



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

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Wednesday, October 27th. The President had his breakfast with Rogers and Kissinger this morning to let Henry fill Rogers in on the China trip. I was originally supposed to attend, but the President called me just before breakfast, wanted Colson, Ziegler, and me to get together and work out the plan of whether Kissinger has a backgrounder or not today. The President's concerned about escalating Kissinger's trip, doesn't see what questions he needs to answer at this point and thinks it would be better to lay low in view of the China vote last night, or Monday night I mean. But after the breakfast, the President agreed with our recommendation that Kissinger go ahead and do it on the record, just covering logistics and details, no color and background, and to make it brief, on the record, with no film and no mics.

The President said he had worked out a good understanding with Stans and Connally yesterday on the international economic situation and that he was now going to work with the two of them, keeping Peterson out of it. He feels that Peterson's not the one to handle it, and they're just going to have to work it that way. He feels that the problem with Peterson is he's a square peg in a round hole, and he wants to move him out of that slot, and put Flanigan in it. He did agree to let Peterson sit in the Quadriad meeting tomorrow afternoon, and will let that take the place of meeting with him.

Kissinger came in later after the breakfast, and the President and Henry discussed at considerable length the whole reaction of the breakfast. Apparently, Rogers is unbelievable in that he spent the whole time nit-picking and sort of downgrading everything Henry had done, didn't seem to allow that anything positive had been accomplished at all. Henry is convinced that Rogers pushed the UN vote for Monday night, so as to downgrade Henry's trip and give Henry's trip the blame for the Taiwan loss. The President's point is the problem is not Taiwan, it's the UN, and he's concerned that the Democrats are going to seize upon this as the reason to blame us for the defeat. That we put on too much pressure and because of the China trip. Apparently, Kissinger,



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Rogers accused Kissinger of being too soft on his dealings with the Chinese. He hit all the China stuff. We had quite a discussion about the State Department problem, and the President made the point strongly to Henry that the press is obviously trying to work State off against us, and that we've got to avoid letting them do it. He also made the point again, with Henry, of the concern on Henry's backgrounding because of the timing off of the Taiwan vote, and it's bad to have a big story now on our moves with Red China. Henry's argument is we're going to have the story anyway, and it's better to have our story by Henry reviewing it. So, they reviewed how to handle the Q and A, and all, and the President agreed to do it.

The President said he definitely decided he would travel in a Chinese plane in China, so we could work out the trip to Hangzhou with Chou En-lai accompanying us. Chou will not travel in an American plane.

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The President hit very hard on wanting to get Otto Passman via Harlow to understand that we want him to chop the bejesus out of all of our support for multinational organization, although the President has to stay a mile away from it.

The President also told Henry to call Ronald Reagan today and try to get him straightened out. He then had Ziegler in, and we talked about UN funding. He told Ziegler to back Rogers's statement. He should refer to the glee displayed at the UN. That it would have a detrimental



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effect on the US people and the Congress. Said the President does want to get into the position on this, saying the conduct was a disgusting spectacle. The delegates of many countries the US supports were gleeful, and all; that the UN was very seriously impaired in terms of support from among American people and the American Congress. Ron picked up that line and used it today, and it had quite a big play.

He, the President, did as I mentioned earlier, agree to meet with the Quadriad tomorrow, but he will not grant Burns the private meeting that he wants. He wants Flanigan to tell Burns that his candidate for the Fed will not necessarily be given the post, although he will be given consideration. Arthur's in a sticky wicket because he's probably promised the job to the guy, but will now have to back off of it. There was a budget meeting this afternoon where Ehrlichman made a presentation on, again on domestic issues and their proposal for a value-added tax. The President made the point afterwards, that regarding the value-added tax and all the other things of that sort, we've got to be clear that all we're after here is the issue. That none of these initiatives are going to pass Congress in the coming year, and that welfare, government reform, revenue sharing, and so on, will have no chance of passing nor will tax reform. But if we package it in a simple way, we can use it as a good issue. He thinks the parochial school aid is a potential winner, if we can blunt the sword the other way, and that we need things that directly appeal to the individual, instead of things like reorganization and welfare reform.

He wants to try and find something that we now don't have in any of our programs, which is the what's in it for me idea: the gifts to some key constituency that makes a difference to us. He makes the point that billboards that win in elections are the ones that say lower taxes, which relate to the individual rather than to the more complex issue type things. But we go on and say be responsible, which does us no good. He says that as people become more and more educated, they become less and less dedicated to old values. But there is still a majority that are not that



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well-educated, that haven't been spoiled and ruined, that still have feelings for what we stand for. And the problem is that in our domestic program we've done very little for those people. They're only for us now because of our foreign policy and a certain basic faith in Nixon personally.

The President asked Connally about the idea of the tax, and he, Connally says that first we must have a balanced budget, that that's the most important thing, and that if we need to raise taxes to get one, we should do it. He's not concerned about raising taxes in an election year. He thinks that the value-added will be considered a sales tax, and people don't mind that. He said we should fashion it as a political weapon. A sales tax is better than a tax on your home; therefore, it's a good political issue. It's okay to tie it to education as Ehrlichman recommended, but we should call it Property Tax Relief Act. We should eliminate the optional question and force aid to parochial schools in it. We should remove commercial property from the tax relief. Just do residential, so we have a home owners' tax relief act. We bite the bullet on parochial schools and help Catholic education, and we use the added revenue to balance the budget. Connally feels you have to show fiscal responsibility next year at any cost.

End of October 27th.