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THE WHITE HOUSE
WASHINGTON

January 16, 1975

MEMORANDUM FOR: THE PRESIDENT
VIA: DONALD H. RUMSFELD
FROM: L. WM. SEIDMAN

In discussing our program with George Meany, his principal concern is that we did not adopt the Labor-Management Committee recommendations of a \$375 cap (maximum tax reduction) and a per capita credit of \$70.

In that regard I pointed out to him the following:

1. The basically across-the-board 12% reduction with a cap of \$1000 is a temporary stimulus designed to put people back to work by creating employment in the "big ticket" industries, such as housing, automobiles, appliances, etc.
2. The second part of our tax package, the return of the energy taxes, is designed to undertake the long-range reforms in the tax structure which he desired. It provides an \$80 per adult minimum rebate plus substantial rate reductions heavily benefitting low- and middle-income taxpayers (\$20,000 and below). I suggested it was more important that the changes he desires be in the permanent



tax reduction. This tax reduction will restructure the system to alleviate to a considerable degree the distortions caused by inflation, part of which are increased energy costs.

Mr. Meany responded that he thought we would get the quick stimulus cut but not our long-range plan. He wants help to low income individuals first. I suggested that if he helped us, we might well get both at close to the same time.

