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Gerald R. Ford and the 1975 Tax Cut

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Gerald R. Ford became the thirty-eighth President of the United States at a crucial moment in American political and economic history. Charged with the role of restoring the presidency and healing the wounds of Watergate, he became the first president to tackle the economic problems of stagflation. This article seeks to explain how, after the unsuccessful stumblings of his first major economic address on October 8, 1974, Ford and his administration responded to the economic decline that followed and produced a coherent package of proposals for the 1975 State of the Union address, dramatically moving from a strict, fiscal conservative program, designed to combat inflation, to a stimulatory tax cut.

In making those decisions Ford faced: an unforeseen economic decline; a recession which included high inflation and climbing unemployment, challenging established macroeconomic models; an administration divided on the response to the economic crisis; a Congress reasserting its authority in the wake of the disgraced Richard Nixon administration, and composed of new members challenging traditional party rules and seniority in the post-reform era; and a public who questioned Ford's intellectual abilities and presidential credentials. Ford questioned his own conservative values and the post-war dominance of the Employment Act of 1946. He reached within and outside his administration, seeking the opinions, and reflecting the pressures, of administration members, Congress, economists, and labor and business leaders, as he asserted his claim to be leader of the nation.

The Task Ahead

Gerald Ford assumed the presidency in a unique and difficult set of circumstances. He was not elected, replacing Vice President Spiro Agnew after his resignation in October 1973, and then, under the 25th Amendment, succeeded the disgraced Richard Nixon. As the congressman for the Fifth District of Michigan, Ford had no national mandate at a time when the balance between the executive branch and legislature was shifting dramatically to undermine seriously the authority of the president.

As an experienced Congressman for twenty-five years, including nine as House minority leader and fourteen on the Appropriations Committee, Ford recognized the need for unity in government if the country was to overcome the problems it faced. In his first address as president to Congress on August 12, 1974, he proclaimed his motto to be :"communication, conciliation, compromise and cooperation. This Congress . . . will be my working partner as well as my most constructive critic . . . I do not want a honeymoon with you. I want a good marriage." He singled out the economy as an immediate problem, quickly taking the initiative, informing Congress: "My first priority is to work with you to bring inflation under control. Inflation is our domestic public enemy No. 1."[1]

Ford had inherited what the *The New York Times* described as "the worst inflation in the country's peacetime history, the highest interest rates in a century . . . utterly demoralized securities markets, a stagnant economy with large-scale unemployment in prospect and a worsening international trade and payments position."[2] Ford's senior economic advisers saw inflation as the key. Herbert Stein, retiring chair of the Council of Economic Advisers (CEA), explained: "We all start from the proposition that inflation is the greatest problem," adding "We are all in the mood to believe that the higher the forecast the more realistic it is." Predictions for inflation ranged from 6.5 to 10 percent, with unemployment projected to rise to between 6 and 6.5 percent.[3]

Ford's address to Congress did not take many by surprise. A traditional conservative,[4] as vice-president he had described inflation as "a cancer that could cause a lingering death for the industrialized world." Though "personally dedicated" to controlling inflation, he believed government must resist "a 'quick fix' by a tax cut" which, he argued, would produce more, not less, inflation.[5] Many in Congress agreed. Edmund Muskie (D-ME) and Peter Dominick (R-CO), respectively chair and ranking minority member of the Senate Budget Committee, captured the thoughts of many when they told Ford the "establishment of a new Congressional procedure for handling the budget and the assumption of power by your Administration offers a unique opportunity for cooperative action by the Congress and the President to fight inflation and control unemployment."[6]

Economists and politicians offered many causes of stagflation: the explosion in federal spending in the 1960s, aggravated by Lyndon Johnson's war in Vietnam and on poverty; the delayed tax cut of 1964 and surcharge of 1968; the growth in the money supply (6 percent per year since 1966, from 2.5 percent in the preceding decade); reluctance to eliminate or modify regulations to increase free market efficiency; Nixon's wage and price controls, implemented in August 1971, which, once lifted, lead to an acceleration in inflation as prices that had been held artificially below equilibrium levels rose; devaluation of the dollar and withdrawal from the Bretton Woods agreement in 1971; oil price inflation in the wake of the 1973 October (Yom Kippur) War and the quadrupling of prices by the Organization of Petroleum Exporting Countries; and the rise in the cost of food because of poor crops in the United States and around the world. However, the solutions were not as clear.[7]

Economic policy was in disarray. The post-war dominance of Keynesianism was being undermined by slow growth, high inflation, and unemployment. Scepticism of the ability of government to manage the economy increased and the relationship between government and business was questioned. As unemployment and inflation rose together, there was no longer a clear choice between larger deficits to stimulate the economy at the price of higher inflation, or lower deficits to reduce inflation with the risk of recession. The Phillips Curve, which expressed a simple trade off between inflation and unemployment, seemed no longer valid. Inflation, which had remained relatively stable at 0.5 percent to 2.0 percent between 1949 and 1965, rose to 12 percent in 1974. Simultaneously, unemployment, which had remained below 4 percent during the Kennedy–Johnson administrations, rose above 5 percent at the beginning of 1974.

The post-war boom had run its course and Americans now felt the dramatic repercussions of the end of American economic hegemony. By 1970, the United States' share of world trade had fallen from 25 percent in 1948 to 10 percent. U.S. goods, which in 1955 had accounted for 32 percent of overall exports by the world's capitalist economies, stood at 18 percent as America was challenged by the economic miracle of post-war recovery in Europe and Japan, and the developing industrializing economies of Asia and Latin America. However, American business had done little to help itself, implementing short-sighted policies in search of quick profits. U.S. capital investment in domestic industry fell behind the majority of its rivals, leading to a reduction in productivity and competitiveness. U.S. domestic productivity, which had increased by 3.3 percent between 1947 and 1965, fell to 1.5 percent between 1966 and 1975.

The economy was also at the mercy of its growing dependence on oil imports. Before World War II the United States had been a net exporter of crude oil, by 1970 production was outstripped by demand as Americans consumed 30 percent of the world's annual energy output. As domestic production peaked in 1971 so imports rose from 19 percent in 1960 to 38 percent in 1974. A gallon of gasoline which cost 30 cents in 1970 rose to 60 cents in 1974.[8]

Americans began to feel that they were no longer in charge of their own economic destiny and the Keynesian consensus collapsed. The monetarists, lead by Milton Friedman, had rejected fiscal policy as the determinate of growth and demand, advocating a free-market, private enterprise economy, reducing the role of government, and believing only the money supply could determine GNP in the short term and prices in the long term. Richard Nixon had questioned Keynes, but his economic policy was to shift with the electoral wind. Though Nixon had sought to make inflation a priority by putting his New Economic Policy in place in August 1971, he sacrificed anti-inflationary measures to create an election year boom in 1972—the first economic upturn in a presidential election since World War II. Continuation of the war in Vietnam until early 1973 meant that Ford inherited an economic nightmare, with no clear policy guidelines and no mandate for any policy he might implement.

