

THE WHITE HOUSE
WASHINGTON

Notes of the Cabinet Meeting
April 16, 1975, 2:30 p.m.

The President arrived in the Cabinet Room at 2:35 p.m. and began the meeting.

The President indicated that there was a very full agenda today and he wanted to start the meeting as promptly as possible.

The President asked Henry Kissinger to review the international situation and to give the Cabinet a view of the thinking and strategy that went into the speech the President gave on Thursday night.

Secretary Kissinger The Secretary first summarized the reasons behind the speech and the general conduct of foreign policy in Southeast Asia and more broadly in the world as it currently stands.

First, he addressed Southeast Asia, Vietnam specifically. The entire North Vietnamese Army is in the South at the present time. The Secretary indicated that he felt one Marine brigade could take all of North Vietnam. There has been a terrible violation of the Paris Peace Accords and it is obvious to the world that this has happened. This is the first time that American domestic reactions, principally in the Congress, have impacted seriously on the action of a foreign government. It is the age old problem of internal domestic argument and competition effecting the conduct of foreign policy.

The United States had encouraged the South Vietnamese to resist and fight for its right of self determination. By not giving continued aid to South Vietnam and with the Russians and Chinese giving consistent aid to North Vietnam, there developed an imbalance whereby the North Vietnamese Army had much greater force. Had the President not been strong in his speech, it would have threatened United States personnel and friendly Vietnamese who were still in Saigon. The President requested both military and economic aid as the way to achieve a controlled situation. It gives the United States time to evacuate Americans and the Vietnamese as well.

The Secretary said that there is a small chance of stabilization.

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By KCH NARA, Date 12/17/90





The President asked for the full 922 million dollars. That figure was selected because of General Weyand's survey. It was a figure which the State Department and members of this Administration felt they could justify and testify about with conviction, because it was taken from a first hand report.

The Secretary mentioned that in questioning before committees today, they seemed not so concerned about the total dollar amounts, but rather the overall strategy, the overall concept of foreign policy in Southeast Asia. The great challenge to the United States is how does the Country manage its exit from this tragic situation. The answer to that will be the world's perception of the United States foreign policy. These events have a profound impact on world leaders. They are very interested in the United States position, not only in South Vietnam, but how it relates to their specific countries all across the globe.

There are two areas and questions one must ask. First, were our judgements correct and accurate in the past? And there is nothing that we can do about that now, nor are there any good answers. Secondly, how will America react to crisis? And the answer to that is what the President said in his speech.

In the Secretary's view, the worst thing that could happen would be for the President to say that he is undertaking a global re-assessment of United States foreign policy. It would be disastrous to our allies and an advantage for our adversaries. The United States ability to affect events determines war and peace throughout the world, therefore, we must continue to act with confidence and assurance. The problem is lacking enough authority to get done what needs to be done in Southeast Asia. It seems that the most vocal critics during this period have been those people who got us into Indochina originally.

The Secretary's observation is that world faith in America at this time is essential to a continuation of a strong foreign policy. The United States is going through a period where it can be very creative in foreign policy if the United States uses its resources adequately in judging international situations and viewing international personalities.

The President The military situation in North Vietnam has deteriorated and changed and therefore the President asked Jim Schlesinger to give the Cabinet an update on that situation.

Secretary Schlesinger Operation Eagle Pull in Phnom Penh was very successful. The Secretary anticipated that it would take one and a half hours to complete, but because of some last minute alterations in the plan, it took two hours. One of the reasons for the delay was that many Cambodians decided at the last minute to stay behind even though they have been marked on the death list. The



Secretary mentioned that the evacuation plan had been in effect since 1970 so that a lot of pre-planning and dry runs had been made. It was a very somber and emotional occasion.

Under the law the President had the right to evacuate, with military assistance, Americans who are threatened in a foreign country. Had the American military contingent been fired upon, they were prepared to return fire as necessary.

Vietnam is in a very precarious position. The force balance in the country is fairly equal at this time. However, if aid is not forthcoming, the force balance will become extremely favorable to the North Vietnamese. The American military advisers and foreign policy experts do not anticipate an assault on Saigon. The feeling is that the North Vietnamese would like to negotiate for Saigon. The cost in lives and machinery is too great.

The North Vietnamese have consistently maintained, since the beginning of the conflict, that it is a civil war being fought in the South and that the United States should have no role in it. The North Vietnamese, with their superior numbers, will attempt to destroy the Southern forces throughout the balance of the countryside with the exclusion of Saigon; so that the next two weeks are very, very important to the outcome of the battle being fought for control of Southern Vietnam.

