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E.O. 11652, Section 1

By WAP NLE, Date 7-2-76

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NOTES ON LEGISLATIVE MEETING

April 15, 1958

(Usual attendance; General Persons ^{& Sen. Bridges} not present.)
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"Grass Roots" Impressions - At the President's invitation each of the Leaders commented on his experiences during the recess.

Speaker Martin found that unemployment was the subject of greatest concern, that the economic situation was not so bad as the Washington picture would have it, that there were no great expectations of a tax cut. His constituents were not so concerned with farm legislation as they are with the foreign trade bill.

Senator Knowland voiced similar sentiments about the economic situation. Although California has large unemployment, it also has currently its second highest employment level. He felt Republicans are better off politically than the customary Washington indicators reflect.

Senator Dirksen made no significant comment.

Senator Saltonstall felt things were picking up in his area, thanks to Government procurement. He noted that Chambers of Commerce, Rotarys, and other service Clubs are against a tax cut at this time. He saw much room for political improvement in Massachusetts.

Mr. Halleck thought the economy was fundamentally sound but that we are in serious political trouble, even more so than in 1954 when he foresaw an adverse outcome to the elections. He felt the important thing was to insure popular recognition of the responsibilities of the Congressional Majority -- a Democratic Majority that has been in control 24 out of the last 28 years.

Mr. Arends, although he had not gone home during the recess, commented that the primaries in his area tended to show a protest vote against the "ins". He believed that farmers feel a bit better with

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prices going up but they continue to worry about the prices they have to pay.

Mr. Allen did not think the people in his area were very much disturbed particularly in view of the good primary showing he made in farm areas.

Omnibus Rivers and Harbors Bill - The President stated his opposition to this since about fourteen projects had been authorized without any engineering or survey reports. He thought the measure might be viewed more favorably if it had the merit of providing immediate work which it did not. The President granted that the measure contained some good projects but that others had gone too far beyond principle to warrant approval.

Senator Dirksen noted that he had voted for the measure because of the provision for the Illinois-Mississippi Canal but he was frank to admit that many of the other projects were pure "pork barrel". Mr. Allen felt Congress was right in differing on occasion from the Bureau of the Budget, but he could see no basis for Congress to authorize a project without engineering supporting data. Mr. Halleck commented on the great number of non-cleared projects which he would be interested in getting into a measure if measures were going to contain non-cleared projects and be approved.

Senator Knowland noted some of the arguments that could be made against a veto, such as the relatively small part constituted by non-cleared items, Republican sentiment in the Senate for the bill, flood conditions in California and probably soon in other States, and the invidious comparisons with certain Mutual Aid projects not supported by engineering surveys. Senator Knowland also contrasted this measure with the situation regarding agriculture and taxes, where the line had been or was being held successfully. The President replied in terms of having to protect against inflation particularly in view of the high expenditure levels already projected for coming years. He again emphasized the need for upholding principles, which he described as the greatest contribution he could make for future Republican election successes.

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Senator Saltonstall hoped the President would in his veto message recognize the right of the Congress to include projects for which favorable engineering data existed but which had not received a Budget concurrence. The President indicated he would not attempt to encroach on any such prerogative.

Mr. Merriam then summarized the provisions of the bill, emphasizing those which deviated from established principles (as set forth subsequently in the veto message).

Representative Allen took note of the possibility that the Congressional Committees might endeavor to press Democratic projects under individual pieces of legislation. Mr. Halleck said he would welcome any such effort since it could cause a revulsion against the Democrats. Speaker Martin thought the President could easily veto such bills if any such effort developed.

Reverting to this item at the end of the meeting, Senator Knowland inquired if he might properly tell the Policy Committee that had it not been for the non-engineered items there would have been a reasonable chance for Presidential approval of the bill. The President agreed that would be appropriate. Mr. Merriam suggested that the veto message would make clear the difference between this action and the previous public works veto by virtue of the fact that Congress in this instance was deviating from its own standards. Senator Knowland agreed that would be desirable. The President commented that he was perhaps getting too conservative for those at the table but that he was fighting against appropriating too much presently on the basis of potential but unconfirmed economic developments when greatly increased budgets were already in the offing.