Decision Making

On September 28, 1974, Ford created the Economic Policy Board (EPB) to oversee the formulation, coordination, and implementation of all economic policy. During the administration's first year, the Board's executive committee met daily and became the center of economic policy decisions within the EPB. Ford later described it as "the most important institutional innovation of my Administration."[9] Both committees were chaired by William E. Simon (Secretary of the Treasury) and L. William Seidman (Assistant to the President for Economic Affairs) was the executive director. Simon had been Nixon's "Energy Tzar" at the Federal Energy Adminstration before becoming Secretary of the Treasury in April 1974. As the arch-conservative of the team, he believed free market pressures must be allowed to operate in the economy and saw inflation and federal expenditure as a major threat to free enterprise and society, saying of inflation: "History is littered with the wreckage of societies that failed to come to grips with this contagion."[10] Seidman was viewed as a moderate-to-conservative Republican, who joined the Ford vice-presidential staff in February 1974. A pragmatist, he saw himself as an "honest broker." "It was my purpose," Seidman explained, "to ensure that all views on every issue were fairly presented to the President."[11] His importance cannot be underestimated. Less than two months after the creation of the EPB, *Congressional Quarterly* commented "Seidman clearly is the man on the economic team to whom Ford listens most clearly."[12]

Some analysts, and Ford himself, disagree, believing Alan Greenspan to be the main influence.[13] Chosen by Nixon to replace Stein as chair of the CEA in July 1974, Greenspan was a strong *laissez-faire* capitalist, conservative, and disciple of the controversial free-market philosopher Ayn Rand, who saw fiscal restraint as the most important remedy for the country's economic problems, and believed that increased federal expenditure and bureaucracy had strangled the free market, creating rapid growth and price instability. He opposed economic fine-tuning, arguing for a steady fiscal and monetary program to nurture long-term growth.

Ford was also influenced by Arthur Burns, chair of the Federal Reserve Board. Though not an official member of the EPB, Burns did attend meetings when agenda items were of relevance. Only Burns could claim lengthy experience in government. More worrying for the administration, as the *Congressional Quarterly* noted that, "not one of the members of the policy board's executive committee" had "any particular claim to congressional expertise."[14]

The October 8 Proposals and the Summit Conference on Inflation

In the changing economic environment of late summer 1974, Ford and his economic advisers held a series of meetings with congressional leaders, academics, business and labor leaders, and economists, culminating in September in the summit conference on inflation. Called for by Senate Resolution 363, Ford saw the conference as an opportunity to involve leaders of various sectors of the economy in the fight against inflation, "building public confidence in our economic policies" and serving as "a source of new substantive ideas."[15] Many in the administration were less positive. Simon commented that "there is considerable danger that the Conference will prove both in fact and in public recognition to be counter-productive."[16] Ford's economic advisers agreed and by the time of the conference, Ford admitted he did not expect "instant solutions."[17] However, the conference was united such that George Shultz said a hat could be placed over the opinions expressed—inflation was the key problem.[18]

The conference formed the basis of Ford's first major economic address before a joint session of Congress, on October 8, a mere two months since becoming president. Ford proposed a prudent, conservative program, designed to combat inflation and encourage growth. His thirty-one-point plan, concentrating on ten areas, from federal taxes and spending, to food, energy and capital formation, included: a five percent surcharge on individuals and corporate income taxes; programs to conserve energy and reduce oil imports; employment assistance; controlling federal expenditures by holding outlays to less than $300 billion for FY 1975; and a call to arms, asking the nation to "Whip Inflation Now" (WIN).[19]

Ford conceded that the majority of his proposals were similar to those of Nixon's, but he believed that his good relations with Congress, unlike his predecessor's, would help get them through.[20] Ford was somewhat optimistic—four weeks earlier he had controversially granted a "full, free and absolute pardon" to Nixon. He was immediately on the defensive. William Baroody, Jr. warned Greenspan: "Early reaction to the plan to impose a 5% surtax on individuals and corporations has been uniformly hostile . . . which . . . will be reflected in the way the Congress handles the President's proposals."[21] More worrying were reports that the Republicans would lose fifty to sixty congressional and key senatorial seats in the forthcoming mid-term elections.[22] There seemed no political wisdom to increase taxes four weeks before the Republicans faced their first test of support since Nixon's resignation. As one midwestern Republican Representative commented: "That's the President's program. Its not mine."[23] Ford's call to "Whip Inflation Now" immediately became a source of ridicule.[24]

The press was extremely critical. *The Wall Street Journal* called Ford's proposals "neither surprising nor bold," *The New York Times* said they "in no sense add up to a program for an emergency."[25] Business also condemned the program. The National Association of Manufacturers concluded that by "whatever characterizations the president's program may be described, it certainly would be no bonanza for business."[26] Ford's honeymoon with Congress, the media, and the public had ended. An unpopular economic program, combined with his pardon of Nixon, called an end to the "marriage" he had hoped for. From now on there would be what Max Friedersdorf, Ford's assistant for legislative affairs, called "an unhappy separation."[27]

Responsibility for the content of the October 8 proposals lay primarily with Seidman, and an undated draft highlights one of the most important elements of the administration's new policy—Seidman had written on the draft "Price Stability In Full Employment Out." Reducing inflation and ensuring price stability challenged the aim of full employment, which, since the Employment Act of 1946, had dominated post-war economic policy.[28] Ford was later to say: "I've never felt that the Employment Act" was "very realistic . . .," it was not "a solution to long standing challenges."[29]

The Economy Declines

Two days after his address to Congress, Ford received a disturbing memorandum from Greenspan. The economy was worsening. Retail sales had declined 1 percent from August to September, with spending "likely to remain rather weak in the near-term."[30] On October 9, Ford publicly denied the economy was in a recession. The following day, Arthur Burns announced that it was, though he called it "a recession for which there is no precedent in history."[31] The Federal Reserve had, in fact, privately referred to there being a recession in August.[32] A Harris poll in October showed that 65 percent of the American people agreed.[33]

On October 16, Greenspan reported that real GNP had declined 2.9 percent, the third quarterly fall in a row, and inflation had worsened. Predicting a flat economy over the next few quarters, with possible further decreases, unemployment was expected to increase. Troika II predicted unemployment rising from 5.8 percent to 7 percent.[34] Within two weeks of announcing a program primarily designed to tackle inflation, figures indicated that unemployment might become the more serious economic problem. Yet, on October 18, Greenspan urged the administration to continue its economic agenda and show "resistance to expected pressure to increase expenditures and adopt expansionary policies." Ford agreed and "reaffirmed his commitment to fiscal restraint and the reduction of the budget."[35] Though, as Roger Porter, Seidman's assistant at the EPB, states, there was little inclination to change policy on this single forecast, "the warning had been sounded." Then on October 29, the index of leading indicators reported the largest decline in any single month in twenty-three years.[36]

