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THE WHITE HOUSE
WASHINGTON

Date 5/12/75

TO: DON RUMSFELD

FROM: JERRY H. JONES

For your information.

THE WHITE HOUSE
WASHINGTON

May 12, 1975

MR. PRESIDENT:

The attached letter is forwarded for
your information and will be handled
routinely unless otherwise indicated.

How Dan R.
Have him check
with me.

Jerry H. Jones
Staff Secretary

CHICAGO
SUN-TIMES

WASHINGTON BUREAU

1717 Pennsylvania Ave., N.W. (Suite 1307)
Washington, D.C. 20006
785-8200

THE PRESIDENT HAS SEEN. *df.*

Dear Mr. President-

I told you the other night at Clark MacGregor's house that Gov. Pat Lucey of Wisc., a liberal Democrat, was waging a Ford-like struggle against the spending forces in his state. I have been scratching around since then for the clippings to prove my point. I enclose them.

My thought was that you should find some reason to go out to Wisconsin and identify your effort with Lucey's as bipartisan rationality, the last real hope of those who would avoid renewed inflation and higher taxes. You could in the same speech point to other Democratic governors, in Mass. and Calif., who have turned against further spending as the answer to our problems.

At any rate you are not alone.

Sincerely,

Phenley Barlett

May 10, 1975

THE JANESVILLE GAZETTE

— 129 YEARS OF COMMUNITY SERVICE —

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Editorial

Tuesday, April 22, 1975

Positive Thinking

Recession threatens to make a mess of Governor Lucey's budget, but he continues to press for no tax increase. And now he is striking back positively at the depressed economy.

The governor has proposed a rejuvenation that includes stepped-up public works, promotion of tourism and a variety of economic provincialism that would stress "Buy Wisconsin."

Governor Lucey appeared on the state educational television network last weekend with some of his top administrators to discuss ways of improving economic conditions. He urged immediate action in areas of housing, transportation, business development, agriculture and energy.

All of this costs money and seems to fly in the face of a balanced budget. But some funding already has been accomplished. Included is the recently approved \$24 million in bonding to finance home loans for veterans. Highway funds totaling \$56 million will be used for projects to get under way this summer, and there will be an attempt to get an additional \$15 million to assist in transportation efforts and local street, highway and bridge projects. An increase in vehicle registration fees could be the source of this money.

recommended by the governor would urge the state's residents to spend their vacations in Wisconsin rather than journeying to more distant playgrounds. The stay-at-home emphasis aimed at the locals would combine with attempts to draw out-of-state tourists to the Wisconsin vacationland.

Business and industry is being asked to expand here at home, instead of out of state. And another insular suggestion would urge state residents to purchase Wisconsin products wherever possible.

Governor Lucey said he does not agree that efforts to turn recession around must be done at the national level. He said the state can take important steps to stimulate its own recovery and need not assume a passive, defeatist attitude.

The measures Mr. Lucey called for are in the right direction; their do-it-yourself flavor is a welcome and timely reversal of the usual reliance upon Uncle Sam and the Washington bureaucracy—from whom, we have learned, all good things do not flow.

Although the governor's ideas won't give Wisconsin overnight prosperity, they don't leave the future entirely in the hands of chance, either.

Positive thinking and planning can work for government, too.

Revamped tourist promotion

IN

A tale of two budgets

Chic. Trib.
4/9/75

Recession, inflation, and the energy shortage have combined to put state governments in a precarious financial position—so precarious that many now face the prospect of substantial tax increases to avoid bankruptcy.

Illinois and Wisconsin are both in that unfortunate situation. It is interesting to see how their two Democratic governors—Daniel Walker and Wisconsin's Patrick Lucey—are responding to the problem.

The comparison may make many an Illinois taxpayer wish the northern part of Illinois had remained part of Wisconsin, as it once was.

Mr. Walker's approach is reckless in the extreme. Citing the need to "ease the burdens of recession and to satisfy urgent human needs," he has called for a big-spending budget of \$10.8 billion for the next fiscal year, an increase of more than 30 per cent over this year's record \$7.88 billion.

His proposal includes a grandiose plan to borrow \$4.1 billion thru the sale of bonds to finance building and repair projects, which his administration says will create 30,000 new Illinois jobs a year over the next two years.

According to Republican State Controller George Lindberg, the Illinois State Chamber of Commerce, and a number of the governor's fellow Democrats, the bond program is a joke. By his own admission, Gov. Walker will be able to sell only about \$800,000 a year in bonds—not \$2 billion. It would be 12 to 18 months before most of the construction could begin.

