

BUDGET HEARING

February 24, 1982

Hollings to Reagan - "You keep cheering him on, right on, one for the Gipper." "You and your crowd keep coming over to Congress and say no, no, no, and when you go to the President, you say yes, yes, yes."

PD - "Those in business world should take more frankly with the President... I wish the Secretary could get the same businessmen to go down to White House and tell President what they tell us."

Chiles - "Housing pitch.

Regan - "Short run improvisation" "quick fixes" don't work. 196B surtax, price controls and repeal of indirect tax credits.

Present at outset of Regan's testimony: PD, Hollings, Chiles, Kasten. Far fewer than with Stockman.

"Long run policies will work, if left alone" "We must stick with current policies." Patch work ec. policy must stop."

PD - asks about crowding out - How much of savings is used by government to pay bills.

PD - "W're bordering on appearing to our people that we're not interested in equity." re minimum corporate income tax.

Hollings - What was "ridiculous" about my plan? Raising taxes in middle of recession.

R - "High interest rates are the key to our economy.?"

Hollings has rather unproductive exchange with Regan because of Regan's treatment of his plan. Hollings much nicer to Stockman.

Kasten. has a plan - 3 month delay in CORA and speed up taxes. He wants to know whether R. would accept them. Well says' R. uses last year's tax bill. He also asks Regan if the old Kemp-Roth wouldn't have been better? R says yes.

People are coming in and out and there have never been more than 4 people

here at one time. Domenici not here too much; a couple of toll calls intervened. I left early, when it appeared that even Metzenbaum was not all that enthused. The message seems clear. The committee really isn't interested in listening to Regan much now. He won't concentrate on deficit and that's what budget committee is most concerned about. The Republicans on the Committee met in PD's office with Reagan before the hearing--so whatever message there was got communicated then. I think message was: get businessmen to tell President what they tell us.