Into the Fire

On November 5, the Republicans suffered a shattering defeat in the mid-term elections. The Democrats gained forty-three seats in the House and three in the Senate. A heavy turnover saw ninety-two new representatives and eleven new senators, resulting in more first-termers being elected to the House than at any time since 1949. More than one-third of the new House had been elected since 1972.[37] Giving the Democrats a two-to-one margin in the House and the Senate, Ford described the results as "shocking."[38] Ford's own popularity, which had stood at 71 percent in August, plummeted. By December, a Harris poll would show that "86 percent of Americans surveyed had no confidence in the ability of the President to manage the economy."[39]

On November 8, the executive committee of the EPB conceded new data "may well indicate the economy is at the beginning of a recession," though it asserted "The Administration has not altered its economic forecast . . . Indeed, the President's October 8th economic program was based on such a forecast."[40] However, by the second week of November, Ford felt it was irresponsible to ignore economic developments and began to move away from his advisers. On November 12, at Ford's instructions, Ron Nessen, Ford's press secretary, told reporters: "When the statistics come in for November and are analyzed, it will probably appear that this month we are moving into a recession."[41] Four days later, Ford conceded that he would accept "a modification or a change" to the surtax. He was beginning to rethink his options.[42]

October's figures indicated a further slippage in the fourth quarter. Industrial production had declined 0.6 percent, the largest one-month reduction since February 1973, and unemployment had increased to 6.0 percent, the highest rate since November 1971. However, as H. I. Liebling wrote to Seidman: "All this should come as no surprise because economic policy has been aimed at cool off" and the slippages in real growth attested to the success of a policy directed toward restraint.[43] Concerned by these changes in the economy, Seidman met with Troika II, on November 18, to discuss plans to monitor more closely economic activity and trends. Wrote Porter: "Of the executive committee members, Seidman expressed the most concern over the possibility of a rapid deterioration and the need to make contingency plans." Indeed, it is clear that while Simon and Greenspan believed Ford should hold firm to his October 8 program, Seidman did not.[44]

Indeed, the declining economy combined with the new balance in Congress made a policy change increasing likely, highlighted by a memorandum Simon sent to Ford on November 20: "I conferred Monday with Chairman Mills concerning tax legislation. His attitude appears to have shifted greatly since my telephone call to him in Arkansas last week, when he was more receptive about moving ahead with your tax proposal. I conclude that since his return to Washington, he has been under greater pressure from Democrats to put over major tax legislation until next year when the new and more liberal Congress can deal with it."[45]

From all corners, the administration's economic policy was under attack. On November 22, Greenspan told the EPB that though progress was being made, "the back of inflation is not broken."[46] On November 26, Greenspan informed Ford of the difficulties the economy was now facing: "Although recent developments have not altered our basic outlook for the economy during 1975, they have caused our estimates of economic conditions during the first half of next year to slip toward the bottom end of the range." The economy was "now in the midst of a marked contraction in production, employment and incomes." Increases in unemployment as high as 7 to 7.5 percent were predicted, Greenspan added "we cannot rule out the possibility of a more extended slide . . . it is difficult to envision an economy that would be strong enough in the second half of 1975 to reduce the rate of unemployment."[47] The economy was not responding in the manner the adminstration had hoped nor the economists had predicted.

On November 29, a report in *The New York Times* suggested Ford now felt the recession required as much attention as inflation and that a tax cut in 1975 was being considered to stimulate spending, production, and employment.[48] Four days later, Greenspan addressed the National Economist Club, hinting at a possible change: "To the extent that the economic circumstances of early 1975 make fiscal measures appropriate, we should focus our attention wholly on the tax side of the budget. Rapid and timely action to reduce taxes is more feasible than expanding Federal programs. . . ." However, Greenspan stressed that he was being "as vague as possible . . . for fear of being interpreted as announcing a significant change in the Administration's policy. The Council of Economic Advisers does not make policy," he said, "The President makes policy."[49]

Porter describes the EPB executive committee meeting of December 5 as "one of the most heated in weeks. Seidman pressed the need to take more seriously the threat of a major recession and the possibility of much higher unemployment rates. He also urged committee members to listen to—and perhaps adopt—the views of non-governmental economists calling for a major shift in fiscal policy."[50] The statistics reinforced Seidman's concerns. The unemployment rate for November rose to 6.5 percent, the highest since October 1961, industrial production fell 2.3 percent, one of the sharpest declines on record, the CPI had risen 12.1 percent over the previous year and, in the first week of December, the Dow Jones Industrial Index declined to its lowest level since October 1962.[51]

The Democrats seized the opportunity to criticize the government and presented their own alternative economic program on December 6. Claiming the November elections had "provided a mandate for change," they called for active government leadership to attack both recession and unemployment, demanding further public works jobs, and a comprehensive package of tax reform and reductions, including "meaningful tax reductions for moderate and low income families."[52] Ford also faced pressure from within his own party. That same day he met with the GOP senatorial leadership, who proposed an economic program which included tax relief for low and middle income families, a jobs' program, and an energy tax.[53]

Congress, businesses, and the country all demanded change. On December 11, before the Business Council, Ford finally surrendered to what was becoming inevitable. He admitted "There is some good economic news, but I can concede much of it is bad . . . I intend to keep my experts working over the holidays translating into specifics a number of new or alternative measures to augment and update the economic package that I will place before the Congress within the next two months."[54]

On December 14, Congressman Donald W. Riegle, Jr., (D-MI), urged Ford to act before Congress seized the initiative. He warned that the changes in the composition of Congress, the expansion and liberalization of the members of the Ways and Means Committee and the Rules Committee, insured that the new House would act rapidly "and on a massive scale to stimulate national economic recovery." Riegle wrote "the 75 freshman Democrats are a different breed . . . They will be represented on all major committees—and are *determined* to shape a legislative performance that will help the country and also insure their re-election." The southern strategy was no longer workable because the turnover of southern Democrats had seen many conservatives replaced by moderates. Riegle concluded: "If the Administration wants to have a major hand in shaping the 1975 legislative program it must move *now* to formulate plans that are bold enough to revitalize the economy and win genuine bi-partisan support."[55]

On December 16, Ford requested a review of economic measures to be prepared by the EPB. Seidman suggested the committee also seek the opinions of outside economists.[56] On December 17 an updated Treasury "Questions and Answers Book" stated: "The surtax is among the options being presented to the President. It is not being advocated or dismissed."[57] Within three weeks the surtax would be rejected.

