Your previous meeting with the Cabinet was on September 17th when the New York financial situation, the sale of U. S. grain abroad, the busing situation and the Domestic Council Public Forums were discussed, along with up-dates in the economic and energy areas.
2. Participants: Attached at Tab A
3. Press Plan: Press Photo at Beginning of Meeting, and David Kennerly Photo.

II. TALKING POINTS

1. I consider my speech Monday evening one of the most significant I have delivered since I have been in office. Although my program will face a difficult road in the Congress, I am convinced that this package represents a program which will find favor with the American people. As I said before, we want to give the country back to the people; we want the American people to stop giving more and more of their money to the government.
2. I want to emphasize again that it is important that my two proposals be regarded as one package. The two proposals are tied together, and we must always join them together when we talk about our economic programs.

3. Here are some ways that you can help me maintain the momentum:

Insure that your key people understand the intricacies of this policy and the basic direction in which we will be moving. Particularly they must understand that the tax cut and the expenditure cuts are irrevocably linked.

Get out around the country and keep this issue in front of the American people through your speeches and meetings.

Make sure your key people carry this message effectively when they are speaking and meeting with others outside the Administration. Particularly make sure your Congressional Relations and Public Information Offices are well briefed on what you expect of them.

Review thoroughly your expenditure requirements. This should be the most thorough review your department has ever undertaken. OMB will be working closely with you on this effort.

Prepare meticulously for your appropriations and budget hearings in front of your respective committees. It is in the committees that the key battles will be fought if we are to hold our expenditures to the levels that are required if this new policy direction is to work.

I am sure you can think of many other things that you can do to assist in this effort. Use your initiative and your imagination to get our message across.

4. I have asked Jim Lynn to describe the specific areas where growth is expected to occur, and I know he will want to say a few words about the cooperation he will need from you in establishing the appropriate budget levels. Jim,...

5. I have been concerned recently that our program for regulatory reform activities in the Departments and agencies has not been moving very rapidly. I have asked Jim Cannon to report on the situation for us, but before Jim begins, I would like to make a few points.

An important element is examining our own Department and Agency regulations to make sure we are not administering costly and outdated regulations. Bill Coleman, can you tell us what action DOT has taken to review and improve its regulations?

Earl Butz made some interesting comments about the Agriculture Department's regulations when we met with the Independent Regulatory Commissioners. Earl, can you tell us what action USDA is taking?

John Dunlop, you have a considerable amount of regulations in OSHA and in the Department of Labor. Would you like to comment about DOL's progress?

I want to emphasize again that we must get our own regulatory house in order, and I expect results by the end of the year.

Now, I'd like Jim Cannon to sum up the situation and point out where other problem areas may arise. Jim,...

6. As you all know, the issue of the entry of the Concorde into some of our airports is one we have to face. I have asked Bill Coleman to bring us up to date on the situation and the problems he foresees. Bill,...

Does anyone have any comments on the situation? Brent Scowcroft, would you like to add anything?

Attendees - Cabinet Meeting
October 8, 1975
The Cabinet Room

The President
The Vice President

The Secretary of the Treasury, William Simon
The Secretary of Defense, James Schlesinger
The Attorney General, Edward Levi
The Secretary of Agriculture, Earl Butz
The Secretary of Labor, John Dunlop
The Secretary of HEW, F. David Mathews
The Secretary of Transportation, William Coleman
The Acting Secretary of the Interior, Kent Frizzell
The Deputy Secretary of State, Robert Ingersoll (for Secretary Kissinger who has
an appearance on the Hill)
The Under Secretary of Commerce, James A. Baker (for Secretary Morton
who is out of the country)
The Under Secretary of Housing and Urban Development, John D. Rhinelander
(for Secretary Hills who has a speech out of the city)
The Counsel to the President, Philip Buchen
The Special Representative for Trade Negotiations, Frederick Dent
The Director of the Office of Management and Budget, James Lynn
The Counsellor to the President, Robert Hartmann
The Counsellor to the President, Jack O. Marsh
The U. S. Representative to the United Nations, Daniel P. Moynihan
The Assistant to the President, Donald Rumsfeld

White House/Executive Office:

Bill Baroody, Assistant to the President for Public Liaison
James Cannon, Assistant to the President for Domestic Affairs
Richard Cheney, Deputy Assistant to the President
James Connor, Secretary to the Cabinet
Max Friedersdorf, Assistant to the President for Legislative Affairs
Alan Greenspan, Chairman, CEA
Ronald Nessen, Press Secretary to the President
Gen. Brent Scowcroft, Deputy Assistant to the President, National Security Affairs
L. William Seidman, Assistant to the President for Economic Affairs
John Venneman, Assistant to the Vice President
Paul McAvoy, Member, CEA

Note:

Russell Train, Frank Zarb and Mary Louise Smith are unable to attend
due to previous speaking commitments out of the city.

THE WHITE HOUSE

WASHINGTON

October 7, 1975

MEMORANDUM FOR

THE CABINET

SUBJECT: AGENDA FOR CABINET MEETING
WEDNESDAY, OCTOBER 8, 1975
11:00 A.M., THE CABINET ROOM

<u>Introduction</u>	<u>The President</u>	10 minutes
<u>Follow-up on President's Economic Speech</u>	<u>James Lynn</u>	20 minutes
<u>Regulatory Reform Activities in the Departments</u>	<u>James Cannon</u>	30 minutes
<u>Briefing on the Concorde Entry Question</u>	<u>Secretary Coleman</u>	10 minutes



JAMES E. CONNOR
SECRETARY TO THE CABINET

THE WHITE HOUSE
WASHINGTON

MR. PRESIDENT

YOU MIGHT WISH TO NOTE THAT
John ~~BO~~ RHINELANDER IS ATTENDING
THE FIRST MEETING AS UNDER
SECRETARY OF HUD. AND THAT
ROD HILLS WILL BE AT HIS LAST
MEETING BEFORE HE BECOMES
CHAIRMAN OF SEC.

JIM CONNOR

*In addition James Baker
(Undersec of Commerce) is
attending for Roy Morton.*