

THE WHITE HOUSE
WASHINGTON

Cabinet file

First Cabinet Meeting of New Year
January 8, 1975



11:10 a.m. President arrived in Cabinet Room.
11:11 a.m. Press was admitted.
11:14 a.m. Press departed.
11:15 a.m. President opened the meeting.

President

- Welcomed Vice President Nelson Rockefeller to his first Cabinet Meeting and indicated a very warm welcome to him from all the Cabinet members and senior advisers assembled.
- Indicated that he had already given Mr. Rockefeller a major public responsibility and that we will do all we can to keep Mr. Rockefeller and his staff busy.
- The President then introduced the new Cabinet Secretary, Dr. James E. Connor, and indicated that he had a substantial background and had worked with some of the Cabinet officers in the room; specifically mentioning Secretary Lynn and Alan Greenspan.
- Mr. Connor's duties were delineated and the President gave him a very warm welcome.

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By WT NARA, Date 1/10/97



President

-The President then turned to Donald Rumsfeld indicating that there were four major topics for discussion on the agenda today and that he would first like Don Rumsfeld to address the matter of the White House organization.

Rumsfeld

-Mr. Rumsfeld in opening indicated that the White House organization directly reflected the President's desire to deal with principals and have multiple sources of information, in addition, to his desire to have an orderly decision making process.

-Mr. Rumsfeld then reviewed the organizational charts, specifically the nine boxes representing the principal advisers to the President, indicating that each one of them has a deputy who will work with the President in the absence of the principal.

The President had indicated a strong desire to work both with his principal advisers and their deputies so that an accelerated process and meeting schedule could be kept.

-He talked also about the changes of titles, and that they reflected the President's wishes to have more descriptive titles as opposed

Rumsfeld

to the Special Assistant, Deputy Special Assistant, and Staff Assistant titles which have been used in the past.

-He also mentioned that he had taken action on the ^{per}quisites in the White House regarding office space, parking spaces, and White House Mess privileges.

-He indicated a strong desire to have the staff of the White House, not work twenty hours a day and not to detach themselves from the community. They should be able to have a normal life and be a part of the community.

-He mentioned further that Cabinet officers were to let him know whenever they felt that WH procedure was not going well so that he could make adjustments. They are there to serve them and work together.

-He indicated further the strong desire for the White House Staff and the Cabinet agencies to be integrated and to coordinate their efforts in providing services for the President and the country. This is to be a unified Administration.



President

-He then interrupted and mentioned that while the Vice President's Staff is not reflected organizationally on the chart, it is an integral part of the White House Staff. That in the past the Presidential and Vice Presidential staffs have frequently had jealousies and conflicts and that that would not be tolerated in this Administration and that he expects his people to work closely and in harmony with the Vice President, to which the Vice President nodded his head in agreement.

Rumsfeld

-Mr. Rumsfeld then mentioned while energy as a separate box on the organizational chart was not mentioned, that Secretary Morton, Frank Zarb, and ~~Dr. Seamans~~ would be attending the Cabinet meetings. In fact Frank Zarb was attending his first Cabinet meeting today along with Nelson Rockefeller.

-Don Rumsfeld then turned the time over to President Ford.

President

-He mentioned that there was a special election held in Louisiana; an election which a Republican had won by 44 disputed votes on November 5th, and that during the special election yesterday, he had won by 11,000 votes,



President

to which there were very positive comments.
(The next item on the agenda was a discussion
by Jack Marsh on the New Congress.)

Marsh

-Mr. Marsh indicated that the Congress
with which the Administration will be
dealing, is an intelligent, articulate,
relatively ↑ young group of men and women.

-While many of their elections were won on
the broad national issues of economy, energy,
and Watergate, he mentioned also that many
of the races were decided on state and local
issues; such as the environment, consumerism,
and reform, specifically, tax ^{& election} reform. How-
ever, far and away the economy was the most
important consideration from all appearances
in the national elections.

-He mentioned in the new group of 100 plus
members of the Congress, that forty are
attorneys, which is the largest professional
group. However, there was a broad cross
section of disciplines represented.

-He indicated that they are very well organized
and that they dealt with the leadership as a
group, which has not been traditional, but
which he feels was very effective. He indi-



Marsh

cated that had we placed the newly elected members back in the 93rd Congress, that we would have suffered erosion on key issues.

-Mr. Marsh did say that he feels the new Congress is a responsible and responsive group of men and women with whom a close working relationship is important.