Ford began an intense period of activity, seeking the advice of groups both inside and outside government. On December 18, he met with his Labor-Management Committee, composed of representatives of labor and business, which expressed concern at the continuing deterioration of the economy and the need for fiscal stimulus. They urged a temporary tax cut for low- and middle-income taxpayers, combined with an increase in the investment tax credit to stimulate business investment, of $20 billion.[58] On December 19, the EPB executive committee met with a group of leading economists, including

Arthur Okun, Herbert Stein, and Walter Heller. Again, a strong consensus for a tax cut emerged.[59]

The following day, the executive committee conducted an economic review at which, according to Porter, "discussion of macroeconomic policy confirmed support for a temporary tax cut."[60] Indeed, a memorandum from Seidman to Ford clearly shows that this economic review and the subsequent meeting with the president on December 21, proved to be the pivotal moments for the EPB and the adminstration's economic policy. Simon introduced a paper, entitled "Tax Proposals and Options." Presented to Ford on December 21, this formed the basis of the new economic policy and represented a substantial U-turn. It outlined the need for a temporary tax cut to stimulate the economy; the approaches to tax reduction to offset the effects of a tax and tariff on crude oil to stimulate conservation and domestic production; and the need for tax reform measures to rationalize the incidence of taxes and promote capital formation. The first two would be introduced quickly to Congress to promptly affect the economy and energy conservation. The third would be tackled at a later date as part of a comprehensive program.

Simon's paper stated that short-term fiscal stimulus was now required to tackle the weakness of the economy and consumer and business confidence, even though large budget deficits where predicted for FY 1975 ($18 billion) and FY 1976 ($24.5 to $40 billion), and financing these debts would further strain financial markets and threaten the achievements of lower interest rates. To offset these strains a moratorium on new spending programs was proposed. Opinions at the meeting were mixed on this as, indeed, they would be on a number of issues. A one year temporary tax reduction was recommended, although opinions were mixed on a one or a two year reduction. Ford accepted the recommendation. There were two suggested tax cuts, $10 billion and $20 billion, the former viewed too small to have a significant effect on spending and confidence, while it was feared the latter, which was recommended, might have an impact on the growing budget deficit. Again opinions were mixed. The Joint Economic Committee had recommended $10 to $15 billion. Ford annotated his copy "$15 billion." On the division of the tax cut between individuals and corporations, it was felt that allocation was "in part a matter of strategy." The EPB should consider "(a) the views of labor leaders; and (b) probable changes by the Congress." Personal and corporate income tax receipts were currently divided into portions of approximately three-quarters from individuals and one-quarter from corporations; the EPB recommended a change to two-thirds from individuals and one-third from corporations. Ford agreed. For individuals a negative surtax on income accruing in 1975 was recommended, and for corporations, a temporary increase in the investment tax credit, both designed for simplicity and rapid fiscal impact. Ford agreed, though opinions where mixed on both. To offset a tax and tariff on crude oil, a tax reduction of similar size was proposed. There were two recommendations for the size of the tax and tariff: $2 and $3 per barrel, Ford supporting the latter. Decontrol of all crude oil prices was recommended accompanied by a windfall profits tax with no plowback to prevent profits escalating too rapidly. The oil depletion allowance would remain, although it was agreed that its termination would be considered as part of a later comprehensive tax reform. Tax reduction allocation was recommended to be divided into two-thirds for individuals and one-third for corporations, with Ford agreeing. The tax cut would include special compensation for low- and middle-income taxpayers, and a reduction in tax payments by income bracket proportionate to petroleum usage. For corporate interests, the tax cut would be in the form of a negative surtax or cut in the corporate tax rate, rather than the second option of an increase in the investment tax credit. Ford agreed.[61]

It is clear that the Economic Policy Board did not entirely agree on the course to take. As the minutes of the meetings of December 20 and 21, and Roger Porter noted, on twelve of the fifteen issues presented to Ford, the executive committee outlined two options, on one of the three options, and on two they recommended additional work before a decision could be made. On ten issues there was a consensus recommendation; on three issues opinions were mixed. Furthermore, agreement had not been finalized regarding a tax cut. Some members of the committee feared that the deficit created by the tax cuts would help in the short run but would also increase long-run difficulties. However, Porter stated that at the December 21 meeting Ford "declared that . . . he supported the notion of a tax cut," but that "we can forget any new programs." He said that his mind was "pretty well made up."[62]

That day, Seidman, in a memorandum entitled "Possible Tax Package for January 1975," argued the administration should "seize and control leadership in what is probably inevitable: the restimulation of the economy through tax reductions." Suggesting that individual tax cuts should be tailored to congressional concern, particularly the Ways and Means Committee, for low- and middle-income earners, he wrote: "Providing similar or better low-income relief in this package . . . removes the political urgency for Congress to take up the tax reform package immediately." He concluded: "we should consider announcing our proposals at an early date in order to maintain leadership momentum," and then criticized existing policy adding: "Announcement of such a major program provides a clear rationale for giving up the piecemeal approach of the October proposals."[63]

On December 21, Ford met with an *ad hoc* group of the Republican Senate Conference, who urged the president to increase unemployment assistance through public service jobs and an emergency jobs program, combined with a job stimulating tax credit. They called for the budget deficit to be controlled and requested tax reform and relief for low- and moderate-income earners. Ford listened.[64]

On December 24, Seidman, in a memorandum to Ford entitled "Economic Review and Policy Initiatives," summarized the EPB's economic review. It stated that difficult decisions were required to achieve short-term goals, notably "reduction of unacceptable double-digit inflation to around seven percent by mid-1975," with 4 to 5 percent as an intermediate-term goal, and the "resumption of real output growth . . . to create job opportunities adequate first to stabilize unemployment and then gradually to reduce it." The drop in economic activity was now "pervasive" and recovery would not get under way until at least the third quarter of 1975. Unemployment was expected to increase "to perhaps the eight percent level."

A temporary stimulus was required. "Our challenge is to do this in a way that will not trigger renewed inflationary pressures," wrote Seidman. Any new policy had to be consistent with the long-term goal of reducing inflation. He argued that increases in the federal budget were seriously restricting future fiscal flexibility and economic planning, therefore spending must be controlled because "current budget decisions will determine the long-term pattern of government spending and ultimately the very nature of our economic system. When Federal spending . . . is used for short term economic stabilization, such spending programs tend to become permanent." As a result, the Economic Policy Board recommended a "stimulus be provided by tax cuts rather than by expanding Government spending programs."[65]

This, and the "Tax Proposals and Options" paper, Ford took away on Christmas eve. In the interim, the papers were revised, adding two options for the temporary tax cut for individuals. The source of these two proposals were outside of the core of White House decision makers—Andrew Brimmer, appointed by President Johnson to the Federal Reserve Board, and Arthur Okun, Johnson's chief economic adviser. "In separate memos," wrote Seidman, "both suggested a temporary income tax cut that we eventually agreed would last one year and lower personal income taxes by 10 percent."[66] Simultaneously, Paul O'Neill, deputy director of the Office of Management and Budget (OMB), advised that it was "essential that pending economic decisions be made this weekend otherwise it would be necessary to request a delay in the submission of the budget to Congress." He considered it "desirable to avoid such a request," and advised that "because of the interrelation it was likewise necessary to arrive at certain decisions on the energy program this weekend."[67]

