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THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

August 26, 1975

CABINET MEETING

Wednesday, August 27, 1975

11:00 a.m. (90 minutes)

The Cabinet Room

From: James E. Connor

I. BACKGROUND, PARTICIPANTS & PRESS PLAN

1. Background: You last met with the Cabinet on August 8, when the agenda included a report on your European trip, an up-date on the Energy Situation, a report on the Economic Effects of decontrol, Phil Buchen's briefing on permissible campaign activities, discussion by Secretary Dunlop on job creations and the unemployed, and a presentation by Jim Cannon on coordination with Governors and Mayors.
2. Participants: Attached at Tab A.
3. Press Plan: Press Photo at Beginning of Meeting and David Kennerly photo.

II. TALKING POINTS:

1. As you may be aware, I have asked that we devote this entire meeting to matters that will be coming up when the Congress returns next week. Before we begin with the formal agenda items, however, I want to mention to you the subject of Agency 1977 budget submissions.

I know you are all now involved in preparing your budget recommendations for fiscal year 1977. It is extremely important that your submissions get to OMB on time. We will be making important policy decisions

that could affect the numbers you submit, and therefore we all need maximum time for making up "second round" numbers reflecting such policy decisions.

Jim Lynn, do you want to add anything?

2. The first item on our agenda is a presentation by Jack Marsh. Some of you may recall that at the first meeting of the Cabinet this year Jack presented a strategy for dealing with the Congress which included the concept of the "rolling majority." I thought it would be useful to all of us to have Jack give us an assessment of how that strategy has worked thus far. Jack,...
3. As you are aware, during September the Congress will be taking action on a number of appropriation bills. This includes an attempt to override my veto of the Education appropriation. In a number of these appropriations, significant increases are being discussed. These include:

- ...over \$800 million for Labor-HEW
- ...More than \$200 million for Commerce in the Senate bill
- ...Nearly \$70 million for Justice in the Senate bill
- ...Other major increases for HUD and for Transportation

We must get such increases out of these bills.

I want each of you to consider this of top priority and to spend whatever time it takes, with members of Congress and otherwise, to get these bills in proper shape. I will veto where I have to, but I'm sure you will all agree that for a multitude of reasons it is better that I get a decent bill on my desk in the first place.

In addition, Jack Marsh or Jim Lynn will be contacting each of you within a few days to explain how you may assist in the Education Veto override vote. As you know, we lost on the health override veto-- I don't want the Education veto overridden.

I've asked Jim Lynn to give us his views on these appropriations bills, particularly those which present serious problems, and how we can all work together to get the desired results. Jim,...

4. As soon as the Congress returns, major attention will be directed toward the decontrol issue. I have asked Frank Zarb to brief us on the outlook from the Congressional standpoint. Frank,...

Now that Frank has given us his estimate of the situation, I would like Jack Marsh to indicate how each Cabinet member can put forth the kind of support that will be required to uphold the Administration's position. Jack,...

5. As you know there has been a great deal of activity in the Church Committee dealing with intelligence community activities, and I am informed that we can expect that the House Committee will be even more aggressive in pressing demands for more and more information from the Administration. I have asked Phil Buchen to give us a report on the situation regarding both committees. Phil,...

6. When the Congress returns, the Turkish aid will again be considered. The Senate has passed legislation to partially lift the embargo and the House Rules Committee may take up the measure on September 9, clearing the bill for a House vote. You are all aware of the vital importance I attach to this matter.

I appreciate the fine efforts made by various Cabinet members prior to the last vote, even though we were not successful. Nevertheless, we have another chance, and I have asked Brent Scowcroft to give us an update on the situation. Brent,...

Once again, we will be asking for your support in making sure we win this vote. I have asked Jack Marsh to explain just what it is we will need and where your support will be most crucial. Jack,...

7. By now most of you have had pretty extensive dealings with the Congress, in hearings, in testimony and in contacts with individual Senators and Congressmen. I'd like to ask if any of you have any comments you would like to make or suggestions you might want to offer which will help us move our programs through the Congress.

Attendees for Cabinet Meeting
Wednesday, August 27, 1975
11:00 a. m.

