Date: July 22, 1971
Time: Unknown between 5:18 pm and 5:34 pm
Location: Cabinet Room

[Recording begins while the conversation is in progress]

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World economy

[To listen to the segment (8m43s) declassified on 02/28/2002, please refer to RC# E-541.]

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Economic challenges
- Jobs
- Productivity
- Peace as issue

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World economy

[To listen to the segment (1m25s) declassified on 02/28/2002, please refer to RC# E-541.]

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- Peterson’s presentation
  - Significance
  - Competitive position vis-a-vis other nations
Meeting participants
- Nebraska
- Curtis

Adlai E. Stevenson, III
- Foreign economic policy
- Protectionism and free trade

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World economy

[To listen to the segment (4m1s) declassified on 02/28/2002, please refer to RC# E-541.]

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Recording was cut off at an unknown time before 5:34 pm

Date: July 23, 1971
Time: 3:11 pm - 6:45 pm
Location: Cabinet Room

The President met with John B. Connally, John D. Ehrlichman, George P. Shultz, Caspar W. (“Cap”) Weinberger, Kenneth R. Cole, Jr., and Edwin L. Harper; H. R. (“Bob”) Haldeman entered at an unknown time after the meeting was in progress
[Recording begins while the conversation is in progress]

The economy
- Income tax rates
- Sales taxes

The automobile industry
- California, Michigan, Ohio

Unemployment in the United States
- Texas
- Pennsylvania
- New Jersey
- New York
- Ohio
- Indiana
- Illinois
- Wisconsin
- The South
  - Louisiana
- Texas
- California
- The West
  - Mexican-American unemployment
    - California, Texas, Arizona, New Mexico
- California
- Washington state
  - Aerospace workers
  - Daniel J. Evans
  - Supersonic Transport [SST]
  - Emergency unemployment benefits
  - Highway money
- National rate compared to local rates
- California, New Jersey
- Washington state
- Oregon
- New Jersey
  - Newark
  - Elizabeth
  - Jersey City
  - New York
- Projected 1972 employment rate
  - Third-quarter, 1971
  - Tax breaks
  - Tax credit
  - Forthcoming 1972 presidential election

Balanced budget (1973)
  - Taxes, spending, deficits
  - John F. Kennedy administration action
  - Full employment deficit
  - Tax increases
- Tax credits
  - Investment tax credits

Inflation
  - Reduction
  - National Commission on Productivity
  - Fiscal and monetary policy
  - Anti-trust actions
  - Import sanctions
  - Manpower training

Wage-board pay raise bill
  - Congressional action
  - Presidential veto

Crime in the United States
  - Rise in rate
  - Age breakdown of criminals
  - Violent crimes
    - Arrests
      - Criminals under the age of twenty
  - Federal crime legislation
    - Gun control of “Saturday night specials”
      - Gun lobby
      - National Rifle Association
      - Richard S. Schweiker
      - Hand gun control
    - Metropolitan criminal justice centers program
      - Washington, DC
      - American cities
  - Prison reform
    - Cost
    - Proposal
  - Hand gun control issue
    - Richard G. Kleindienst
    - Potential congressional action

-Crowded court dockets
  - Speedy trials
  - New judgeships
  - Chief Justice Warren E. Burger
  - New York City
    - Narcotics cases
- Use of special courts
  - Pre-indictment probation
- New judgeships
  - Circuit rider concept
- DC courts
  - Judge David L. Bazelon
- Burger
- Juvenile delinquency programs
  - Justice Department
  - Law Enforcement Assistance Administration [LEAA]
  - Department of Health, Education and Welfare [HEW]
  - Transfer of program responsibility

Privacy issue
- Office of Management and Budget [OMB] study on confidential information
- Domestic Council
- Possible presidential statement

Juvenile crime
- Statistics
- The District of Columbia
- Drug-related nature of crimes
- HEW personnel
- DC schools
  -Absentee rate
- California

Crime
- Key states, cities
- Political issue
- Rate and percentage of population
- Prevention
- Increase in police
  - LEAA
  - J. Edgar Hoover
- Crime decrease
  - Houston, Texas
  - DC
  - Types of crimes
- Non-permissive judges
  - [Forename unknown] Gerstein of New York
- LEAA expenditures
-White House Chiefs of Police meeting
-Hoover, Federal Bureau of Investigation [FBI]
-Drug problem
-Burger
-DC