The real "urgent need" the bond program would meet is Mr. Walker's political need to avoid a deficit in the next fiscal year. As it is, his spending will consume all of the money the state has left in the bank, leaving a zero balance. To make up the rest, he would use borrowed bond money to pay for repair projects that normally are paid for with general revenue funds.

The result, according to Mr. Lindberg and the chamber, will likely be a whopping tax increase when the money

runs out at the end of the fiscal year—and an ongoing additional tax burden of at least \$80 million a year for the next 25 years.

Gov. Lucey sees things very differently. His attitude is that big spending and bond programs are highly dangerous in times of recession because they will force tax increases injurious to the local economy and to every resident of the state—including the unemployed.

Mr. Lucey's response has been to clamp a tight lid on spending. His January budget proposal calls for \$3.2 billion for the next two-year fiscal period—only about one-seventh of what Mr. Walker would spend per year even tho Wisconsin has more than a third the population of Illinois.

This represents an increase of \$400 million over the last period, but most of this increase would be used for local property tax and business tax relief. Mr. Lucey allowed only \$105 million for increases in state employes' pay and retirement benefits and other unanticipated expenses and revenue losses.

He called for consolidation of state university facilities, ordered the closing of three little-used state institutions, and slashed a modest [by Illinois standards] \$150 million bond issue program by two-thirds.

While Mr. Walker has made no visible effort to update his revenue projections, which may well be optimistic anyway, Mr. Lucey has ordered a reassessment and now finds that Wisconsin state revenues will probably be \$100 million less than he anticipated.

"It means that the \$105 million set aside in my original budget for a pay plan, legislative spending proposals, and further economic reserves has now been obliterated," he told his legislature.

And how will Mr. Lucey cope with this? Well, for one thing, he is closing down the governor's mansion and moving to his own house. Mr. Walker has made no such concession. He is, in fact, shopping for a new, \$900,000 gubernatorial airplane.

A President from Wisconsin?

Gov. Patrick Lucey's silent lessons in political success

By Michael Kilian

MADISON, Wis.—Gov. Patrick J. Lucey will never be elected President of the United States.

He will not, at least, as long as he remains a mere governor.

Thruout our nation's often troubled history, our political parties have shown little interest in running governors for the Presidency. Of our 38 Presidents [counting Grover Cleveland twice], 14 came from the U. S. Senate, five were war-hero generals, four were leading members of the House, and several were ranking diplomats or Cabinet officers.

ONLY SIX were elected as governors—the first, Rutherford B. Hayes, in 1876, and the last, Franklin D. Roosevelt.

This may partially explain why so much of our history has been troubled.

The Senate, which has given us three of our last four Presidents and all of our Presidential nominees since 1956, is an ideal stage for candidates and parties whose sole object is political popularity.

Senators can [and do] spend much of their time traveling about the nation giving speeches and holding news conferences—always carefully tailored to the locale. They monopolize the national news media [which, for some reason, is obsessed with Washington, not the nation]. Their chief activity [if not sole function] is rhetoric, as they unceasingly issue pious statements defending goodness and attacking evil.

Senators do vote on legislation [when

they're in town], but, except for very occasional roll calls on major issues published by some newspapers, the public seldom knows how they voted [if at all]. With the zany amendment process employed by the Senate, it's possible for a senator to vote both for and against a bill.

With a little research, a voter might learn that Sen. William Proxmire [D., Wis.], for example, has a COPE [pro labor] voting record rating of 70 and a NAB [pro business] rating of 67, but these are about as meaningful as the senator's righteous defense of goodness.

Governors, like Presidents, enjoy little of this lack of responsibility or need for accountability. Day in and out, they must govern, making hundreds of major decisions that have an immediate effect upon all of their constituents and which are as unpopular with some as they are popular with others.

Why gamble on a senator's untested abilities to administer, make tough decisions, and otherwise perform as a President must—when a governor's record is available for all to see?

CONSIDER THE record of Gov. Lucey, who is perhaps typical in that Wisconsin is a middle-sized state [4.4 million-population] which contains extensive natural wilderness and farm areas, one of the nation's largest cities, and considerable industry.

As governor of Wisconsin, Lucey has had to deal with problems as diverse as American Indian uprisings, nuclear energy pollution, and [via the Great Lakes and the St. Lawrence Seaway] transoceanic commerce.

Despite his many years in the Senate, George McGovern's [D., S.D.], radical views on taxation became



UPI telephoto

Wisconsin Gov. Lucey . . . the record reveals the man.

known only because of inadvertent news coverage of an obscure rally in Iowa and Sen. Hubert Humphrey's [D., Minn.] uncharacteristically vicious attacks on him during the 1972 California primary. As it was, the disclosures were not made in time to prevent him from winning the nomination.

