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## OFFICE OF THE VICE PRESIDENT WASHINGTON

May 2, 1978

#### MEMORANDUM FOR THE VICE PRESIDENT

FROM: Bill Smith

RE: Leadership Breakfast, May 2, 1978: Discussion of

Legislative Priorities

Almost all the discussion was on legislative priorities with Byrd, the Speaker and the President, in turn, giving their lists and comments on each item.

Your absence was duly noted by the President who said you must be working hard because he'd seen your picture in the  $\underbrace{\text{New York}}_{\text{Times}}$  playing tennis in Honolulu.

After saying that he did not want any lists to be made public, the President gave the floor to Byrd.

#### Senate Priorities

Byrd presented a complete laundry list of just about everything pending before the Senate broken down in the following categories. Comments, if any, were Byrd's.

#### A. Matters that the Senate will take up this year.

- Waterway User Fees To be disposed of by Thursday, May 4.
- 2. Labor Law Reform Scheduled for the week of May 15. Byrd noted it will be tough to break a filibuster.
- 3. Energy Conference Reports Expects a filibuster but probably not a major one.
- 4. Hospital Cost Containment
- 5. Arms Sales

- 6. Airline Deregulation Already passed the Senate.
- 7. Countercyclical Revenue Sharing
- 8. Tax Reform and Tax Reduction
- 9. Humphrey-Hawkins Hopes to avoid a filibuster.
- 10. Civil Service Reform There are a lot of problems connected with this bill in view of the short time period between now and the end of the session.

## B. Bills that have passed the House; to be taken up in the Senate.

- 1. International Banking Institutions
- 2. International Monetary Fund
- 3. Victims of Crime
- 4. Postal Reform Bill
- 5. Consumer Cooperative Bank
- 6. Lobby Law Reform

#### C. Bills passed by the Senate still to be taken up in the House.

- 1. Criminal Code Reform
- 2. Public Officials Integrity Act
- 3. Foreign Intelligence Surveillance

#### D. Bills in Conference.

- 1. Omnibus Judgeships
- 2. Outer Continental Shelf
- 3. Energy Bills
- 4. D.C. Appropriations
- 5. Insecticide Act

### E. Other bills pending in the Senate.

- 1. Local Public Works Jobs There is nothing planned in the committees on this subject.
- 2. Tuition Tax Credits Both the Pell and Finance Committee bills are on the calendar. Did not say whether he would or would not take them up.
- 3. CETA
- 4. Debt Limit July deadline.
- 5. Highways
- 6. Rivers and Harbors
- 7. Elementary and Secondary Education Act Committee has ordered reported.
- 8. Veterans' Pensions Will be reported shortly.
- 9. Department of Education Coming along in committee. If the House takes it up the Senate will also.
- 10. Extension of Housing Authority
- 11. Export-Import Bank
- 12. Deep Seabed Mining
- 13. No-Fault Insurance Doubtful if the Senate could take this up.
- 14. Omnibus Parks Johnston has a problem with this bill.

#### F. Bills Byrd will defer until 1979.

- Alaska Lands (See discussion below in connection with the Speaker's list.)
- 2. Panama Treaty Implementing Legislation
- 3. Health Insurance
- 4. Hatch Act Reform

- 5. Coal Slurry Pipeline
- 6. D.C. Voting Representation

#### The Speaker's Priorities

The Speaker pointedly said that he was going to list only what he considered priority legislation.

- 1. The Energy Bills
- 2. Tax Reform and Tax Reduction
- 3. Countercyclical Revenue Sharing The Speaker doesn't think the committee will report the bill as required by the Budget Act by May 15 and hopes the Senate, as in past years, will attach this legislation to a House bill and send it over to the House.
- 4. Hospital Cost Containment Commerce Committee will markup May 6.
- 5. Farm Bill Scheduled for Conference Report floor action in the House Thursday although it may be postponed because of the cotton loan provision.
- 6. Arms Sales
- 7. Turkey Arms Embargo Note: This was not on Byrd's list.
- 8. Airline Deregulation
- 9. Labor Law Reform
- 10. Humphrey-Hawkins
- 11. New York City Aid Note: This was not on Byrd's list.
- 12. Civil Service Reform
- 13. Alaskan Lands The Speaker said the House would take it up and that Mo Udall had a commitment from the Senate committee that the bill would be reported. Byrd said Mo had no commitment from him. The President said he hoped the Senate would take it up and pointed out that there was a December 18 deadline by which, if legislation is not passed, we would set pack the Alaskan lands problem four or five years. The

President made a very strong pitch. Byrd said both Alaskan Senators were opposed and he was not going to bring up a bill which would effect one state in a major way when both Senators from the state were opposed. Someone might do that to West Virginia sometime. The President said he thought the Alaskan Senators' private and public positions might be different, asked if Byrd knew what was in the bill. Byrd said he didn't. The President suggested Byrd have his staff look into it. Byrd said there were other Senators that had problems with the bill, that he didn't want to discuss publicly and would talk to the President about this later.