Drugs
-Addict numbers
-US servicemen in Vietnam
-Drug program
-Administration
-International drug traffic
-Elmo Roper poll
-Nation’s problems
-Drugs
-Vietnam
-Date of poll, field of poll
-Relationship between drugs and crime
-Regional differences
-Crime rates
-Impact of crime as an issue
-Effect of news reports
-Administration efforts
-Media efforts at discrediting administration
-Comparison to Franklin D. Roosevelt
-Democratic opponents
-Stand on crime-related issues
-Hubert H. Humphrey
-Edmund S. Muskie
-Edward M. (“Ted”) Kennedy
-George S. McGovern
-Henry M. (“Scoop”) Jackson
-Perceptions of anti-crime image
-John N. Mitchell
-Hoover
-Deportation of Charles (“Lucky”) Luciano
-US-Turkish relations
-Drug agreement
-Public relations image
-May Day demonstrations
-Support of Hoover
-Timothy Leary
-Cost of heroin habits
-Organized crime
  -”Godfather” movie
  -Popularity of book
  -Administration efforts against organized crime
  -Italian vote
  -Joseph Colombo

Veterans’ issues
  -Vietnam
  -Veterans’ Administration [VA] care of veterans
  -World War II, Korean War
  -Veterans of Foreign Wars [VFW], American Legion
  -Vietnam era
    -Problems of returning veterans
      -Special treatment
      -Unemployment
      -Cultural shock
      -Perceptions of drug use
        -Effect on employment
      -GI bill
      -Medical care
        -VA hospitals
      -Jobs for veterans
      -Comprehensive GI bill of rights
      -Outreach effort for the disadvantaged
    -Military pay
      -Recomputation of retired veterans pay
  -Veterans
    -Number of voting age for November 1972
      -Ohio
      -New Jersey
      -Illinois
      -California
  -Southerners
    -Career military people
    -Comparison to World War II period
      -Florida
    - Compared with New York, Texas, California
  -Veterans programs
    -Legislative efforts
    -Singling out of Vietnam veterans
Environment
   - Public perceptions
     - Survey, Durham, North Carolina
     - Pollution
     - Balance between jobs and environmental protection
   - Air pollution laws
     Environmental Protection Agency [EPA]
   - Pollution
     - Marginal industries
     - Agricultural areas
     - Air, water pollution
     - Clean Air Act
   - Problems (1972)
     - California
       - Santa Barbara, Los Angeles
     - Florida
       - Everglades
     - Great Lakes
     - Four Corners Power Plant
     - Alaska
       - Aleutian Islands
       - Pipeline

Agriculture
   - Perceptions by farmers
   - Farm income
   - Problems (1972)
     - Corn blight
     - Wheat
       - Effect of drought
   - Commodities
     - Oranges
     - Wool
     - Rice
     - Potatoes
     - Hogs
   - Support for the President in the Midwest
     - Indiana, Illinois, Ohio, Iowa
     - Corn blight
     - Farm Bill
     - Exports
Tape Subject Log
(rev. 10/08)

-Surpluses
-Rural development
-Agriculture Act (1970)
-Proposal to appoint an agricultural ambassador
-Exports
-Farm Labor bill
-Political implications
-Farm prices and effect on Consumer Price Index [CPI]

Education
-Accountability
-Costs
-Expenditures
-States
-Southern states
-California, key states
-Elementary education, higher education
-Real estate taxes
-Mississippi
-Property taxes
-Office of Economic Opportunity [OEO] experiment
-National Education Association [NEA]
-Nonpublic elementary, secondary schools
-Regional differences
-Catholic school enrollment
-California
-New York
-Illinois
-Tax credits
-College credit
-Middle income families
-Student loan assistance program
-Federal education aid
-Poll results
-Impact of issues on constituents
-Nonpublic schools
-Constitutional amendment
-Use of public funds
-Busing
-Nonpublic school aid
-Political implications
-Impact on Pennsylvania election
- New York, Illinois, Pennsylvania, New Jersey, California, Louisiana, Texas
- Busing
  - Supreme Court
  - Constitutional amendment
  - San Francisco
    - Chinese-Americans
    - Fourteenth Amendment repeal
- Parochial school aid
  - Federal funding
  - School closings