The President Congress has shown no cooperation in a meaningful way during this period of time. The Senate Foreign Relations Committee has suggested or given the President a \$200 million emergency fund for Presidential discretion. In the President's opinion, that amount is as bad as getting nothing at all. The Administration's position is to stick to their guns and try to get the entire amount. There are contingency plans in case a lesser amount is appropriated.

There are three things that the President feels members of the Cabinet should stress in talking about Vietnam. First, it will be very bad if Congress does not cooperate in some way to alleviate the bloodshed. Second, the Administration should not talk about evacuation. And third, in reference to the amount of money being requested, a unified stance should be that the President is firm and does want the entire amount of money that he requested.

The President then thanked Henry and Jim for their diligent efforts and their brilliant performance during an extremely high pressure period. He indicated the gratefulness of the entire Administration and then added that history will prove the accuracy of our judgments.

Secretary Schlesinger The Secretary indicated that the evacuation of Saigon would be very difficult because of the Viet Cong infra-



structure throughout the city. He said that in comparison to Phnom Penh it would be much more complicated. If the United States was forced into an evacuation, the complications of successfully removing Americans and friendly Vietnamese would be very trying and quite a test for the United States military.

Secretary Butz Mr. President, a question which will be asked eventually and on which some of us would like guidance, will the United States offer humanitarian aid to the Viet Cong?

The President No, the United States will not give humanitarian aid to the Viet Cong. We can only give that to our friends. It would complicate matters a great deal and we would be assisting them in their drive to overrun all of South Vietnam if they receive millions of dollars in aid which would quickly be turned into military armament.

Secretary Kissinger I agree, Mr. President. The United States cannot rush in with aid that may be wasted. In regard to Cambodia, the government should wait and see whether Sihanouk returns or not as the leader and exactly how the forces balance off in Cambodia before the United States talks any further about aid.

The President I have asked Jim Cannon to study Consumer Policy more closely after he gave us his report of two weeks ago. Before Jim speaks, I might say that it is a very important issue for this Administration and there are several things which the Administration can do. We are not in favor of an omnipotent administrator with the power to intervene in virtually every phase of business and government activity. One thing that we could do is to strengthen the Virginia Knauer operation. A second thing would be to make hers a very permanent and visible operation within the Administration. And a third, would be to increase the bureaucracy's ability to respond to the consumer, to establish within each department an agency that would be totally responsive to the consumer needs.

It appears that Congress, unless we come up with some major alternatives, will pass Senate Bill 200, which is pending before them at this time, perhaps as early as next month.

Jim, will you give us a further report.

James Cannon Each Cabinet officer had given him an analysis of what Senate Bill 200 would do to their particular operation



and within their agency. Generally it falls within four areas. First, it would interfere with the operation of the Government. Second, each department is now taking steps to assist the consumer. Third, each department is willing to do much more than they are currently doing. And fourth, virtually all people felt that regulatory reform is vitally needed to support the consumer much better.

For instance, Senate Bill 200 in the Agricultural Department alone, could be involved in some 700 individual actions and that is multiplied several times over as you go into HEW, HUD, and others. It would be an extremely difficult, cumbersome operation. All departments and agencies agreed that there would be terrific interruptions of the normal business cycle. That to interfere in that magnitude with Government operations would virtually bring the bureaucracy to a standstill. Mr. Cannon related a conversation he had with a bright, young attorney representing Ralph Nader's group wherein she stated that the Nader group felt that there must be an adversary relationship between the consumers and government agencies or their Government would simply not respond. Mr. Cannon said he thought that was unfortunate. The Government should not be perceived in that way by anyone outside the system.

James Lynn Also, Mr. President, the Economic Impact Statement is a vital part of the total consumer package. If consumers become aware of the fact that this President and this Administration are interested in providing them with both sides of a question when legislation is proposed, and can show them how the impact will effect each consumer, there is a greater chance that the Administration's position will be strong.

Secretary Weinberger The new consumer legislation would involve so many areas of health, education, and welfare. The one question he had was how does one determine what group of consumers will be represented. Obviously, the administrator would have to pick and choose among the groups of consumers and viewpoints that he would represent. It would force each department in the bureaucracy to be totally defensive.

Under Secretary of Treasury Gardner The basic weakness, he pointed out, is philosophy; that in a free society, we do not need an organization like this.

The President Virginia Knauer has done a good job, a constructive job, and I want to give her this opportunity to speak.