The President

The Secretary of the Treasury, William E. Simon
The Secretary of Agriculture, Earl L. Butz
The Secretary of Commerce, Rogers C. B. Morton
The Secretary of Labor, John T. Dunlop
The Secretary of Health, Education and Welfare, Forrest David Mathews
The Secretary of Housing and Urban Development, Carla A. Hills
The Secretary of Transportation, William T. Coleman
The Acting Secretary of the Interior, Kent Frizzell
The Deputy Secretary of State, Robert S. Ingersoll (for Secretary Kissinger who is in the Middle East)
The Deputy Secretary of Defense, William P. Clements, Jr. (for Secretary Schlesinger, who is in Korea)
The Deputy Attorney General, Harold Tyler (for Attorney General Levi, who is on vacation)
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 T. Hartmann
The Counsellor to the President, John O. Marsh
The U. S. Representative to the United Nations, Daniel Patrick Moynihan
The Assistant to the President, Donald Rumsfeld

White House/Executive Office:

James Cannon, Assistant to the President
Richard Cheney, Deputy Assistant to the President
James Connor, Secretary to the Cabinet
Alan Greenspan, Chairman, Council of Economic Advisers
Ronald Nessen, Press Secretary to the President
General Brent Scowcroft, Deputy Assistant to the President (National Security Affairs)
L. William Seidman, Assistant to the President
Robert Wolthius (for Mr. Friedersdorf, who is on vacation)
John Venneman, Office of the Vice President

Agencies:

Russell Train, Administrator, Environmental Protection Agency
Frank Zarb, Administrator, Federal Energy Agency

Mary Louise Smith, Chairman, Republican National Committee

(Note: The Vice President is out of the city)

LEGISLATIVE SUMMARY

PRESIDENTIAL VETOES

1. Education Appropriations (H. R. 5901)
Scheduled for House action September 9, 1975.
2. Emergency Petroleum Allocation Act (S. 1849)
Not yet vetoed. Senate override vote not yet scheduled.
On final passage, 29 Senators voted nay. Prospects
at present to pick up five additional votes appear reason-
ably good.

CONFERENCE REPORTS

1. Defense Procurement Authorization (H. R. 6674)
This was defeated in the Senate by 42-48 vote because of
Muskie-Bellmon objections that the Conference Report
exceeded Budget Committee guidelines, and contained funds
for the strike cruiser which were not in the budget request.
A new conference is expected soon after Labor Day. B-1
Lead money, AWACS aircraft and Patrol Frigates may be
out.
2. School Lunch and Child Nutrition Act (H. R. 4222)
3. Development Disabilities and Facilities Construction Act
(H. R. 4005)
4. Older Americans Act (H. R. 3933)

DOMESTIC LEGISLATION

1. Energy
 - a) Energy Conservation (H. R. 6860) Passed the House
and includes provisions for windfall profits, plowbacks
and rebates.
 - b) Energy Conservation Oil Policy Act (H. R. 7014)
Presently being considered by the House.
 - c) Naval Petroleum Reserve (H. R. 49 - S. 2173)
Passed House as H. R. 49 and passed Senate as
S. 2173. Conference in September. If House

conferees come from House Interior Committee, House position of Interior jurisdiction over the Navy reserves may prevail. Senate added to S. 2173 the Jackson strategic reserve bill, S. 677.

- d) Natural Gas Deregulation (S. 697) Senate floor action led by Hollings and Stevenson is expected in September. Their amendments, if added, will probably be unacceptable to White House.
- e) Uranium Enrichment No action yet by the Joint Committee on Atomic Energy.

2. Tax Reform

House Ways and Means hearings were completed on July 31, 1975. Markup will occur during September and early October with House floor action scheduled by October 15.

3. General Revenue Sharing

Senate Finance Committee will markup in late October or early November with floor action hopefully set for November. The House Government Operations Subcommittee on Intergovernmental Relations will begin hearings in September making House floor action quite uncertain.

4. Common Situs Picketing

House passed H. R. 5900 and Senate Labor Committee reported favorably S. 1479. The labor-management part of the package is ready for Presidential review prior to Hill submission. Leadership has agreed to delay the common situs section pending receipt of the labor-management package.