American elderly
- Administration efforts
- Perception of indifference
- Housing
  - Shortages
- White House Conference on Aging
- Social Security increases
- Medicare
  - Prescription drugs coverage
- Nursing home standards
  - Elliot L. Richardson
  - Federal strike force
- White House Conference proposals
  - Housing, transportation, jobs
  - Compared to the Great Society
    - Hot lunch program
    - Senior citizen community centers
- Older Americans Act
  - Foster Grandparents program
- Projected voting trends
  - Florida
  - Illinois
  - Local problems
  - Midwest
- Health
- Political support
  - Comparison to other voting blocs
  - The President’s administration
- House Resolution [HR] 1
  - Welfare
- Public perceptions
- Association of Retired Persons (Chicago)
- Jobs and social security
- Problems
  - Nursing homes
  - Exploitation
  - Doctors
  - Increased longevity
  - Comparison to minorities
  - Political implications
- White House conference
- Administration support
- Pension vesting
  - Collective versus individual handling
  - Job mobility
    - Alan Greenspan’s comments
- Costs

Employment
- International trade
- Job loss
- Mobility, job transfers
- Political implications
- Costs
- Regulation of industry

Private school amendment
- Preparation of draft
  - Ehrlichman, Weinberger

Health
- Costs
- Medical personnel
  - Throughout the United States
    - Florida
    - Texas
    - California
    - Chiropractors
  - Midwest
  - Rural areas
  - California
    - Suburban nature of communities
- Texas
  - Small-town areas
- Legislation
  - Administration sponsorship
  - Key congressmen
    - Domestic Council
    - Wilbur D. Mills
      - Support for administration
      - Credit on issues
      - Political aspirations
        - Muskie, E. M. Kennedy, Humphrey
- Jackson
- Peter G. Peterson, David M. Kennedy
  - Shoe industry
- Mills
  - Approach to foreign policy
  - Political strategy
    - Handling of Mills on domestic and foreign policy issues
- Importance
- Revenue sharing
- Taxation
- Political strategy
  - Possible Democratic presidential nomination
  - Democratic party factions

Health issues
  - Various insurance programs
  - Private health insurance

BEGIN WITHDRAWN ITEM NO. 1
[Personal Returnable]
[Duration: _51s _]

END WITHDRAWN ITEM NO. 1
-Key states
  -Texas
-Cancer lobby
-Heart lobby, kidney lobby
  -Dr. Michael E. DeBakey
-The President’s appearance at convention of cardiologists
-Heart problems
-Possible budget
-Cancer
-Public reaction
-Victims
-Stewart J. O. Alsop
  -Communication with the President
-Leukemia
  -Chemotherapy
-Indiana cancer clinic’s work on tumors
  -Dr. Lee Clark

Important issues in 1972
-Jobs
  -Florida
  -North Carolina
  -Virginia
-Taxes
-Crime
-Drugs
-Veterans
-Agriculture
-Environment
-Education
-Health
  -California
-California
  -Aerospace industry
-Mexican-Americans
  -California
  -Texas
  -Chicago, Illinois
-Minority employment in motion pictures, television and commercials
  -Media influence
  -Hispanic actors
    -Movie “Carnal Knowledge”
- Open housing, desegregation
  - Southern states and California
- Textiles
  - Missouri, North Carolina, Virginia
- Wisconsin
  - William Proxmire
  - Government waste, consumer issues

Key states
- Pennsylvania

Issues
- National compared with local interest
- Regional approach
  - Administration position
- Style
- Packaging
  - Public relations
  - Edward L. Morgan’s handling of revenue sharing
- Responsive issues
  - Fund expenditures
- Cost of living
- Public opinion on government expenditure increases
  - Housing, Medicare, environment, education, health care, crime and law enforcement, water and air pollution, cancer research
  - Decreases recommended for space, Vietnam War, defense, foreign aid
- Tax relief
- Decrease
  - Space programs
  - Vietnam war
  - Foreign aid
- Welfare
  - Poll results
  - Survey results
- Decreased federal expenditures
- Political consequences
  - Tax cut
  - Jobs
  - Cost of living
- Speech writers
  - Repetition of phrases
- Need for regional emphasis on issues for maximum effect
Vietnam
  -Drug issue
  -North Dakota

Political speeches, speech writing
  -Drug issue
    -Crime, boredom
  -Unemployment
    -Detroit
      -Support of athletic teams
        -Detroit Tigers
        -University of Michigan