On December 28, sixteen members of the administration (including the EPB executive committee, Nessen, and Burns) met in Vail, Colorado, to decide the contents of the State of the Union address. The most controversial component of the October 8 proposals was finally rejected, the minutes stating simply: "The surtax will not be resubmitted to the Congress."[68] Although a tax cut was now certain, three advisers questioned if it was advisable in light of the anticipated 1976 budget deficit. According to Porter: "The spirited exchange, involving a wide spectrum of advisers and differing opinions, concluded with the President's decision to propose a temporary tax cut and a moratorium on new spending programs in 1975."[69]

The first ten days of January were hectic, Ford meeting with the EPB Executive Committee on January 4, 7, and 10. The executive committee itself continued to meet daily. On January 4, twenty-one members of the administration met to discuss the tax options deferred from December 28. The administration was still undecided on a number of important issues.[70] A temporary tax cut of $15 billion was finally agreed on, but opinions were still mixed. The division of the tax reduction allocation was revised to continue the existing system, reversing the December 21 recommendation, though there was not complete agreement. The investment tax credit was finally decided for utilities, increasing from 4 percent to 12 percent and for other corporations from 7 percent to 12 percent.

The refund of energy taxes would be weighed to benefit the lower income bracket, increasing progressivity, as this would be acceptable to Congress and would prevent them from making larger reductions for lower income groups at the expense of businesses. Corporations would have a temporary reduction in corporate income tax and energy revenues would be allocated as three-quarters for individuals and one-quarter for corporations.[71]

However, the meeting began with some members again questioning the feasibility of a tax cut. "The President asked if these advisers were now suggesting that he not propose a tax cut," according to Porter. "He was told that his advisers remained unanimous in recommending a tax cut, and the subject was dropped. . . . The detailed nature of most of the President's decisions and the absence of any deferred issues gave the session a ring of finality. Seemingly, the package of economic and energy proposals was set." But, it was not. At the EPB executive committee meeting on January 6, fears were expressed that the energy package would increase prices significantly.[72] Some felt that the length of the temporary tax cut should be reconsidered and the president's energy message should not precede the State of the Union address because "the two issues were so closely linked that the economy and energy should both be discussed in the State of the Union."[73] The following day, Ford squashed the reservations expressed regarding the tax cut and told the EPB executive committee that his mind was made up. The tax cut would take place.[74]

Pressure from Congress was forcing the issue. That day, Ford had received a memorandum, probably written by Seidman, which read: "the Democrats are stealing the ball and virtually all of the play in the press." It recommended that the State of the Union address be moved to January 15 or 16, and not January 20 as scheduled, warning that a "great deal of Congressional activity can be expected during the week of January 14th which could steal the uniqueness of proposals in addition to generating unreasonable expectations."[75] The importance of the State of the Union address could not be underestimated. As William J. Baroody had told Ford in November, it would "mark a formal end to the transition period and the beginning of what will be seen by the public and by history as the Ford Administration."[76]

The EPB executive committee again debated the tax refund on January 9, agreeing to recommend to the president an increase in the cost of the investment tax credit to $4.1 billion, and a ten percent individual income tax refund, at a cost of $11.8 billion. The total temporary tax refund would now be $15.9 billion.[77] The following day, Ford accepted the recommendations.[78] However, on January 11, he met with his transition team. Discussion centered around the ten percent reduction in personal income taxes. "Once again," writes Seidman, "advice from individuals outside the economic inner circle saved us from what could have been a political disaster. David Packard . . . did a quick calculation of how many thousands he would save on his taxes and so informed the President. After some discussion and further calculations by the Treasury, the proposed tax cut was capped at a maximum of $1,000 per person to avoid embarrassing windfalls to millionaires like Packard."[79] The $1,000 cap was agreed to on January 13.

However, the timing of the refund was still questioned. On January 12, Greenspan expressed his concern in a memorandum: "As presently constituted the energy and the fiscal package largely offset each other in the first half of 1975. . . . Consequently the package provides no net fiscal stimulus during the first half of Calendar 1975, a result that is contrary to the objectives of the fiscal package and the needs of the economy." Greenspan suggested that refunds of 1974 personal tax liabilities should be accelerated and moved to May, or all three payments should be combined so most individuals would receive payment in the second quarter.[80] At the economic review meeting on January 13 the executive committee unanimously recommended two payments of $6 billion each.[81] The package was decided. That night Ford presented it to the nation in a television address from the White House.

Making Ends Meet

The importance of Congress to the success of the administration's program was not ignored during the crucial January meetings. As Ford wrote: "The economy had been mismanaged so badly and for such a long time it couldn't be cured without pain. And painful policies would cause divisions at a time when divisions were what I wanted to avoid."[82]

The adminstration made every effort to seek the opinions and advice of Congress, Seidman being particularly keen to seek the input of both parties.[83] During the second week of January, Seidman, Frank Zarb, and Vernon Loen, of the Congressional Relations Office, met Representative James Wright (D-TX), the designated chair of a ten-man committee appointed by the Speaker of the House to coordinate Democratic economic and energy policy. Wright reported that the Democratic leadership wanted a tax cut for low- and moderate-income taxpayers, while any reduction in corporate taxes should come as an investment tax credit. He felt "there would be considerable Democratic support on the House floor" for a tax cut for industry.[84]

On January 8, Ford met with majority leader Mike Mansfield (D-MT) to discuss the forthcoming State of the Union address and probable Democratic reaction.[85] On January 10, he met with Senate and House minority leaders Hugh Scott (R-PA) and John Rhodes (R-AZ) to advise them of his "decisions regarding the economy and energy, and to seek their reactions and recommendations." Scott supported an immediate tax cut, a three-dollar-per-barrel tax on imported oil, and agreed that the economy would benefit from an expansion of the investment tax credit.[86] Ford also met Speaker Carl Albert (D-OK) and Al Ullman (D-OR), who was taking over as chair of the important House Ways and Means Committee from Wilbur D. Mills (D-AR), and Senator Russell Long (D-LA), chair of the Finance Committee.[87]

The Congressional Relations Office continued to make the administration work hard. In the week preceding the State of the Union address, Seidman and Zarb met, among others, Representatives Tom Foley (D-WA), chair of the Democratic Study Group, Philip Burton (D-CA), chair of the Democratic Caucus, Richard Bolling (D-MS), and Barber Conable (R-NY), plus Senators Hubert Humphrey (D-MN), Griffin (R-MI) and Tower (R-TX).[88] On January 13, Ford met with the House and Senate Republican leadership of the 94th Congress to brief them jointly on the State of the Union address. He was well aware of the problems he would be facing. Apart from Republican strength in Congress having been weakened, there were six newly elected leaders attending their first presidential meeting.[89]

Ford presented his first State of the Union address on January 15, 1975. In three months he had moved from a tax increase to tackle inflation to a tax cut to stimulate the economy. Ford now faced the challenge of convincing both Congress and the nation that the country was on a firm, stable economic course which would lead to recovery and prosperity.