5. Clean Air Act Amendments of 1975

Hearings have begun in both Houses and markup is underway.

6. Regulatory Reform

Despite considerable talk and a growing consensus, no concrete Congressional action expected in foreseeable future.

7. No Fault Insurance (S. 354)

Senate will probably pass S. 354 since it passed a similar bill last year, and the Judiciary and Commerce Committees have cleared it.

8. Agency for Consumer Advocacy (S. 200)

The bill has passed the Senate, and was reported by the House Government Operations Committee on a vote of 30-10 just before the August recess. It is now pending before Rules, and we expect it will be scheduled there in mid-September.

DEFENSE AND FOREIGN POLICY

1. Turkish Military Assistance (S. 2330)

Passed Senate by one vote just before recess. Lee Hamilton is working on new legislation based on Denktash-Clerides talks. Hamilton is also compiling a survey of national editorial opinion. A major problem remains the House Rules Committee.

2. Hawk Missiles for Jordan (S. Con. Res. 50)

Request pending in Senate Foreign Relations Committee. State is discussing a possible compromise with Sparkman, Humphrey, Javits, Case, Bingham and Hamilton. Hopefully, the prospects in the Middle East will help this compromise.

3. Development Assistance (H. R. 9005)

Reported out of the HIRC and waiting for House floor action.

4. 200 Mile Limit (H. R. 200--S. 691)

Reported by House Committee on Merchant Marine and Fisheries. Senate Subcommittee hearings have been held. Would extend a 200-mile fisheries zone for protection by species and for management purposes.

5. Panama Canal

Senator Byrd of Virginia will probably offer an amendment to block Panama Canal negotiations. This amendment would be on the State Department authorization or appropriation bill. The first vote is expected on September 3 or 4.

6. Rhodesian Chrome (H. R. 1287)

Reported by HIRC. Referred to HASC and reported adversely. Expected Floor action is second week in September.

7. Arms Control Impact Statements (H. R. 7567)
House has passed the bill which is now pending in SFRC. Would require arms control impact statement for all major DOD arms programs. HAK will recommend veto if passed. Senate version contains sense of Congress that President enter into negotiations with USSR on Indian Ocean.
8. Marianas Covenant (S. J. Res. 107)
Expected to be reported by Senate Interior Committee in September.
9. Congressional Intelligence Investigation
The Senate Committee has concentrated on political assassinations. Its primary legislative proposals will probably cover domestic spying, covert action, and executive branch command and control mechanisms over the intelligence community, especially the CIA. The Senate Committee must report by February 28, 1976.

The House Committee is apparently concentrating on DOD intelligence activities, especially NSA and the service intelligence units. We expect them to emphasize the unclassified intelligence budget and certain restrictions on NSA intelligence operations in its legislative recommendations. The House Committee reporting date is January 1, 1976.

APPROPRIATIONS BILLS

1. Agriculture (H. R. 8561)
Passed both Houses. Senate conferees appointed. House conferees not yet appointed.
2. Defense
Undergoing markup. Chairman McClellan may be looking at \$5 B cut and Chairman Mahon is looking at \$6.8 B. House floor action in mid-September. SAC may insist on resolution of authorization conference report before final action.
3. Education (H. R. 5901)
Passed the Congress and Vetoed on July 25, 1975. House override vote expected on September 9, 1975.
4. Foreign Assistance
HAC action not yet completed.

5. HUD-Independent Offices
Passed both Houses and conference will meet during second week of September.
6. Interior (H.R. 8773)
Passed House on July 18, 1975. Senate hearings not complete.
7. Labor-HEW (H.R. 8069)
Passed House. Reported to full SAC.
8. Military Construction
HAC has not yet reported for floor action.
9. Public Works - ERDA (H.R. 8172)
Passed House. Not yet reported by SAC.
10. State-Justice-Commerce (H.R. 8121)
Passed House and reported by SAC on July 24. Senate floor action set for early September. House-passed version has Snyder amendment prohibiting use of any funds for Panama Canal negotiations. Senator Byrd (I-Va.) will offer similar amendment on Senate floor.
11. Treasury-Postal Service-General Government (H.R. 8597)
Passed the Congress and has been signed.