Lucey's views on taxation were

cut local property taxes [by as much as 20 per cent] and to reform industrial taxes in an effort to change Wisconsin's image as an anti-business state.

Many senators are given to the ludicrous if politically popular practice of voting for both tax cuts and spending increases at the same time, confident that the average voter little perceives the disastrously inflationary effect the consequent deficits have on the economy.

Governors must make balanced budgets, raising taxes to meet new spending demands [as Lucey did in 1971] or curbing spending to avert tax increases [as Lucey is doing now].

OCCASIONALLY A governor [like Dan Walker of Illinois] may try to pad a budget with borrowed bond money in the name of fighting recession, but Lucey's position is that bond programs inevitably lead to increased taxation. This year Lucey slashed a \$150 million bond program proposal [compared to Walker's \$4.1 billion plan] to \$47 million, called a halt to all new state office building, and slashed a road bond program from \$25 million to \$5 million.

The Senate reacted to the energy crisis almost hysterically, but produced no conservation program for months. Lucey immediately made Wisconsin the first state in the union to impose a 55-mile-an-hour speed limit.

Senators make a great deal of noise about labor issues; but they never have to settle an actual dispute—let alone in a manner equitable to both sides. It fell to Lucey to [successfully] settle a Milwaukee firemen's strike in 1973.

By virtue of their frequent travels and committee duties, senators consid-

er themselves great experts on military and justice matters. Governors must act as their states' chief law enforcement officers and commanders of their national guards. It was entirely Lucey's responsibility to deal [again successfully] with campus disorders in the early 1970s and end [without bloodshed] the takeover by militant Menominee Indians of a Wisconsin abey earlier this year.

By his own admission, Lucey has made mistakes. He went too far and too fast with his prison reform program, which ultimately caused more harm than good. He failed to foresee the curtailment of federal revenue sharing, a failure which has contributed to his state's financial problems today.

But the mistakes are there for all to see.

One area where senators can claim superiority is foreign affairs, noting that governors are chiefly concerned with domestic problems, but in dealing with domestic problems, governors reveal much of their character, and this is of paramount importance in a person with such awesome global responsibilities as the President.

Our practice of permitting the nation to be governed by nongovernors is to a large degree the fault of a myopic and lazy news media and two greedy political parties. But, much of the blame may be laid on the American electorate, which likes its reality pleasant and votes for the man who says most what it likes to hear.

Sen. Proxmire, for example, was reelected with better than 70 per cent of the vote. Despite a national Democratic landslide and an obscure Republican opponent, Lucey was reelected last year with only 53 per cent of the vote.



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PRESS RELEASE

Jeff Smoller, Press Secretary
(608) 266-1212

For Release:
Tuesday, March 18, 1975
Noon

Kenosha--"Wisconsin's taxpayers may lose the fight to big spenders unless their voice against more taxes is heard and heard soon," Governor Patrick J. Lucey warned today.

Speaking to a meeting of Kenosha area taxpayers, Lucey said the "pressures to spend are increasing each day" in Madison.

"The Legislature is experiencing almost unbearable pressure to spend and bureaucrats are now openly calling for a tax increase," Lucey continued. "If the taxpayer is to be heard, his voice must be raised immediately."

Lucey's remarks came at the first of a series of public appearances and town meetings he has scheduled around the state to discuss his proposed 1975-77 state budget. He met today with the Kenosha Taxpayers, Inc.

Plans are being made for appearances in La Crosse, Eau Claire, Appleton, Wausau and Waukesha, plus other communities around the state.

Lucey defended his proposed budget "as a responsible plan to meet the commitment of the state to local government and individuals while avoiding an increase in state tax rates."

But the Governor acknowledged that his cuts were "under severe attack" and that "the Legislature may not be able to sustain the pressure without citizen help."

"I believe the grassroots support is there to hold the line on spending. But unless the Legislature hears support for fiscal restraint, I cannot predict what will happen."

Lucey warned that revenue estimates that allow a \$3.2 billion budget with no tax rate increase will be revised next month.

"The April revenue estimates will be even more grim than the ones we had in November," Lucey said. "Every sign we see on the national level paints an ever more dismal picture in this time of recession. There will be no good news in April--only bad."

Lucey's budget cuts more than \$9 million from this year's base level in agency spending. But it also returns \$400 million more than the current budget in additional state tax dollars to local government and individuals.

Lucey concluded:

"But if local officials and school boards do not join the state in a mood of austerity, all of the money we are returning to Wisconsin communities will be spent, not passed along to the property taxpayer. It is unfair to expect state government to tighten its belt beyond the last notch when local government is buying a larger size. I urge you as local taxpayers to support public officials who want spending control at all levels of government--town, village, city, county, school district and state."

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by hand