#### The President's Priorities

1. Reducing Inflation. The President said this was the most important political issue of the year. He said he had just read a recent and sobering analysis by the OMB of budget-busting bills, including veterans' pensions, education bills and the highway bill. He said he will be very tough against any increases in the budget, and that the Congress would be wasting its time passing these bills. He said he would do everything in his power to oppose them, that he was directing each Cabinet officer to oppose such bills, and that there would be serious consequences if any member of the Cabinet did not follow this direction.

The Speaker said he thought the President was departing from decades of Democratic economics if he was going to fight inflation by reducing the deficit. He said that Democratic economists had taken the position for years that a \$25 billion increase in federal spending meant only two-tenths of one percent increase in inflation. He said the President was flying in the face of Democratic economics and espousing the Republican line.

The President said it was not just a matter of holding down federal spending but that the entire inter-related economic package was important. He said he would stand firm on the \$25 billion tax reduction because it would help reduce the unemployment rate but that to increase federal spending at the same time would be a step in the wrong direction. The President also pointed out that the White House was working with labor unions and auto manufacturers to hold down wages and prices.

The President then mentioned <u>airline deregulation</u> and <u>hospital cost containment</u> as the two priority bills to help reduce inflation.

- 2. Civil Service Reform. The President described this as the keystone to the Administration's reorganization efforts and said that this bill is "almost my top priority" and that he would now begin to work with the Senate committee, having spoken with nearly every member of the House committee.
- 3. New York City Aid. The President noted favorably that the bill was reported out by the House committee 13-2.
- 4. Turkey Arms Embargo. The President said this will take a lot of courage and there will be problems in the Senate.

The President, parenthetically, mentioned two items not, presumably, on the priority list. He said he hoped the Senate would pass the <u>United States-United Kingdom Tax Treaty</u> which Byrd said he would probably bring up next week. The President said he also wanted a sense of the Congress resolution reaffirming our commitment to the NATO Alliance which both Byrd and the Speaker agreed to do.

The President did not mention any further priorities, presumably, but not necessarily, because other items had already been mentioned by the Speaker who had virtually the same list the President was talking from.

The President said he thought it was an insult to him that the Senate Finance Committee had reported out Dole's resolution against oil import fees although he mentioned that Long had voted against Dole. Byrd said the resolution "may not be taken up" in the Senate.

The discussion then turned to the Agriculture Conference Report and the 48 cent cotton loan provision, whether the conference report should come up in the House Thursday, how, at Jim Wright's suggestion, the House procedural situation could be turned around to enable the House to vote for something affirmative since it had been asked to walk the plank before, and whether it would be possible to fashion a rule for floor action which would accomplish this result. There was no resolution but it is likely that House action on the conference report will be postponed.