Conclusion

Porter refers to three stages in the development of Ford's economic policy: recognizing change in the economy, determining the need to implement a policy change, and refining the proposals. It was an incremental process involving the Economic Policy Board, outside economists, the labor-management committee, congressional leadership, and the transition team.[90] Porter notes that seeking external advice was urged by Seidman once the economy began to show signs of failing. Indeed, Seidman argues that the "Economic Policy Board's finest hour may have come in dealing with the Great Recession after it hit in the autumn of 1974. The Ford Administration had to change quickly from the president's principal domestic priority of fighting inflation" to one providing an economic and fiscal stimulus to an ailing economy. The Economic Policy Board presented a forum in which free and open debate was tolerated, and Seidman's position as its executive director and "honest broker" created the opportunity for outside economists, congressmen, and business and labor leaders to express their views to the president. But this process was not easy. Seidman notes that "by and large Ford's adviser's, including Simon and Greenspan, advised us to do nothing." They argued that the American economy was resilient and would recover; an expansionary, short-term policy might be counter-productive and increasing the already huge deficits would serve only to block the recovery. Seidman believes inviting comment from those outside of the administration made a crucial difference, "the fact of the matter," he writes, "was that the president was given choices that Greenspan, Simon, and some of the others probably would not have presented him under more traditional operating conditions."[91]

Indeed, Greenspan did not entirely agree on the merits of the Economic Policy Board. He later commented "On major macro policy questions it was not an efficient mechanism, and therefore we really worked around it in the key decision making processes. At least I did . . . while economic policy was made formally in the Executive Committee of the EPB, as a practical matter an informal coalition" of Greenspan, Simon, and James

Lynn "developed the key options." It is remarkable that, given the failure to foresee the depth of the recession, Greenspan survived the first few months of the Ford administration. He argued that the failure to predict was due to the economy weakening much more suddenly than anticipated, resulting from the sag in automobile sales and a sharp turn around in the business inventory situation. Said Greenspan, there had "not been sufficient experience to pin down how inflationary processes affect key relationships within the economy."[92] The inventory accumulation and the effect on it by inflation was a new phenomenon.[93]

That Ford had the strength to adapt and reverse the policy proposals he had made on October 8, 1974 in his first major economic address highlights an acceptance of economic reality and an awareness of political needs. After twenty-five years of representing the parochial Fifth District of Michigan, Ford, on January 15, 1975, progressed from being a local politician to a national leader, responding to the needs and hopes of a country eager for stability and direction.

This essay concentrates on documents newly released by the Gerald R. Ford Library. I would like to thank the Gerald R. Ford Foundation for their generous support, and the Library staff for their invaluable knowledge and advice.

Notes

1. *The New York Times*, August 13, 1974, 1: 20.
2. Gerald R. Ford, *A Time to Heal* (New York: Harper and Row Publishers Inc./Readers Digest, 1979), p. 151.
3. Herbert Stein to Ford, August 13, 1974, Confidential File, Oversize Attachment No. 1, White House Central Files [WHCF], Gerald R. Ford Library [GRFL].
4. In his autobiography, Ford wrote: "On economic policy, I was a conservative—and was very proud of it. I didn't believe that we could solve problems simply by throwing money at them." Ford, *A Time to Heal*, p. 66.
5. Remarks by Vice President Gerald R. Ford to the American Bankers Association, Greenbrier Hotel, White Sulphur Springs, West Virginia, April 26, 1974, folder "Ideas for Speeches and Statements," Box 71, L. William Seidman Files, GRFL.
6. Edmund S. Muskie and Peter H. Dominick to Ford, August 13, 1974, folder "FG36–6 Budget," Box 125, WHCF, GRFL. Barbara Kellerman has noted the efforts the Ford administration made in establishing personal contact with Congress. See Barbara Kellerman, *The Political Presidency; Practice of Leadership from Kennedy through Reagan* (New York: Oxford University Press, 1984), p. 158.
7. Paper, "Dealing with Inflation and Recession" by William E. Simon, December 4, 1974, folder "BE5 12/1/74–12/3/74," Box 17, WHCF, GRFL. In an interview with the author, October 15, 1993, Ford said "We certainly inherited the economic disaster of the Nixon administration. The 1975 recession we didn't make. It came about, I think, to some extent by the Nixon policy. . . . Of course I disagreed with Nixon's imposition of wage and price controls in 1971. That was a disastrous mistake. We did everything we could to get rid of that error."
8. See Otto Eckstein, *The Great Recession, with a Postscript on Stagflation* (New York: North-Holland Publishing Company, 1978); Nicholas Spulber, *Managing the American Economy from Roosevelt to Reagan* (Bloomington, IN: Indiana University Press, 1989); Douglas Hibbs, *The American Political Economy: Macroeconomics and Electoral Politics* (Cambridge, MA: Harvard University Press, 1987); and Iwan W. Morgan, *Beyond the Liberal Consensus: A Political History of the United States Since 1965* (London, UK: Hurst and Company, 1994).
9. Ford to Seidman, January 8, 1977, folder "Seidman, L. William," Box 2858, White House Central File Name File, GRFL. During the Ford administration the Economic Policy Board met 530 times, Ford himself attending ninety-three meetings, approximately one a week. See L. William

Seidman, *Full Faith and Credit: The Great S & L Debacle and Other Washington Sagas* (New York: Times Books, Random House, Inc., 1993), p. 27.