Highway Bill - The President spoke at length on how this legislation violated established principles through its two-to-one ratio for State and local roads, along with the prospect of loans to the States that might even be remitted prior to payment. In the lengthy discussion that followed, the President stressed the unprincipled nature of this and the importance he attached to maintenance of principle as the basis of Republican strength.

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The Vice President focused his discussion on the probable lines of Congressional action should the President veto this. He cited the great effort made by Representative Case and Senator Ed Martin to develop a proper bill, and also the fact that the Highway Bill contained much more of what the Administration had advocated than did others deserving of veto, such as the farm freeze bill. Senator Knowland doubted that any new legislation would be any better than the present bill, indeed it would probably be worse by omitting the billboard provision.

The President agreed that the decision on this was a much closer one than on the Rivers and Harbors Bill and that he would sign it quickly were it not for the two-to-one ratio. He added that he might be able to bring himself to approving even this if he could have any hope of correcting the ratio.

Mr. Halleck cited, as a practical matter, the way in which Secretary Benson had fixed support prices only a fraction below what proposed farm legislation would have done anyway, then he pointed out that the two-to-one ratio was on a temporary basis. He agreed that a veto would be in order if the two-to-one ratio were a permanent thing. Senator Knowland cited the "emergency" nature of the bill, and the Vice President commented on the action taken with regard to unemployment insurance in view of the economic situation. Gen. Bragdon got in a quick comment that the ratio applied to only \$200 million out of a \$5-1/2 billion measure.

The President concluded by saying that he would give the measure his utmost consideration and he directed Governor Adams to arrange the necessary conference with the President in the oval office.

Office of Civilian Mobilization - Because of the hour it was agreed to postpone discussion of this.

Community Facilities Legislation - Senator Dirksen reported the views of some who could not understand why this billion dollars should be authorized when adequate private capital is available. He saw this as another case of getting into deep water. The President stated his opposition to the principle of it and said he would go into the matter thoroughly should the measure reach his desk.

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Senator Knowland took note of the near unanimous committee vote and then sought guidance for the Policy Meeting to be held shortly. He recalled that prior to the recess it had been agreed that an effort would be made to change the amount to \$500 million and to change the language governing availability of funds so that the funds would be available only if local governments could not get private capital on "reasonable" terms, instead of on terms "equal" to what the Government could provide.

Senator Saltonstall noted that this measure by-passes completely the State governments. The Vice President believed that no matter how well the measure was cleaned up it would still be regarded as a throw-back to the leaf-raking of the 1930s. Senator Dirksen repeated that he could not ascertain where there was any demand for such a measure.

Defense Organization - Senator Knowland asked for clarification of the authority being requested on transferability of funds. The President noted something of what he would say in his address to the Newspaper Editors in terms of "sufficient flexibility". He added that 10% flexibility plus a requirement for reporting to the Committee would seem to be in order. The President stressed the need for the Secretary of Defense to have supervisory influence and that 90% of the budget could be nailed down tight. The President promised to send copies of the speech draft to certain of the leaders.

Senator Saltonstall thought it important to submit the legislation prior to the Newspaper Editors address. Mr. Harlow informed him that no legislation would be necessary for the budgetary authority since it would be accomplished by the form of the appropriation bill, without any substantive law. Senator Saltonstall noted the 100 million flexibility and certain transfer authority already given to the Secretary, and suggested that the President might settle on an increase in the flexibility fund up to \$500 million rather than advocating transfer from Service to Service.

The President spoke of the concurrence of most Service personnel and of how some of his friends had stated their intent to resign from the Navy League if it insisted on causing trouble. He emphasized that he was not trying to vitiate the constitutional authority of the Congress but was merely trying to establish an arrangement that would allow

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an effective deterrent to war or, if need be, the effective fighting of a war. He could not understand why anyone might confuse the basic issue with the little details of things that could be imagined.

Senate Report - Senator Knowland reported on the status of nominations and confirmations.

Senator Knowland saw a need for discussing the unemployment reserve situation before the bill reaches the Floor.

House Report - Speaker Martin noted that the House would be considering legislation to allow the Navy to serve oleomargarine and would also consider the Moss Bill on withholding information. Mr. Halleck asked for advice regarding the Moss Bill, and the President said he would get Bill Rogers in to discuss it.



LAM
L. A. Minnich, Jr.

Original to Mrs. Whitman ✓

Copy to Mrs. Whitman
Mr. Minnich

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