



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

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Monday, September 13th. Cabinet meeting first thing this morning. Bill Rogers opened by congratulating Pat on her TV last night. All the Cabinet wives were present and gave her a huge ovation. Shultz then filled in on the background of the economic program, emphasizing that things were good and getting better, but our move was to consolidate it, rather than turn it around. The President, at the end of the Shultz presentation, made the point that there was a big question of dealing with state and local government pay, as well as federal pay. And he caused a laugh by commenting that this is an area where there certainly has been no increase in productivity. Arnie Weber then explained the freeze and how it all operates. And the President turned the meeting over to Connally, asking him to cover the domestic tax thing primarily, not to put too much emphasis on the international, because most of us won't understand it. Connally said that's okay, because I can't explain it anyway. Connally then gave an outstanding pitch that lasted 28 minutes, making the opening point that this Administration, and this President, has to do a far better job on anything they do than other Presidents have had to, because the media is not for this President, or this Administration. And the situation is further aggravated by a Democratic Congress, so we have to do an outstanding job to get even a credible report on it. He then itemized the three problems that had been accumulated from the past administrations: the unemployment, inflation, and erosion of trade balances; gave the rationale for having to take the proposals and then answered the criticisms, making the point that this is not a business bonanza: that the auto and personal exemption tax moves are direct to the people; the job development thing is for small business and farmers, and provides immediate jobs as well as improving our competitive position versus foreign companies. Then on the interest rate question, he says we could have controlled those, but we felt it would be counterproductive, because we couldn't police it, and they've gone down anyway in every category. Regarding dividends, we don't have the authority, but we're moving on that anyway, by persuasion. On profits, you can't control them in a 90-day freeze, because you don't have a base and can't police it; besides, as a percent of gross national product, corporate profits here are the lowest they've been since 1938. We need greater profits, rather than less, to provide investment to provide new jobs. On the criticism that



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we've given up on revenue sharing and welfare reform, the point there is Congress hasn't acted on it yet, and we're just recognizing the reality of the inaction of Congress.

Then the President called on Rogers regarding foreign policy problems. Bill emphasized that we need friends in the world, both for foreign trade and for military alliances. The problem is that we haven't been reasonable in dealing with them. We'll have to be in the future, but now we don't want to be, because they're not being reasonable. So we say to them, you help solve the problems for a change. In the past, we've solved all the problems for them. He says we'll go through a period of criticism of the US by other nations; part of it is fully justified, but we shouldn't pay too much attention to it. The strength of our economy, and the fact that we're the world's marketplace, will override all of this in the long run.

The President then made the point that he wanted to leave the thought that we need a united front, confidence, buoyancy, optimism. We have 65 to 75 percent of all the people going for us on every facet of this program. The people want strong action taken. They understand a bold decision. We can roll over the opposition by skipping the details and the criticism and intricacies; just say the public supports this and you're an obstructionist. He made the point on foreign policy that we have to be responsible, because we're the strongest nation. But we have to have a strong economy to do anything, either in foreign aid or to maintain the nuclear deterrent. So it's to the foreign interest for us to give strong medicine to our economy. Then he got to reminiscing about Khrushchev and the kitchen debate because of his recent death and the TV coverage of it, and...

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...made it, the point that at the Dasha meeting after the Kitchen Debate, with all the wives present, there was a seven-hour talk back and forth covering everything. There were some lighter moments. He made the point that Khrushchev was different than other Communist leaders, because he had great vibrancy, personality, color, humor, where the others are dull, dull, dull. They're smart, but they have no morality. They're solely interested in intellectual give and take. He said that a lot of Westerners underestimated Khrushchev. He drank a lot, but he never drank when it mattered. He then told the story of the first course after the caviar at their dinner was a cold fish that was delicious. And that during the conversation, Khrushchev used Michayan as his end man. He saw that Nixon liked the fish, especially when he asked for a second helping. Khrushchev told Nixon that this was Stalin's favorite fish. Michayan said Stalin had already said that it was good for the backbone. And Khrushchev said you should have more of it; you'd better have a third helping.

They discussed Stalin's working habits; the fact that he'd call his staff at three or four in the morning. Michayan said we couldn't get any sleep, but we sleep better now with Khrushchev as Premier. And I guess we could say that both ways.

He then told about the Eisenhower lunch at Aspen for Khrushchev. The meeting had not gone as well as hoped for, and everyone was uptight. Khrushchev was very proud of their space accomplishments. And Eisenhower asked about vacations in the Soviet Union. Khrushchev said everyone is required to take a three-week vacation. And Eisenhower asked where Khrushchev goes for his vacation. And they talked about that a little and Eisenhower said well, I'd try to go away but the trouble is I just can't get away from the phone. Do you have that problem?



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Khrushchev took this very unkindly and said yes, we do have telephones and we don't have as many as you do now maybe, but we will have more than you have.

He said we, we need to have no illusions, the President then said that we need to have no illusions regarding the superiority of our economy; that the impressive thing about the Communist leaders is their total absolute conviction that they're going to win, and their determination to do everything to win. This makes them, who are a less able people, a real challenge in the world. This is true of their scientists, politicians, and so forth; they have great conviction and dynamism. As we look at our leader class versus their leader class, we find that we need the total absolute conviction that our system is right and that it should prevail and that we will win. There's been a tendency for many in this country, not the workers and farmers, and so forth, but among the educated—media, ministers, politicians—to lose the conviction, dedication, and confidence in the United States. If Khrushchev had going for him what we have going for us, we wouldn't have heard, we wouldn't hear a constant running down. The point is, if they, with their terribly inferior oppressive system, could have such dedication, we, with all we have, should have at least as much. So as you go out, speak up, talk strongly for our system, what it is, what it's done for the world. And if you don't, I'll have you back to have some of that fish.

After the Cabinet meeting, he met with a business group on the Phase II guidance, and then with Bob Dole for a brief report on his Vietnam trip and a general political discussion. Nothing of any significance covered there.

He then called Governor Rockefeller to tell him he backed him to the hilt on his move on busting up the prison strike in Attica, New York. He assured him he was right not to grant amnesty, and



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that the President was behind him all the way. It turns out there were seven guard hostages killed, and 32 prisoners, all black. The President made the point again to Rockefeller that we can't tolerate this kind of anarchy, and that he was solidly behind him in his move on it.

This afternoon, he got into a little harangue on IRS investigations, saying that he had been told by Billy Graham that the IRS is currently investigating him. Fortunately, Connally was there when Graham said it, so Connally got the notes on it and was very surprised, but it is a problem. The President wants now to be sure that we get the names of the big Democratic contributors and get them investigated. Also, the Democratic celebrities, and so forth.

We had a session with Colson this afternoon, reviewing the general status of our initiative. Things seem to be going very well. One point Colson did make, however, is that he's not been successful in getting Agnew to disavow his YAF support, and he thinks that Agnew's strategy is to try to build his own constituency here. This was a point that concerned the President a little, and he raised it again after the meeting.

At our Shultz-Ehrlichman dinner meeting this evening, we had quite a discussion of the problem of Pete Peterson, who has not really worked into the position that either he or we want him to be in. I made the point that I don't think he ever would, because he's not basically a staff-type, he's a line manager-type. We agreed that we have to do everything we can to keep him bolstered up as strongly as possible, unless and until we can move him to another post.



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The President met with Hardin this afternoon, and Cliff told him he was planning to leave to take this post with Ralston-Purina that he's been offered. The President told him he should definitely do so, and we have to get a new Secretary of Agriculture now before November 1.

End of September 13th.