10. Press release, "Inflation, Controls, Energy, Taxes: An interview with the Honorable William E. Simon," December 4, 1974, folder "Q's and A's, October 1974–January 17th, 1975 (1)," Box 85, Seidman Files, GRFL.
11. Seidman, *Full Faith and Credit*, p. 26.
12. "Ford's Economic Team: A Firm with One Client," *Congressional Quarterly*, November 20, 1974, pp. 3–4.
13. See John W. Sloan, "Economic Policy-making in the Johnson and Ford Administrations," *Presidential Studies Quarterly*, 20 (Winter 1990) 111–25; and *Idem*. "The Ford Presidency: A Conservative Approach to Economic Management," *Presidential Studies Quarterly*, 24 (Fall 1984): 526–37.
14. "Ford's Economic Team: A Firm with One Client," *Congressional Quarterly*, November 20, 1974, p. 3, 6. The EPB membership also included: Secretary of State Henry A. Kissinger; Interior Secretary Rogers C. B. Morton; Agriculture Secretary Earl L. Butz; Housing and Urban Development Secretary James T. Lynn; Director of the OMB Roy L. Ash; and Executive Director of the Council of International Economic Policy William D. Eberle.
15. Kenneth Rush to Ford, August 14, 1974, folder "Presidential Memoranda (1)," Box 13, Seidman Files, GRFL.
16. William E. Simon to L. William Seidman, August 14, 1974, folder "Presidential Memoranda (1)," Box 13, Seidman Files, GRFL.
17. Introductory Remarks by Ford before the White House Meeting of Economists of the Conference on Inflation, September 5, folder "Summit Conference on Inflation—September 1974—Economists, September 5, 1974 (1)," Box 52, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
18. Interview with Herbert Stein, November 15, 1994.
19. *The New York Times*, October 9, 1974; and Anthony S. Campagna, *U.S. National Economic Policy, 1917*–1985 (New York: Praeger, 1987), pp. 399–400.
20. Ford, *A Time To Heal*, p. 156.
21. William J. Baroody, Jr. to Alan Greenspan, October 7, 1974, folder "Seidman, L. William (5)," Box 5, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
22. Warren Rustand to Donald Rumsfeld, October 7, 1974, folder "FG Cabinet meetings 8/74–1/75," Box 9, Presidential Handwriting File, GRFL.
23. *The New York Times*, October 9, 1974.
24. In an interview with the author on October 15, 1993, Ford still supported WIN, saying: ". . . 'Whip Inflation Now' . . . I still think at the time, and I emphasize at the time, was the right focus . . . in retrospect it didn't deserve the kind of ridicule that it got."
25. Ford, *A Time to Heal*, pp. 195–6.
26. "Taxation Report: The President's Economic Program: No Bonanza for Business," (Washington, DC: National Association of Manufacturers, October 18, 1974).
27. Interview with Max Friedersdorf, October 25, 1994.
28. Draft, "Outline of President's Economic Program," no date, folder "Economic Address to Congress (10/8/74) Outline," Box 117, Seidman Files, GRFL. An additional draft requested that ". . . The Employment Act of 1946 be amended to include as an objective of national economic policy reasonable price stability of the price level." See Draft #2 of an address by the president to a Joint Session of Congress, folder "President's Address to Congress—October 8, 1974 (WIN)," Box 49, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
29. Interview with the author, October 15, 1993.
30. Alan Greenspan to Ford, October 10, 1974, folder "October 1974," Box 1, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
31. "Ford's Economic Team: A Firm with One Client," *Congressional Quarterly*, November 20, 1974, p. 7.
32. Revised Draft of a Memorandum of Discussion, Federal Open Market Committee Meeting,

August 20, 1974, folder "Federal Open Market Committee Meetings, August 20, 1974," Box G32, Arthur F. Burns Papers, GRFL.
33. Paper, "The Changing Business Cycle" by Julius Shiskin, Julius Shiskin to Alan Greenspan, folder "Labor—Shiskin, Julius," Box 10, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
34. Alan Greenspan and William J. Fellner to Ford, October 16, 1974, folder "October 1974," Box 1, Council of Economic Advisers: Records (1969) 1974–77, GRFL; memorandum of the Economic Policy Board Meeting, October 16, 1974, folder "E.P.B. Meeting Minutes, Oct 10–22, 1974," Box 20, Seidman Files, GRFL.
35. Minutes of the Economic Policy Board Executive Committee Meeting, October 18, 1974, folder "EPB—October 1974," Box 57, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
36. Roger Porter, *Presidential Decision Making: The Economic Policy Board* (Cambridge, MA University Press, 1980), pp. 104–5.
37. "Politics in America," *Congressional Quarterly*, 1979, p. 49.
38. Interview with the author, October 15, 1993.
39. Richard E. Neustadt, *Presidential Power and the Modern President's: The Politics of Leadership from Roosevelt to Reagan* (New York: The Free Press, 1990), p. 353. Neustadt writes: "The decline began with his pardon of Nixon and resumed with the onset of recession. How much the WIN affair contributed in light of the pardon . . . is anybody's guess. Contemporary observation in the Washington community suggests that his professional reputation suffered rather more from WIN than from the pardon." See also: *The New York Times*, January 14, 1975.
40. Minutes of the Economic Policy Board Executive Committee Meeting, November 8, 1974, folder "EPB Meeting Minutes, Nov. 8–10, 1974," Box 20, Seidman Files, GRFL.
41. Ford, *A Time to Heal*, pp. 203–4.
42. *The New York Times*, November 17, 1974.
43. Memorandum, H.I. Liebling (Deputy Director–Office of Financial Analysis, Department of the Treasury) to L. William Seidman, November 18, 1974, folder "Economy: Background Material (1)," Box 63, Seidman Files, GRFL.
44. Porter, *Presidential Decision Making*, p. 107.
45. William E. Simon to Ford, November 20, 1974, folder "Simon, William E. 10/74–12/74 (11/74)," Box 205, Seidman Files, GRFL.
46. Minutes of the Economic Policy Board Executive Committee Meeting, November 22, 1974, folder "EPB Meeting Minutes, Nov. 18–30, 1974," Box 20, Seidman Files, GRFL.
47. Alan Greenspan to Ford, November 26, 1974, folder "BE5 11/18/74–11/30/74," Box 17, WHCF, GRFL.
48. Kellerman, *The Political Presidency*, p. 163.
49. Remarks by Alan Greenspan before the National Economist Club, December 2, 1974, folder "Speeches and Statements, December 1974," Box 60, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
50. Porter, *Presidential Decision Making*, p. 109.
51. William J. Fellner to Ford, December 6, 1974, folder "December 1974," Alan Greenspan and William J. Fellner to Ford, December 13, 1974, folder "December 1974," Box 1, Council of Economic Advisers: Records (1969) 1974–77; William J. Fellner to Ford, December 20, 1974, Fellner to Ford, December 6, 1974, folder "FG6-3, 12/1/74–12/31/74," Box 20, White House Central Files Subject File, GRFL.
52. Statement of Economic Policy, Democratic Conference on Party Organization and Policy, Kansas City, Missouri, December 6, 1974, folder "Business and Economics—National Economy 12/21–31/74," Box 4, Presidential Handwriting File, GRFL.
53. Memorandum "Re: Meeting with Republican Senatorial Leadership," no other reference—possibly Seidman or Friedersdorf to Ford, December 6, 1974, folder "Senate Republican Leadership," Box 154, Seidman Files, GRFL.
54. Remarks by President Ford to the Business Council, December 11, 1974, folder "Q's & A's October 1974–January 17, 1975 (1)," Box 85, Seidman Files, GRFL.