Sir Kenneth Clark
  -Civilisation book and film series
  -Character of America
    -American boredom
    -Accomplishments
    -Goals
    -Peace

Administration public relations efforts
  -New era
    -Peace, prosperity
  -Roper poll results
  -Negatives
    -Vietnam war
    -Drugs
    -US economy
      -Retail sales
      -Public opinion
      -Prosperity and opportunity
  -American future
    -Public opinion

-Depressants
  -Vietnam War
  -Drugs
  -The news media
    -Compared to earlier administrations
    -Left-wing character
    -Television
- Emphasis on the negatives
- Teachers
  - Comparison to the President’s teachers
- Ministers
  - Quakers
    - Draft evaders
- Colleges
  - Smith
    - Attendance by Julie Nixon Eisenhower
  - Finch
    - Attendance by Tricia Nixon Cox
- Churches
  - Catholic
  - Immigrants
    - Irish, Italians, Poles
  - Hardhats
  - Protestants
    - Quakers
    - Fundamentalists
      - Faith in the American system
- Leaders
  - Influence
  - Negative attitude
  - Administration efforts
    - Need for confidence, pride in accomplishments
    - Foreign policy
    - Economic policy
  - Influence
  - The administration
    - Positive influence

The President’s July 24, 1971 schedule

The Administration’s public relations efforts
  - Period of peace
    - Unemployment
  - Younger generation
    - Future
    - Challenges
  - Present-day America
    - Optimism
      - Peace, communication, jobs
-Defense spending
  -Effect on employment
  -Vietnam War
- Economic competition in the world
  -Germany, Japan, Western Europe

People’s Republic of China [PRC]

[To listen to the segment (15s) declassified on 02/28/2002, please refer to RC# E-541.]

-The Marshall Plan
-Challenge of peace
-The news media
  -The President’s July 6, 1971 Kansas City speech
  -Resistance
  -Reporters
    -Compared to muckrakers
    -Robber barons
-L leader class
  -Businessmen, educators, media, politicians, ministers
  -Belief in America
    -Purpose
-Government programs
  -Revenue sharing, health
  -New directions
    -OEO appropriations veto
-Peace issue
-New directions
  -Lyndon B. Johnson and the Great Society
    -Programs
-The establishment
  -Revolt against the “Establishment”
-Liberals
BEGIN WITHDRAWN ITEM NO. 3
[National Security]
[Duration: 3s]

PEOPLE’S REPUBLIC OF CHINA

END WITHDRAWN ITEM NO. 3

[To listen to the segment (3m26s) declassified on 02/28/2002, please refer to RC# E-541.]
[General conversation/Unintelligible]

The President entered at 10:39 am

Tax initiative proposal
- Costs
- Details
- Policy objectives
  - Additional revenue
    - Value added tax
  - Social purposes
    - Property tax relief
    - Child care expense proposal
    - Private education relief
    - Social security payroll tax
  - Tax simplification
  - Economic stimulation
    - Investment tax credits
    - Depreciation
    - Research and development expenditures
  - Individual and excise taxes

Value added tax
- 1969 study
- Recommendation
- 1973 budget
- Additional revenue
- Definition
- Advantages
- Disadvantages
  - Regressive nature of the tax
- Labor unions, Wall Street Journal
- Chamber of Commerce, Committee for Economic Development
- Details
- Application
- Exclusion
- Revenue raised
- Problems
  - Implementation
  - Time
  - European example
- Balanced budget
  - Congressional response
    - Charl E. Walker’s memorandum

Property tax relief
- Revenues raised
- Burdens
- Problems
- Comparison
  - Canada, United Kingdom, Germany, France
- Relief
  - Revenue sharing
  - Education funding
    - Property tax relief
    - Allocations
      - Details
      - Revenue sharing
- Tax credit
  - Advantages, disadvantages
- Property tax
  - Single fixed rate
  - Disadvantages
  - Advantages
- Education tax
  - Governor William G. Milliken
    - Michigan

Child care expenses tax relief
- Standard child deduction
  - Itemized tax returns
    - Income levels
- House Resolution [HR] 1
- Treasury Department proposal
  - Additional deduction
  - Costs
  - Advantages
  - Disadvantages
  - Working mothers with small children

Tuition costs tax relief
- Tuition cost
  - Rise
-Application
  -Primary, secondary education
  -Tax relief
-Treasury Department proposal
  -Primary, secondary education
  -Costs
  -Advantages
  -Disadvantages
  -Political effect
  -Opponents