-Mr. Marsh then introduced Max Friedersdorf who will be the principal mover behind the Congressional relations operation.

Friedersdorf

-Max Friedersdorf handed to the members of the Cabinet and senior staff bio-graphical sketches of all of the new Congressmen, as well as, a picture and probable committee assignments. He said

he would like the Cabinet agencies and specifically the Secretaries, to contact the new Congressmen at the earliest possible date and to establish a good working relationship with them as early as possible.

-He then reviewed the White House Staff in the Congressional relations area as it would relate to their work on the Hill.



Friedersdorf

-He first mentioned Vern Loen with seventeen years of experience would head up the House side. Assisting him will be Charlie Leppert, who has a background in labor.

Doug Bennett will concentrate on ways and means with emphasis in taxation.

-In the Senate, the key representative will be Bill Kendall, with fourteen years of experience, formally of Senator Mathias' staff. Assisting him will be Pat O'Donnell.

-Also joining the Congressional team Bob Walthieus, formerly of Senator Bennett's staff.

-Max mentioned that the total number of years experience of the Congressional Staff in the White House is 92.

-Max went on to mention that the Congressional Staff of the White House will be pleased and happy to work with the Congressional relation offices of the various agencies. They should continue to send their reports to the WH and indicated to them that we are here to help and to serve and that we will do everything we can to make their jobs easier.

-Max then turned his time back over to Jack Marsh.



Marsh

-In summarizing, Jack Marsh indicated that this is not the 89th Congress that can speak with a single voice and with a Democratic President; it is the 94th Congress.

Therefore, the method of dealing with them is going to be substantially different than any previous Congress.

-The concept "floating coalition", which was suggested by the President,

is a term which is going to be used to indicate the approach to Congress.

-Essentially Mr. Marsh mentioned that the base of the floating coalition is the Republican sector of the House of Representatives; but that in order to be effective, we must move beyond that base. However, never forgetting it.

-Congressmen must be approached on an issue basis and that we must be willing to move to the Democratic side of the aisle to get support; in fact we must be willing to move to the center and, even perhaps slightly left of center, to draw the Democratic votes necessary to secure needed support for the Presi-



Marsh

dent on particular issues.

-However, members will not be penalized on future issues for not going along; therefore, the term "floating coalition" which will be used on an issue by issue basis.

President

-The President then interjected indicating, as an example, that when he was a member of Congress and Minority Leader of the House, the floating coalition was used in the foreign aid area where they would get an entirely different group of people to support foreign aid commitments by the President as opposed to other issues which may have been presented to the House at that time. That was his first experience with floating coalition and he felt it worked very well; therefore, his decision to use it in regard to working with the 94th Congress.

Marsh

-Jack Marsh then continued summarizing.

1) Have all Cabinet secretaries make contact with new members on committees. However, not to forget any old members who have been reassigned to new committees.

2) Use Assistant Secretaries whenever possible to contact new members of the Congress

Marsh

because very few members of the Congress "old and new" ever have an opportunity to meet the Assistant Secretaries.

3) Always pre-notice ranking members of committees before contacting the new members. It is a mistake that the White House has consistently made and which has offended many people. Mr. Marsh indicated that it is good manners to pre-notice ranking members.

4) Move to jurisdictional committees; get to know the members, particularly the new ones, but also the old ones. Develop a consultative approach to issues.

5) Move to areas of collateral and peripheral interest of each agency or Cabinet level organization so that one can influence as much legislation as possible.

6) Survey the legislative affairs section in each Cabinet office; fill the vacancies with good people.

7) The secretary should identify with the legislative affairs people and should be seen with them on the Hill. Congressional members should know that the legislative affairs people in the various agencies have access to their Secretary.



Marsh

8) Do your homework in subcommittees. When the bills are first being put together with the staff, ranking members and lesser members of the staff, that is the time to talk with them about the substantive decisions that will be put into the bills.

9) Always be prompt in responding to committees; don't allow time to elapse between notification and response.

10) Establish regular contact with the members of Congress, specifically, those in your immediate area of interest.

11) Exchange information with the White House. Let us know what you are working on, what your desires are, and we will let you know what the President's position is and how we can cooperate to achieve good legislation.

12) When you are filling vacancies in your legislative affairs area, we want legislative assistants who will represent this Administration to the Hill, not legislative assistants who will represent the Hill to this Administration.