55. Congressman Donald W. Riegle, Jr. to Ford, December 14, 1974, folder "Economy: Background Material (1)," Box 63, Seidman Files, GRFL.
56. Seidman to Economic Policy Board Members, December 16, 1974, folder "EPB—December 1974 (1)," Minutes of the Economic Policy Board Executive Committee Meeting, December 16, 1974, folder "EPB—Dec 1974 (1)," Box 57, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
57. "Office of the Secretary of the Treasury to Holders of Treasury's Q's & A's Book," December 17, 1974, folder "Q's & A's, October 1974–January 17, 1975 (1)," Box 85, Seidman Files, GRFL.
58. The meeting had originally been scheduled for January 10, but Seidman was anxious that the president got their input and brought it forward. Minutes of the Economic Policy Board Executive Committee Meeting, December 17, 1974, folder "EPB—December 1974 (1)," Box 57, Council of Economic Advisers: Records (1969) 1974–77, GRFL; Porter, *Presidential Decision Making*, pp. 109–10. On December 30, the President's Labor Management Committee again called for a tax cut to be enacted immediately. Seidman to Ford, December 30, 1974, folder "Labor-Management Committee, 1974—Jan. 1976 (1)," Box 75, Seidman Files, GRFL.
59. "List of Those Attending Economic Policy Board Executive Committee Meeting With Economists, Dec. 19, 1974," folder "EPB: Meetings with Outside Economists," Box 57, Seidman Files, GRFL; and Porter, *Presidential Decision Making*, p. 111.
60. Minutes of the Economic Policy Board Executive Committee Meeting, December 17, 1974, folder "EPB—December 1974 (1)," Box 57, Council of Economic Advisers: Records (1969) 1974–77, GRFL; and Porter, *Presidential Decision Making*, p. 111.
61. Seidman to Ford, December 20, 1974, folder "Briefing Papers, December 1974," Box 41, Seidman Files, GRFL; Seidman to Ford, December 24, 1974, folder "Business and Economics—National Economy 12/21–31/74," Box 4, Presidential Handwriting File, GRFL. Ford had written notes on these two documents—his comments were also noted in a memorandum from Jerry H. Jones to Seidman, dated January 3, 1975, and attached to Seidman's memoranda noted above.
62. Porter, *Presidential Decision Making*, pp. 112–3.
63. Memorandum, "Possible Tax Package for January 1975," no name but signed by Seidman, December 20, 1974, folder "Taxes 11/74–12/74," Box 166, Seidman Files, GRFL.
64. Patrick E. O'Donnell to Ford through Max Friedersdorf, December 21, 1974, folder "Senate Republican Leadership," Box 154, Seidman Files, GRFL.
65. Seidman to Ford, December 24, 1974, folder "Business and Economics—National Economy 12/21–31/74," Box 4, Presidential Handwriting File, GRFL.
66. Seidman, *Full Faith and Credit*, p. 32; and Porter, *Presidential Decision Making*, p. 113.
67. Jack Marsh, through Don Rumsfeld, to Ford, December 26, 1974, folder "BE5 12/1/74–12/31/74," Box 17, WHCF Subject File, GRFL.
68. Seidman to Ford, January 7, 1975, folder "FG 6-30 1/175–2/2/75," Box 69, WHCF, GRFL.
69. Porter, *Presidential Decision Making*, p. 114.
70. Seidman to Ford, January 3, 1975, implies that originally only ten members were scheduled to attend. Folder "Briefing Paper, January 1975," Box 41, Seidman Files, GRFL.
71. Seidman to Ford, January 7, 1975, folder "FG 6-30 1/175–2/2/75," Box 69, WHCF; draft memorandum, probably from Seidman to Ford, January 4, 1975, folder "Business and Economics—National Economy 1/9–31/75," Box 4, Presidential Handwriting File, GRFL.
72. Porter, *Presidential Decision Making*, pp. 115–6.
73. Minutes of the Economic Policy Board Executive Committee Meeting, January 6, 1975, folder "EPB—January 1975 (1)," Box 57, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
74. Seidman to Ford, January 7, 1975, folder "FG 6-30 1/175–2/2/75," Box 69, WHCF, GRFL; and Porter, *Presidential Decision Making*, p. 116.
75. Memorandum, unaddressed but probably from Seidman to Ford, January 6, 1974, folder "State of the Union 1/1–10/75," Box 164; Minutes of the Economic Policy Board Executive Committee Meeting, January 6, 1975, folder "E.P.B. Meeting Minutes, Jan. 1–8, 1975," Box 20, Seidman Files, GRFL.

76. Quoted in Kellerman, *The Political Presidency*, p. 164.
77. Minutes of the Economic Policy Board Executive Committee Meeting, January 9, 1975, folder "E.P.B. Meeting Minutes, Jan. 9–12, 1975," Box 20, Seidman Files, GRFL.
78. Porter, *Presidential Decision Making*, p. 116.
79. Seidman, *Full Faith and Credit*, p. 32.
80. Alan Greenspan to the Economic Policy Board, January 12, 1975, folder "Economic Policy Board (3)," Box 7, Council of Economic Advisers: Records (1969) 1974–77, GRFL.
81. Seidman to Ford, January 13, 1975, folder "FG6-30 1/1/75–2/2/75," Box 69, WHCF, GRFL.
82. Ford, *A Time to Heal*, p. 151.
83. Jack Marsh to Max Friedersdorf, January 4, 1975, folder "BE5 1/1/75–1/15/75," Box 17, WHCF Subject File, GRFL.
84. Vernon Loen to Max Friedersdorf, January 10, 1975, folder "Presidential Meetings with House Members Jan. 1975," Box 6, Congressional Relations Office–Max L. Friedersdorf Files, GRFL.
85. Max L. Friedersdorf to Ford, January 8, 1975, folder "State of the Union, 1975," Box 10, Congressional Relations Office—Friedersdorf Files, GRFL.
86. Hugh Scott to Ford, January 8, 1975, folder "Republican Leadership Meetings, January–March 1975," Box 8, Congressional Relations Office—Friedersdorf Files, GRFL.
87. Friedersdorf to Ford, January 10, 1975, folder "Republican Leadership Meetings, January–March 1975," Box 8, Congressional Relations Office, Friedersdorf to Ford, January 8–9, 1975, folder "Presidential Meetings with House Members, January 1975," Box 6, Congressional Relations Office, Friedersdorf to Ford, January 13, 1975, folder "Presidential Meetings with Senate Members, January 1975," Box 7, Congressional Relations Office, Friedersdorf Files, GRFL.
88. Friedersdorf to Ford, January 8, 1975, folder "State of the Union, 1975," Box 10, Congressional Relations Office, Friedersdorf Files, GRFL.
89. Friedersdorf to Ford, January 14, 1975, folder "FG31-1 11/26/74–1/15/75," Box 119, WHCF, GRFL.
90. Porter, *Presidential Decision Making*, pp. 117–8.
91. Seidman, *Full Faith and Credit*, pp. 30–2.
92. *The Economic Report of the President, 1976* (Washington, DC: U.S. Government Printing Office, 1976), p. 20.
93. Remarks by Alan Greenspan before the Joint Economic Committee, January 6, 1975, (paper incorrectly states 1974), folder "Speeches and Statements, January 1975," Box 60, Council of Economic Advisers: Records (1969) 1974–77, GRFL.