Payroll tax
  -Lower, middle income impact
  -Social Security tax
    -Details
    -Impact
    -Alternatives
      -General revenue
      -Payroll schedule adjustment
    -Advantages

Personal income tax simplification
  -Complexity
  -Standard deductions
  -1969 Tax Reform Act
  -Itemizing tax returns
    -Number
  -Tax laws
    -Social objectives
  -Republican Party platform of 1968
  -Treasury Department proposals
    -Capital gains
    -Ordinary income
    -Eliminate personal deductions
    -Tax reduction
    -Application
    -Opposition
  -Income tax rates
    -Top rate
    -Political feasibility

Economic stimulation
-Capital investment
  -Investment tax credit
  -Liberalized depreciation
-Investment tax credit
  -Recent rate
  -Proposed change and effect
  -Revenue loss
-Depreciation schedule change
  -Special industries
    -Motion pictures
    -Leasing
    -Railroads
-Research and Development [R&D] expenditures
  -Dr. [Forename unknown] Kraft’s memorandum
  -R&D expenditures tax credit
  -Industrial science research foundation
    -Creation
    -Tax law reformation
    -Patent sales
  -R&D expenditures tax credit
    -Revenue loss
    -Employment gains
    -Treasury Department’s views
      -Opposition
      -Direct federal expenditures
-Individual income tax reduction
  -Excise tax reduction
  -Dollar amount

Tax simplification initiative
  -Relationship to personal income tax credits

Value added tax
  -Generated revenue
  -Surplus
    -Use
      -Education
      -Child care
      -Tuition credits
      -R&D

Tax reform initiatives
- Value added tax
  - Political effect
- Treasury Department staff
  - Stasis
  - Political understanding
- Tax bill
- Education tax credits
  - Political effect
  - Higher education
  - Primary schools
- Value added tax
  - Shift in approach to taxes
- Tuition credits, property tax, investment tax credit, excise tax
- New taxation system
- Political appeal
  - Value added tax, property tax
- Present system

Tax simplification
- Value added tax
- Personal exemptions
- Disadvantages
- Capital gains structure
  - Abolition
  - Consequences
  - Profit sharing funds
  - Tax exempt bonds
- Public perception
  - Effect on income groups
- Value added tax
  - Property tax
    - Milliken’s actions in Michigan
    - Education support
    - Real property taxes
  - Limitation
  - Advantages
  - Revenues produced
    - Uses

Property tax
  - Constituent appeal
-Application
  -Veterans exemption

Investment tax credit
  -R&D efforts

Specialized industries
  -Treasury Department investigation
  -Motion picture industry
    -Television shows
      -Residuals from broadcasts of old movies
        -Trend toward made-for-television movies
  -Railroads
    -Roadbeds
      -Depreciation
  -Automobile excise tax
  -Telephone tax
    -Telephone company
      -Excise tax
      -Rates charged

Day care centers

Education tax credit
  -College tuition
  -Primary school
  -College tuition assistance
  -Burdens on middle-income families
  -Primary and secondary school tuition credit
    -Parochial schools

Social security payroll tax
  -Regressive aspect
  -Political impact

Property tax

Dividends
  -Taxation

Capital formation
  -Private investments
Dividends, corporate profit
  -Taxation

Tax reform

Social security payroll tax
  -Job impact
    -Overtime
  -Earnings level
  -Tax base
  -Impact

R&D tax credit
  -Investment tax credit
  -Specific industries
  -Business reaction
    -Depreciation schedule

Sales tax
  -US labor system

Job creation
  -Tax changes

Value added tax
  -Compared to sales tax
  -Revenues earned

Tax reform
  -Economic effect
  -Credits, deductions
    -Public perception
    -Simplification
    -Constituencies

Value added taxes

Tax simplification
  -Tax rate
  -Value added tax
  -Internal Revenue Service
- Certified Public Accountants [CPA]
- Tax lawyers
- Capital gains
  - Rates
  Effect
    - Public perception of wealth

Property taxes
  - Value added tax
  - Constitutional amendment
  - Tax revolt
  - Amount of tax paid on Connally’s ranch
  - School financing

Tax proposal
  - Schedule

Connally’s program

The President and Connally left at 12:27 pm; Shultz, et al. remained

[General conversation/Unintelligible]

Recording was cut off at 12:28 pm