-Mr. Marsh then thanked members of the Cabinet and others assembled for their attention.

President

-The President moved to the next agenda topic and introduced Alan Greenspan who gave an economic overview.

Greenspan

-Mr. Greenspan indicated that the new data is generally negative and that the industrial index is continuing downward.

-He sees general erosion continuing in the economy with the homebuilders and auto industries being very weak and inventories being disgorged at a rapid pace.

-However, he does not see any indication that there is an acceleration of deterioration which he considers to be very important and perhaps a sign that several months out, we will see a bottoming of the current decline.

-He indicated also that most retailers have reduced prices in order to relieve their vast inventories and that the retail market is generally holding up quite well.

-He does not anticipate the January rise in unemployment to be significant, certainly not as significant as the December rise. While the January figure could be higher, he doesn't anticipate that it would be dramatically or shockingly higher. Therefore, his conclusion is that the rate of deterioration is peaking out.

Greenspan

-He also discussed the psychological problem that many Americans are facing in regard to being laid off. He feels that the lay off rate is peaking; however, the labor force is very concerned about loosing its job which relates to the lack of confidence they have right now. While he thinks that unemployment will continue for some time, he feels the ~~lay~~ off rate will not continue very much longer.

-He also said that he does not see a strong upturn in sight and that in the late spring to mid-summer. perhaps we will see a bottoming out. We might then see an economy which is relatively flat for several months with an upswing not coming probably until spring of 1976.

-He indicated that plant and equipment expenditures for all of 1975 will be only about 4 1/2 percent.

-He does think however that we will see an unwinding of heavy inventories, namely automobiles in mid-summer to early fall.

-He said that if there is a restoration of confidence by consumers, we may see very good signs in production in early 1976.



Greenspan

-Mr. Greenspan continued that his economic report was, in his best judgement, what we could see for the next few months.

President

-At the conclusion of his remarks, the President ^{complimented} ~~applauded~~ Mr. Greenspan for the fine work he had done in preparing detailed recommendations on options for the President and his advisers.

-He went further to state that all of the people who have worked in the energy and economic field over the last few months and weeks have all done a superior job in preparing the information necessary for the President to make his decisions and that he was very, very grateful for the fine job that they have done.

-The President then turned to Henry Kissinger and indicated to Henry that he would like ~~to~~ him to discuss foreign policy as he sees it developing over the months ahead.

Kissinger

-Secretary Kissinger indicated that there are two areas that he would like to talk about. First, the traditional foreign policy agenda; and second, the structural problems within that agenda.

Kissinger

- The Secretary indicated that the relationship between the United States and the Soviet Union and the United States and the Peoples Republic of China looked very good.
- Secretary Kissinger and the President met with the Ambassadors of Cyprus, Greece, and Turkey yesterday and indicated that things looked very good in that area and that the Greeks are ready to make some concession which could allow a major peace.
- In the Mideast the possibility for a settlement continues to be good; the parties are communicating effectively and it may be possible to go to Geneva with a good understanding and possibility for a multilateral agreement. This would mean that the possibility of war in the Middle East has been greatly reduced in 1975.
- In returning to a discussion concerning relations between the Soviet Union and the United States, the Secretary indicated that the Jackson/Vanik approach to the Vladivostok agreement has shocked Soviet leadership and the question in Soviet's minds is, "how dependent can the USSR become on United States domestic decisions?". Secretary Kissinger said he did not feel the Soviets would accept the trade bill. The President and the



Kissinger

Secretary agreed that the testimony offered by Administration spokesmen on the Hill must be very disciplined in regard to this agreement and to this discussion.

-He indicated however that the relationship in the political field with the USSR is good while the relationship in the economic field is under question at the moment.

-The political area with the PRC is good and by that the Secretary indicated that he is getting everything he needs to offset any Soviet decisions.

-He then dealt on the broader range of developing an entirely new set of world rules and interdependencies which he feels is in the making. That the United States initiatives in regard to other world countries are essential in regard to developing a new structure of world peace and economics. He believes that the United States has an historic opportunity to develop new political and economic partnerships and leadership throughout the world.

In two years retrospectively, the United States will have made major strides in influencing this new world structure; it will in

Kissinger

fact have saved the world from major
disasters.

-The Secretary thanked the President.

President

-The President thanked those present for the
discussion and participation.

12:15 p.m.

Meeting adjourned.

