



H. R. Haldeman Diaries Collection, January 18, 1969 – April 30, 1973

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Sunday, June 27 at Camp David.

Another budget meeting this morning at Laurel. Start out with Bill Gifford, who Shultz had brought up to discuss political use of the budget. He went through the idea of trying to identify us with the flow of federal money into Congressional districts and get credit for the support we're already providing, as a way to avoid pressure to add on other expenditures. It turned out to be pretty much of a waste of time. The President didn't buy the concept at all, makes the point that really just the opposite is the way that we should be going, which is not to brag about federal spending, but be trying to cut it. Then Weinberger got into a general review of budget problems for '72, the likely Congressional actions, and so on. The President made the point that we need an all-out fight against the Child Welfare Bill, which he will veto, that we need some programs that show that we favor free enterprise. The problem is that all of our programs now go in favor of the government doing it. So he wants to include a dramatic package of re-privatization in '73, whether or not Congress will pass it. In other words, he doesn't care what happens, but he wants to establish an awareness of our philosophy to get the government cut down.

He made the point that there's no mileage politically for a conservative Administration in pushing how much we're spending, because the opposition will always spend more. The only people that can make votes out of government programs are the irresponsibles. We may be coming to a danger point, in that we're going too far in terms of social consciousness, and so forth, and thus, we're going to lose both sides. We can't gain the libs, but we can sure cool off the conservatives. So we need more symbolism, such as re-privatization, and some reforms in this direction. Connally made the point that we should keep in mind that the President can make issues himself, such as fiscal responsibility. He can take some hard line symbolic positions, just as we made the issue of supporting the police versus the radicals in Washington. He also thinks that we should take on the environment, that it's not a sacred cow. Our whole line is responsibility, which is hard to sell. Ultimately, that means freedom from big government.



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The President also got to the point-- made the point that we should not discuss the problem of the '72 budget now, that we should do nothing til the first of the year, then we should move to a responsible budget for '73 and announce the '72 problem at that time. For '73, he wants to target a full employment balance and maybe a real balance, then later he definitely said he wanted to go for an actual balance. That is, we'll come into January of '72, give the Congress the bad news on '72 and a target for '73 on an actual balance, declare the end of the economic downturn, etc. He feels the best way to make the fiscal responsibility argument is to submit a conventional balanced budget for '73. So we should not close the option of tax reform with a tax increase. But he wants to give tax relief to the people who have produced for a change, instead of the people who take.

Connally made the point that we should restrict our humanitarian concern to our public utterances, not to public dollars. It was generally agreed that the basis for the campaign has to be premised on the fact that we can't outspend or out-promise, so we have to go for fiscal responsibility, stopping inflation, lowering unemployment, building free enterprise. We have to prove our backing of all of these in the '73 budget. In the meantime, however, we should do nothing on cuts in '72 that will hurt employment. Then there was considerable discussion of the Arthur Burns problem, and the need to get him in line, which he-- the President and Connally will do tomorrow. President made the point that his guess as of now is that, except if there's a long steel strike, we will have a very buoyant fall, not in July and August, but by starting in September. By the end of the year, the consensus forecast for the economy will be low. He bases this on the fact that retail sales strength has not been felt yet. He doesn't agree with the line that many are taking, regarding a lack of confidence. Regarding the steel strike, he agreed to call them in and take that on early in July. He wants to show leadership on that.

He had me over to Aspen after the meeting to clean up some general items, nothing important. A quick review of *The New York Times* Papers situation, and decided-- said that Mitchell wants him to speak out if the court goes against us, to explain that we're not pushing for repression of the press, but I argued against this, I think, successfully.



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At the President's request I had a long talk with Connally on his views on leadership. He made the point that the President has got to start orienting to the domestic side, thinking of actions now that fit the policy for next year. He's going to have a series of memos regarding issues and points that he thinks ought to be made. He feels strongly we shouldn't overlook international trade as a domestic issue, and he'll have a position paper on overall trade policy. He feels we have to have some restrictions on imports, and this will be popular domestically. The President has to be shown doing something about unemployment, fiscal responsibility, inflation, etcetera. He can win labor by showing an interest in protecting their jobs. We don't have to solve the problem, just work towards it, showing visible understanding and articulation. For example, steel, just the fact of meeting with them is worthwhile, and taking Peterson's charts and showing what we're trying to do, being on the side of the angels and trying even if we don't win. He feels that he has to figure out what kind of a President he wants to be: very conservative, practical, realistic, say what you think. Continued on the next tape.

[End of tape reel AC-09(B)]

[Begin tape reel AC-10(A)]

June 27 at Camp David. On the meeting with John Connally. He makes the point that the President should say what he thinks and try to do it on the basis of what he wants to be, making the points regarding Defense reorganization, fiscal responsibility, etcetera, that he has to articulate some hopes. He should say "I don't like the Defense spending situation, but we have to do it for a while." He should be portrayed as a President who believes in the free enterprise system. There's nothing wrong with his philosophy, but he has to demonstrate that he really believes in it. What you want to do, is what will reelect you. People are against OEO, model



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cities, etcetera, so we should eliminate some of them. You still have \$20 billion dollars in these Great Society programs. He can't be a Goldwater, but he can take selective issues.

One big problem is our own troops. That is, businessmen think that we've given up on inflation, because we're not putting in controls, wage controls. These things can't just be privately done, such as his actions in the movie industry and on the railroads, etcetera. You have to reach the 200 million people. He should say: "I'm tired of reading and analyzing America through statistics; the government operates on the averages, and I don't like to do that. I don't like to view people as statistics. I want to talk to the people themselves, on an individual basis." He cites this in support of the idea of the President's August "Out to the People" tour. He feels strongly that he has to do some unexpected things in an impromptu fashion, to keep people off balance, and pushes hard for this.

I also discussed the Vice Presidency problem with him, he basically agrees that there is a problem, and that either we have to change the VP's posture and attitudes, and the President must give him something to do in a very clear cut way. If he's going to keep him he has to use him; otherwise, he's got to let him go. He is inclined to agree that he's more likely to be a liability than an asset, and that replacement would probably be a good idea, if it could be done without creating a stir. He wasn't aware of the possibility of appointing a replacement, but seemed very much intrigued about it when I raised it. He didn't express any thoughts as to who the replacement should be. He felt that it should not be either an all-out conservative or an all-out liberal, but rather a man in the President's basic image, who will articulate the President's position well, who will be an-- principally, one who will be an asset in the campaign. He said he'll give it some thought as to specific suggestions as to who it ought to be, but he didn't have any ideas offhand. Obviously, he was very interested in the whole concept of a change being made.

End of June 27.