cc: Gail Harrison

Dick Moe

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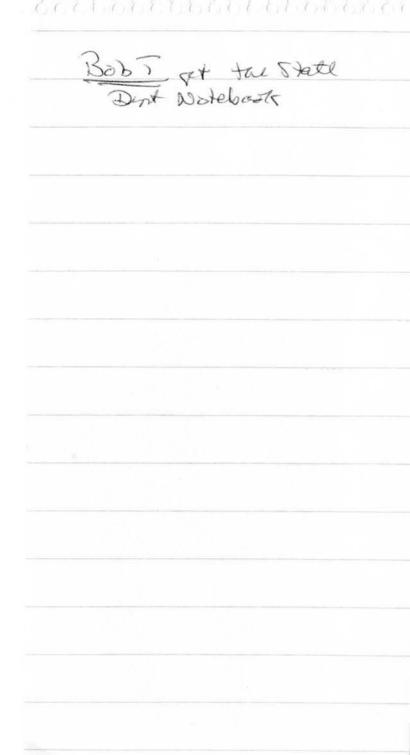
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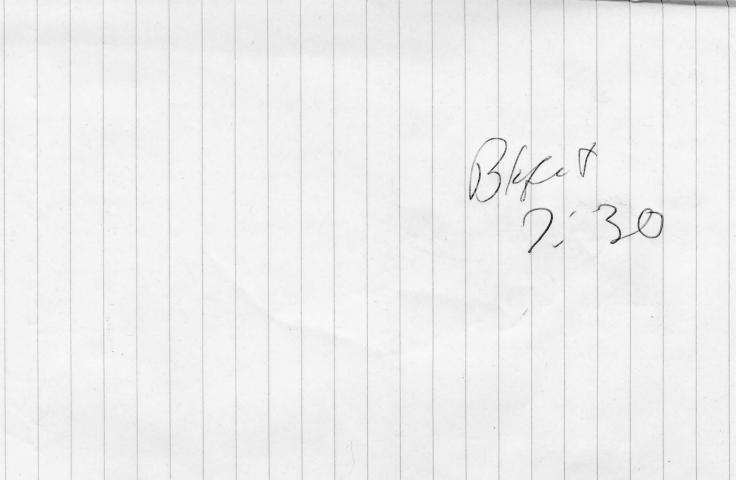
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## OFFICE OF THE VICE PRESIDENT WASHINGTON

December 19, 1977

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

BILL SMITH

SUBJECT:

CONGRESSIONAL ECONOMIC POLICY LUNCHEON

Below is a summary of the suggestions of Members of Congress after you left the luncheon today.

Giaimo: Suggested the President wait until late winter to present his tax-economic package to have time to determine the impact of social security and energy taxes. Any economic program should be directed toward future years, 1979, 1980 and 1981. Although he was concerned about fiscal '78 because of the large budget deficit and continued uncertainty in business investment, he would not recommend a large tax reduction in fiscal '78 but would direct the impact of any economic program toward fiscal '79 and beyond.

<u>Ullman</u>: Urged the President to recommend tax reductions at the lower end of the 20 to 30 billion dollar range since Congress will surely reduce taxes further. Thought the President should recommend a 20 billion dollar reduction.

Mahon: He was glad the President will be recommending tax credits which are politically more palatable than greater appropriations to stimulate the economy.

Reuss: Suggested that State of the Union and economic messages emphasize remedies for structural unemployment including a million welfare jobs and those parts of the tax program which are job related. Urged the President to withhold his long-term tax cut and other macro-economic recommendations pending an assessment of the progress in combating structural unemployment and the economic picture between January and July. Suggested the President not put dollar signs on his macro-economic recommendations in January. The worst thing the President could do would be to get locked into a position and have another \$50 rebate fiasco.

Wright: As of May 1st this economic recovery will be 36 months old. Four of the last five post-session recovery periods have ended after 36 months. The exception was the Kennedy-Johnson recovery of the '60's for which most people credit the Kennedy-Johnson tax reduction. Urged the President to recommend between 35 and 40 billion dollars in tax reduction which would be equivalent to the '60's reduction. Urged the President to make it effective in June, not to wait until October. Also was concerned about growth in interest rates which would stall home building and business investment. Emphasized the need to do something to abate the Federal Reserve Board's tendencies to raise short-term interest rates.

Humphrey: The greatest economic stimulus will be created by reducing taxes in the lower income brackets. These people will go out and spend immediately which in turn will stimulate business investment. What's really hurting this country are the structural economic problems, kids without hope out on the streets, both in urban and rural America. Tax credits don't help these low income people. Also emphasized getting a handle on the Federal Reserve Board and said the most important feature of the Humphrey-Hawkins bill was that which requires coordination of economic policy with the Federal Reserve Board.

Foley: Urged the President to start out at the low side of the tax cut. Congress will be on the rampage next year and whatever the President recommends he will get more than he bargained for. The House is yearning to do something popular during the election year and all Members will want big tax cuts.

Rostenkowski: The President, in presenting his economic package, should emphasize that he wants to work with the Congress in partnership. The President should make it known that he is flexible and wants his economic policy to be a joint effort. He has never seen a press more prone to creating divisions between the Congress and the Presidnet.

Humphrey closed the meeting by saying that he had never seen a President who had consulted more with the Congress and asked everybody to wish the President a merry Christmas.



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