Virginia Knauer Mrs. Knauer thanked everyone in the Administration, particularly the President, for focusing attention on the consumer matter. She has met with the various Cabinet officers and staff



members in the White House and has received a great many suggestions and creative ideas on how the consumer issue might be approached. Mrs. Knauer indicated that her entire operation was given only a \$1 million budget and on that amount of money, she cannot really focus public attention on consumerism. It is going to take a great deal more money, visibility, and the President's personal attention to be able to do that.

The President He mentioned that at the last Cabinet Meeting there was not sufficient time to call on Alan Greenspan for an economic report, therefore, he called on Mr. Greenspan.

Alan Greenspan He made a series of observations about the economy. He mentioned that all evidence suggests that the decline is on schedule and it is expected that it will bottom out about mid-year to the third quarter range. There continues to be erosion, but at a much slower rate than was previously expected. Industrial activity has slowed considerably and the indicators of severe recession are now beginning to turn. The data indicates that it is mostly an inventory recession. Liquidation of inventory has had the largest single impact. The level of consumption has remained unchanged during the first quarter of 1975 and the rate of liquidation has increased (liquidation is now close to maximum).

There have been large gains in the battle against inflation, the annual rate of the January to February time frame is down to about 7 to 8%. Food prices declined again in March which is very encouraging. There are some elements of residual weakness and there is a danger in this atmosphere. First, housing starts are in trouble. There has been no pick up in starts, even though the tax rebate bill provided incentive with a tax credit. It has served mainly to liquidate existing homes, however, the housing industry is weak.

Auto sales, also, are encouraging, but yet nothing definite. The rebate on automobiles ceased the last day of March and we have seen a sharp decline in auto sales during the first ten days of April, although it now appears that they are beginning to come back.

Retail sales continue to be quite good. The capital goods area is a concern and the thought of the economic advisers is that capital goods would weaken this year, but it has not as yet. There appears to be a backlog of appropriations and orders that are very high and it looks very good. The expectation is that unemployment will remain quite high for the balance of 1975. Of course, all of the above assumes holding the line on the Federal deficit.

Secretary Butz Mr. Greenspan, is the major danger of a high deficit, high inflation and its implications for 1976, '77 as a political issue?



Mr. Greenspan High deficit means double digit inflation and that is a serious political problem.

The President called on Jim Lynn to discuss the budget.

James Lynn Mr. Lynn's comments were directed to the chart which he presented and he did mention some other items. He mentioned first that if Congress packed up and went home today, there would be an additional \$12 billion added to the deficit just based on the legislation passed to date. The impact of the legislation will not only be felt in Fiscal Year 1975, but well beyond that. For instance, let's say that the deficit would be \$60 billion in 1975; it would create \$75 billion in 1976, and \$89 billion in 1977. The committees have accepted a 5% ceiling for military. Whether that will hold or not is uncertain at this time. Mr. Lynn indicated that there are several funny things going on in the committee. For instance, Muskie, Chairman of the Budget Committee, lost his battle in the committee.

Mr. Lynn did give some broad advice for the members of the Cabinet and staff and that is whenever they are giving a speech or giving testimony, it is important to talk about the broad picture of budget problems; the problem of deficit spending and the impact that it has not only in this fiscal year, but in future years as well.

The President He wanted the Cabinet to know that vetos are expected and that this Administration must hold the line on a \$60 billion deficit and we cannot exceed it.

Secretary Coleman Is it possible to shift money from one area where it is not being used to another where it can be?

The President Secretary Coleman has \$9 billion in highway trust funds that is backed up and his interest is in whether or not he can move those dollars to another area. The President indicated that it is something that should be talked about between Secretary Coleman, Director Lynn and others who have a similar problem; but moving money from one area to another after it has been appropriated is difficult. The President then mentioned that he had met with almost all the Cabinet officers individually and appreciated their ideas. In particular he appreciated some of the ways they are dealing with the press and he cited Secretary Dunlop as an example of something new and different in press relations. He called on Secretary Dunlop to explain.

Secretary Dunlop He has established a meeting once a week with

the press which is on the record. It is a seminar approach that allows the press to have a much better understanding of terminology, concepts, and ideas which are being used daily in the Labor Department. At each weekly session, he answers questions and tries to bring the press along in terms of understanding. From his previous experience in Washington, he found it to be very beneficial. He met with them for a year and a half and found that the articles they were writing were much more knowledgeable and precise. There was much less speculation about politics and more concern about basic concepts.

The President thanked him for his information.

The President mentioned that Bob Hartmann and Don Rumsfeld had met with the Southern State GOP chairmen. They requested that whenever one of the top people in Government is planning a visit to their area, they be notified. The President then asked the Cabinet to please do this.

